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**MOUNTAIN HOUSE  
COMMUNITY SERVICES DISTRICT  
MOUNTAIN HOUSE, CALIFORNIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended

June 30, 2021

Prepared by the Finance Department

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MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

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MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

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**INTRODUCTORY SECTION**

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## Mountain House Community Services District

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[www.mhcsd.com](http://www.mhcsd.com)

November 3, 2021

To the Honorable Members of the Board of Directors, and Residents of Mountain House Community Services District:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for Mountain House Community Services District (the District) for the year ended June 30, 2021. The Revenue Bonds Series 2019A and 2019B Continuing Disclosure requires the District submit audited financial statements in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. This report fulfills that requirement for the year ended June 30, 2021.

District management assumes full responsibility for the completeness and reliability of the information contained in this report. We believe the data fairly represents the financial position and results of operations of the District. The disclosures necessary to enable the reader to understand the District's financial affairs have been included. The District's accounting system has been developed and maintained with due consideration given to the adequacy of internal controls. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The evaluation of the costs and benefits of a particular control requires estimates and judgments by management.

An annual audit is performed by an independent certified public accountant (CPA) selected by the District's Board of Directors. The accounting firm of Richardson & Company, LLP, was selected in 2013 and extended through 2018 before agreeing to a three-year contract in 2019 to perform the District's annual financial audits. The auditors have issued an unmodified ("clean") opinion on the financial statements for the fiscal year ended June 30, 2021, which is presented on page 2. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to be read in conjunction with this transmittal letter.

The MD&A immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to be read in conjunction with this transmittal letter.

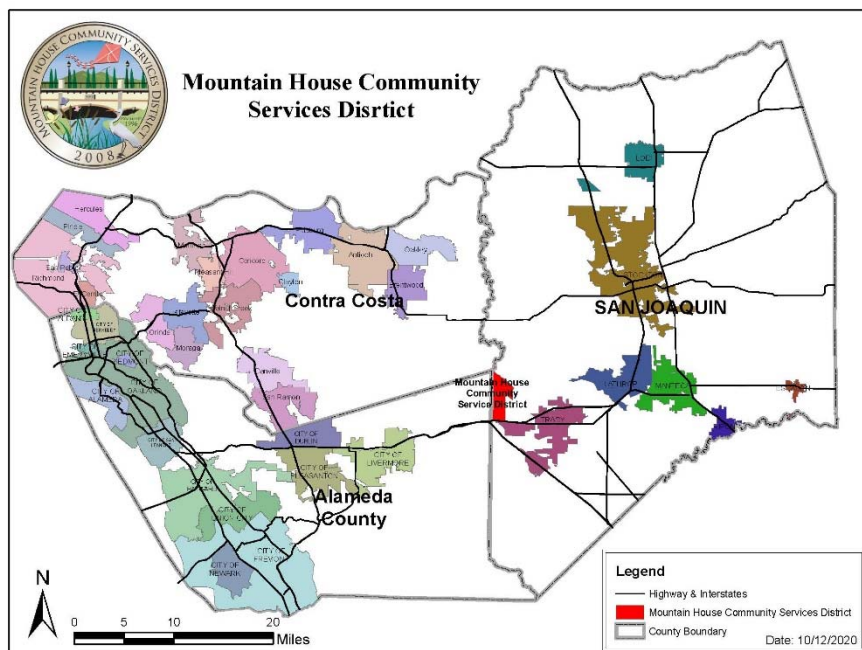
## District Profile

The Mountain House Community Services District is located in the west area of San Joaquin County, approximately 61 miles southeast of San Francisco, 52 miles east of Oakland, 51 miles northeast of San Jose, and 76.5 miles southwest of Sacramento. The District occupies 7.5 square miles.

Created April 16, 1996, the Mountain House Community Services District is a Special District, governed by a five-member Board of Directors with a Board-elected President and Vice President.

The Mountain House Community Services District is a Board-Manager form of government. The Board of Directors appoints the General Manager who appoints all other District personnel. The General Manager is charged with overseeing the District’s daily operations.

The District is a political subdivision of the State of California, formed in 1996, in accordance with the Community District Services Law in Government Code Section 61000. When created, the Local Agency Formation Commission granted the District the following eighteen separate governmental powers to exercise within the boundaries of the District:



- |                                     |                                  |
|-------------------------------------|----------------------------------|
| 1. Water services                   | 10. Road maintenance             |
| 2. Sewer services                   | 11. Transportation services      |
| 3. Garbage services                 | 12. Graffiti abatement           |
| 4. Fire protection                  | 13. CC&R enforcement             |
| 5. Public recreation                | 14. Flood control protection     |
| 6. Street lighting                  | 15. Pest and weed abatement      |
| 7. Library buildings and services   | 16. Wildlife habitat mitigation  |
| 8. Convert utilities to underground | 17. Telecommunications services  |
| 9. Police protection                | 18. Dissemination of information |

In addition, the District has the following general powers: sue and be sued; purchase, receive by gift or bequest and hold land, make contracts and purchases and hold personal property necessary to the exercise of its powers, manage, sell, lease, or otherwise dispose of its property as the interest of its inhabitants require; levy and collect taxes authorized by law and exercise such other and further powers as may be especially conferred by law or as may be necessarily implied from those expressed. All services outside of the eighteen enumerated powers are performed either by San Joaquin County or the State of California.

### **Mission and Values**

The District's mission is to provide responsive service to our growing community that exceeds expectations at a fair value.

The District's values are:

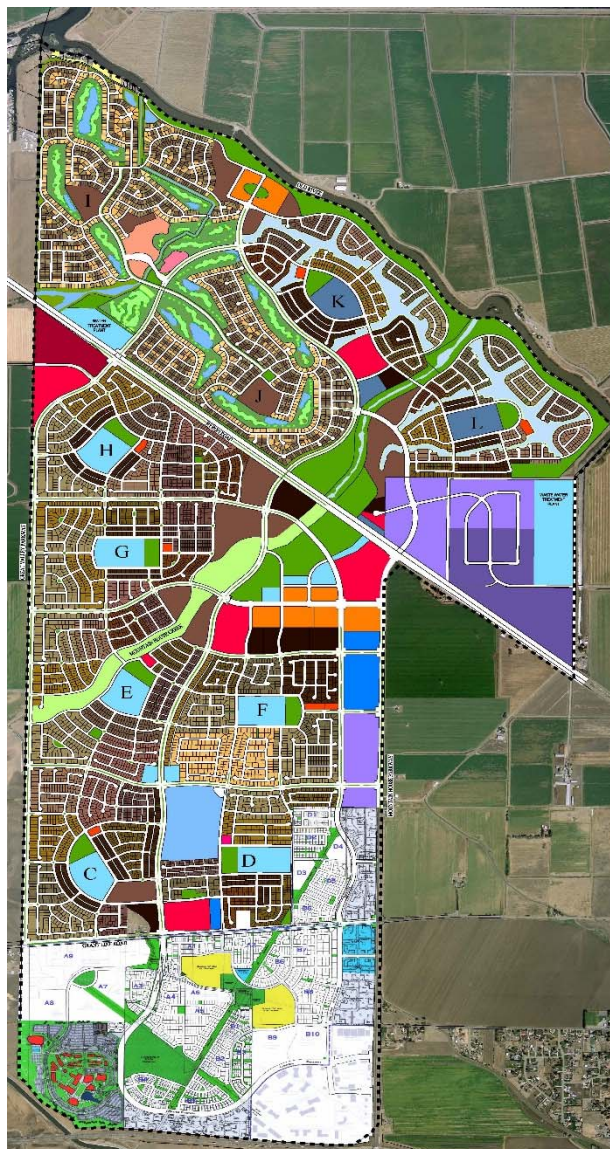
- Ethics: To hold to highest ethical standards, and to act with honesty and integrity.
- Responsibility: To accept responsibility for our individual and collective actions, and to have the courage to take right actions on behalf of the whole irrespective of political pressures.
- Vision: To be visionary, innovative, and resourceful.
- Community-Minded: To create a vibrant, thriving, and resilient community and to build strong, positive partnerships with residents and stakeholders.
- Respect: To interact respectfully, use active listening skills, and develop the self-awareness to monitor how our actions impact ourselves and others.
- Competence: To competently discharge our duties and seek opportunities to increase our efficiency as well.

### **Economic Growth and Development**

The District is planned to include approximately 2,619 acres of residential development of varying densities, 674 acres of commercial and industrial uses, and approximately 760 acres of open space, recreation and resource conservation areas. Essential public services, including streets, public safety, fire and emergency services, storm drain, water and sewer, are provided by the District, as required by the Master Plan. When fully built out, Mountain House is intended to provide approximately 15,700 units of housing and services for approximately 44,000 people.

In 1996, the County established the District. The District provides many, but not all, of the same services and receives many, but not all, of the same revenues as an incorporated city in the State. Upon formation of the District, it was contemplated the territory in Mountain House community would someday incorporate. The Incorporation application process was approved by the Board of Directors in 2020 and is currently underway.

Development within the District has been ongoing for approximately 20 years, and the community is expected to continue developing over approximately the next 25 to 30 years. As of September 30, 2021, over 7,000 units of housing have been built in seven neighborhoods, all being billed for utility services by the District. To date, nearly all of the planned homes in Neighborhoods C, D, E, F, G and H have been completed. Infrastructure in Neighborhoods A and B are underway and multiple merchant builders are actively constructing homes, many of which have been completed and sold to homeowners. Construction of infrastructure in Neighborhoods I, J, K and L is in the final planning stages. These two neighborhoods will be a mix of family and active adult housing.



To date, six K-8 schools, a high school and one of the planned village centers have been built. An additional K-8 school is in the planning stage. In March 2020, the District moved into its Town Hall and Library building in the town center. This building is expected to become an anchor and focal point for the Mountain House community. Infrastructure is also nearly complete for the new Town Center Shopping Center, which will be anchored by Safeway. In addition, 525,000 square feet of industrial/commercial use was recently completed.

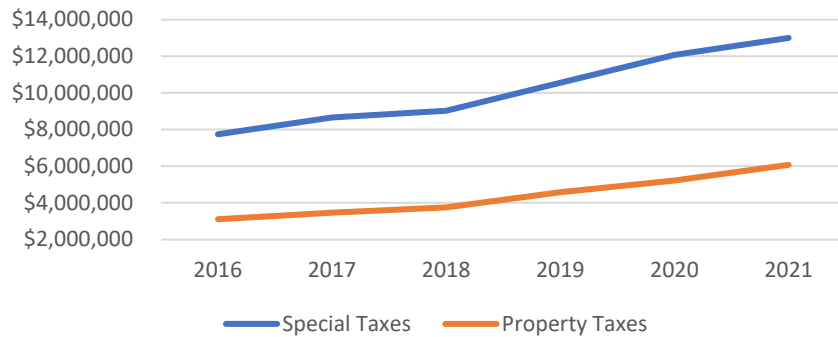
The major economic impact facing the District is the rapid rate of development occurring within the District. The District has reached a level and pace of development and operations and maintenance activity that requires additional staff to review, evaluate, and manage growth as it relates to infrastructure development and construction, operations and maintenance activities, regulatory permits, and plan review services. The goal is to facilitate development while protecting the interests of the community by ensuring compliance with the District's Master Plan and design standards and specifications. As we embark on this wave of economic activity, we anticipate rising to meet the following challenges:



- It is estimated that the District will issue in excess of 350 residential building permits during fiscal year 2021/2022.
- Staff anticipates demand for additional development, services and annexations in fiscal year 2021/2022.
- New growth will include multi-family residential as well as commercial developments, which will present additional challenges unique to these types of development.
- Growth has triggered the expansion of the water and wastewater plants, stormwater system, neighborhood and community parks, and construction of public buildings.
- As the population of the community increases, staff will observe traffic patterns and recommend effective, affordable, and proven safety improvements that comply with state and county regulations.
- The District’s parks require play equipment inspection, repair and replacement. Play surfaces for various sports activities require monitoring and management to ensure safe and reliable use for the community. As a result of the growth in development, more parks will be constructed and require similar oversight.
- Administrative staff is in the process of evaluating processes that will need to be enhanced to support increased development activity.

**Financial Outlook**

Growth in the District’s property tax revenue continues to reflect a healthy and thriving community. Following a loss in overall Assessed Valuation (AV) during the recession, the



District has increased total AV from \$1.1 billion in FY 2012-13 to \$4.0 billion in FY 2021-22, owing to the number of property sales, higher sales prices, and new developments. Total AV increased by \$401.4 million (11.1%) over the prior year.

Special taxes are the second major revenue source and have increased roughly 60% over the last five years. The dramatic increases in the special taxes is the result of slight increases in rates but more largely due to increase in residential units in the community. Over the last five years the district has issued over 30% of the roughly 7,000 housing units in the District.

While FY 2020-21 finished with a General Fund addition to fund balance of approximately \$5.3 million, it is long-term fiscal sustainability that remains at the forefront of budget discussions. Even with the continued growth in property tax, special taxes, and the rising costs of contracted services, it is projected that the General Fund surplus for future years, but the Special Tax funds will need to increase rates to stay balanced, as reflected in the most recent update to the 5-Year Forecast.

## Financial Planning and Policies

The Board of Directors adopted a Strategic Plan in Fiscal Year 2020-21. Strategies were identified to establish the framework and overarching policy focus for the delivery of public services to the community. The Budget document has a section containing the Strategic Plan and Goals and Objectives. Updates to programs in the Budget document were tied to the prioritization of elements within the Strategic Plan.

The District adopts a balanced operational budget in accordance with District policies and uses an annual budget format. The District uses a five-year financial planning model for long-term financial planning within the budget. This model is based on financial assumptions, trends, and the infrastructures needs of the District. This allows the District to prepare for future needs and have cashflows available when needed. The District Board of Directors adopts a final budget and appropriates funds in advance of the July 1st start of the new Fiscal Year. The importance of being prepared to address long-term needs has always been a key principle supported by the Board of Directors.

## Accomplishments

The District's accomplishments:

- Recommended application for incorporation: Conducted a study of future residential and commercial development and the nature and timing of new public facilities; projected service demands resulting from future expansion and the District's capacity to sustain these efforts.
- Issued utility revenue bonds in the amount of \$128.625 million to reduce balances of notes payable and secure fixed financing costs during a time of historically low interest rates.
- The District responded to the COVID-19 pandemic with the goal of protecting staff and members of the community: in compliance with state and county mandates and guidelines, ordered closure of District facilities including town hall, parks and public restrooms and suspension of community events; prepared return-to-work protocols for staff and the public; and enabled and encouraged working and meeting remotely.
- Town Center Shopping Center: Worked with Shea Commercial Development and San Joaquin County Planning Department to bring this long-awaited project to fruition.
- Secured property needed to proceed with the Wastewater Treatment Plant expansion, a project that will be critical in permitting and sustaining continued development and build out of the Master Plan.
- Awarded Certificate of Recognition for Budget Preparation from the Government Finance Officers' Association for the fiscal year 2020-2021 budget.
- Awarded the Operating Budget Excellence Award from the California Society of Municipal Finance Officers.
- Issued the District's first Comprehensive Annual Financial Report (CAFR). The CAFR consists of three sections – Introductory, Financial, and Statistical – and presents a wider variety of information intended to help the reader more fully understand the basic financial statements.



- Implemented OpenGov program to enhance financial transparency and accountability. A link to this program is available on the District's website.
- Completed phase one of the poplar tree removal project.
- Completed the conversion of metal halide streetlights to LED lights.
- Completed conversion of the raw water tank to a treated water tank.
- Completed Grant Line Road Phase I construction (Mountain House Parkway to Central Parkway).
- Completed Hansen Park construction.
- Worked with Public Safety Committee to initiate security camera program in the District.

### Acknowledgements

The preparation of this report was made possible by the collaborative efforts of staff in the Administrative Services Department and other departments, as well as the District's audit firm, Richardson & Company, LLP. A special thanks and acknowledgement goes to Denae DeGough, Accounting manager and our Finance staff for their work on the audit. We would also like to recognize the Board of Directors for their guidance and support in the District's pursuit of excellence in financial reporting.



Steven Pinkerton  
General Manager



Sarah Ragsdale  
Administrative Services Director

Mountain House Community Services District

Principal Officers

Fiscal Year 2020/2021

**President**  
Andy Su

**Vice President**  
Manuel Moreno

**Director**  
Bernice King Tingle

**Director**  
Harry Dhillon

**Director**  
Brian Luci

**Administration Personnel**

General Manager

Steven Pinkerton

Administrative Services Director

Sarah Ragsdale

Finance Director

Thomas Retchless

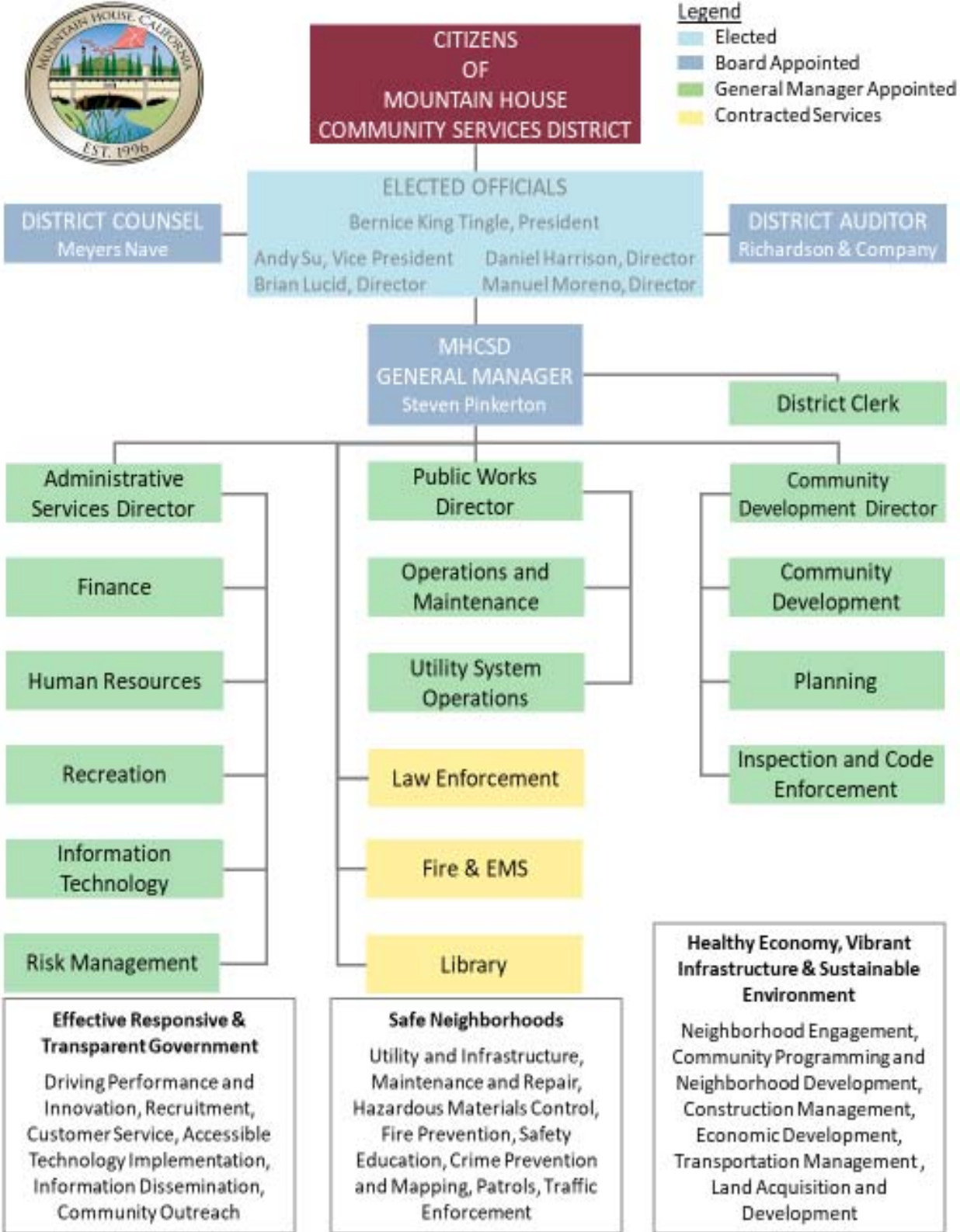
Community Development Director

Anush Nejad

Public Works Director

Nader Shareghi

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Mountain House Community Services District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**

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Sacramento, California 95825  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Mountain House Community Services District  
Mountain House, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, of Mountain House Community Services District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
Mountain House, California

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions to the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements are the responsibility of management as was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

To the Board of Directors  
Mountain House, California

reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

October 29, 2021

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2021

The Mountain House Community Services District (District) is an independent local government entity and a subdivision of the State of California guided by a five-member elected Board of Directors. As management of the District, we offer readers the District's financial statements and this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$49 million.
- The District's total net position increased by \$10.8 million. This is attributable to an increase in cash and investments from General Fund revenues exceeding expenditures.
- As of the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$60.8 million. Approximately \$25.1 million or 41% of total fund balances is reported as Unassigned fund balance making it available for spending at the District's discretion (in compliance with *Governmental Accounting Standards Board's (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions* - see Note A).
- At the end of the current fiscal year, the Unassigned (GASB No. 54) fund balance for the General Fund was \$25.1 million.
- The District's total liabilities decreased by \$22.4 million (6%) during the current fiscal year. The majority of the decrease was to notes payable. The key factors in the notes payable decrease were the payments made for the Town Hall, Library, and traffic improvement projects.

**Using This Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods like those used by private sector companies. The Statement of Net Position includes all the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction of the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-MDsector business.

The *statement of net position* presents information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the net amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2021

intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general government, public safety, public ways and facilities, and recreation and culture. The business-type activities of the District include water, wastewater and storm system operations and developer activity.

The government-wide financial statements can be found on pages 13 - 14 of this report.

**Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains ten individual governmental funds aggregated and grouped into four funds for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special assessment fund, the impact fees fund, and the capital projects fund all of which are considered to be major funds. The governmental fund financial statements can be found on pages 15 - 18 of this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund, the special assessment fund, and the impact fees fund located on pages 46 - 48 to demonstrate compliance with this budget.

**Proprietary funds**

The District maintains four proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its water, wastewater and stormwater system operations and developer activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 19 - 21 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 45 of this report.

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2021

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* consisting of the budgetary schedules described above under Notes to the Required Supplementary Information and Required Disclosures related to the District's Pension Plan. Required supplementary information can be found on pages 46 – 50 of this report. A budgetary comparison schedule for the major capital projects fund is included as other supplemental information.

**Statistical Section**

This report also contains a statistical section that presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. The statistical section can be found on pages 52 – 68.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49 million at the close of the most recent fiscal year.

**Mountain House Community Services District's Net Position (in millions)**

	Governmental Activities		Business-Type Activities		Total		Total	
	2021	2020	2021	2020	2021	2020	Dollar Change	Percent Change
<b>Assets:</b>								
Current and other assets	\$70.91	\$83.61	\$20.46	\$12.68	\$91.37	\$96.29	\$(4.92)	-5%
Capital assets	138.56	145.20	163.58	163.44	302.14	308.64	(6.50)	-2%
Total assets	<u>209.47</u>	<u>228.80</u>	<u>184.04</u>	<u>176.12</u>	<u>393.51</u>	<u>404.93</u>	<u>(11.41)</u>	<u>-3%</u>
<b>Deferred outflows:</b>								
Pension plan								
Deferred outflow	1.73	1.44	1.48	1.52	3.21	2.96	0.25	8%
Total deferred outflow	<u>1.73</u>	<u>1.44</u>	<u>1.48</u>	<u>1.52</u>	<u>3.21</u>	<u>2.96</u>	<u>0.25</u>	<u>8%</u>
<b>Liabilities:</b>								
Long-term liabilities outstanding	99.27	134.49	223.66	220.91	322.92	355.40	(32.47)	-9%
Other liabilities	10.09	7.36	13.77	6.42	23.86	13.78	10.07	73%
Total liabilities	<u>109.35</u>	<u>141.85</u>	<u>237.43</u>	<u>227.33</u>	<u>346.78</u>	<u>369.18</u>	<u>(22.40)</u>	<u>-6%</u>
<b>Deferred inflows:</b>								
Pension plan								
Deferred inflow	0.69	0.35	0.27	0.15	0.97	0.50	0.47	94%
Total deferred inflow	<u>0.69</u>	<u>0.35</u>	<u>0.27</u>	<u>0.15</u>	<u>0.97</u>	<u>0.50</u>	<u>0.47</u>	<u>94%</u>
<b>Net position:</b>								
Net investment in capital assets	96.86	65.36	10.68	12.35	107.54	77.71	29.84	38%
Restricted	23.84	43.03	6.04	9.28	29.88	52.31	(22.43)	-43%
Unrestricted	(19.55)	(20.35)	(68.90)	(71.46)	(88.45)	(91.81)	3.36	-4%
Total net position	<u>\$101.15</u>	<u>\$88.04</u>	<u>\$(52.18)</u>	<u>\$(49.83)</u>	<u>\$48.97</u>	<u>\$38.21</u>	<u>\$10.77</u>	<u>28%</u>

By far the largest portion of the District's net position (96%) reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this



**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT**

**Management's Discussion and Analysis**

June 30, 2021

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of District's net position, \$29.9 million, is subject to constraints by bond financing agreements and enabling legislation.

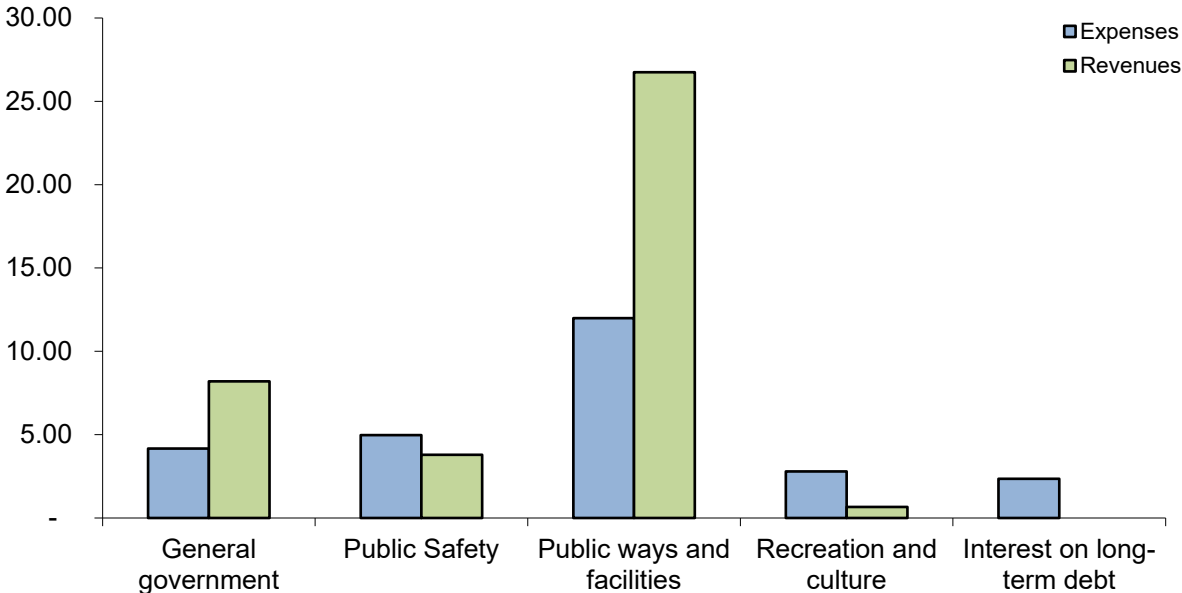
The District's unrestricted net position was at a deficit of \$88.5 million generally because of financing charges accruing on pledged notes payable to developers for contributed infrastructure. In addition, the District is reporting net pension obligations at June 30, 2021 in the amount of \$7.9 million.

	Government Activities		Business-Type Activities		Total		Total	
	2021	2020	2021	2020	2021	2020	Dollar Change	Percent Change
<b>Revenues:</b>								
Program revenues:								
Fees, fines and charges for services	\$18.75	\$7.30	\$20.64	\$19.17	\$39.40	\$26.46	\$12.94	49%
Special assessments	13.01	12.07			13.01	12.07	0.93	8%
General revenue:								
Property taxes	6.08	5.21			6.08	5.21	0.87	17%
Miscellaneous revenues	1.55	2.42	0.06	0.18	1.62	2.60	(0.99)	-38%
<b>Total revenues</b>	<b>39.39</b>	<b>27.00</b>	<b>20.71</b>	<b>19.35</b>	<b>60.09</b>	<b>46.35</b>	<b>13.75</b>	<b>30%</b>
<b>Expenses:</b>								
General government	4.17	2.99			4.17	2.99	1.18	40%
Public safety	4.97	4.40			4.97	4.40	0.57	13%
Public ways and facilities	11.99	11.29			11.99	11.29	0.70	6%
Recreation and culture	2.79	2.40			2.79	2.40	0.39	16%
Interest on long-term debt	2.35	1.57			2.35	1.57	0.78	49%
Water system			10.15	8.80	10.15	8.80	1.35	15%
Wastewater system			6.24	5.33	6.24	5.33	0.91	17%
Stormwater system			3.05	1.59	3.05	1.59	1.47	92%
Developer projects			3.61	4.31	3.61	4.31	(0.70)	-16%
<b>Total expenses</b>	<b>26.27</b>	<b>22.65</b>	<b>23.05</b>	<b>20.03</b>	<b>49.33</b>	<b>42.68</b>	<b>6.65</b>	<b>16%</b>
Increase in net position	13.11	4.35	(2.35)	(0.68)	10.77	3.67	7.10	193%
Net position, beginning of year	88.04	83.69	(49.83)	(49.15)	38.21	34.54	3.67	11%
Net assets, beginning of year	88.04	83.69	(49.83)	(49.15)	38.21	34.54	3.67	11%
Net assets, end of year	\$101.15	\$88.04	\$(52.18)	\$(49.83)	\$48.97	\$38.21	\$10.77	28%

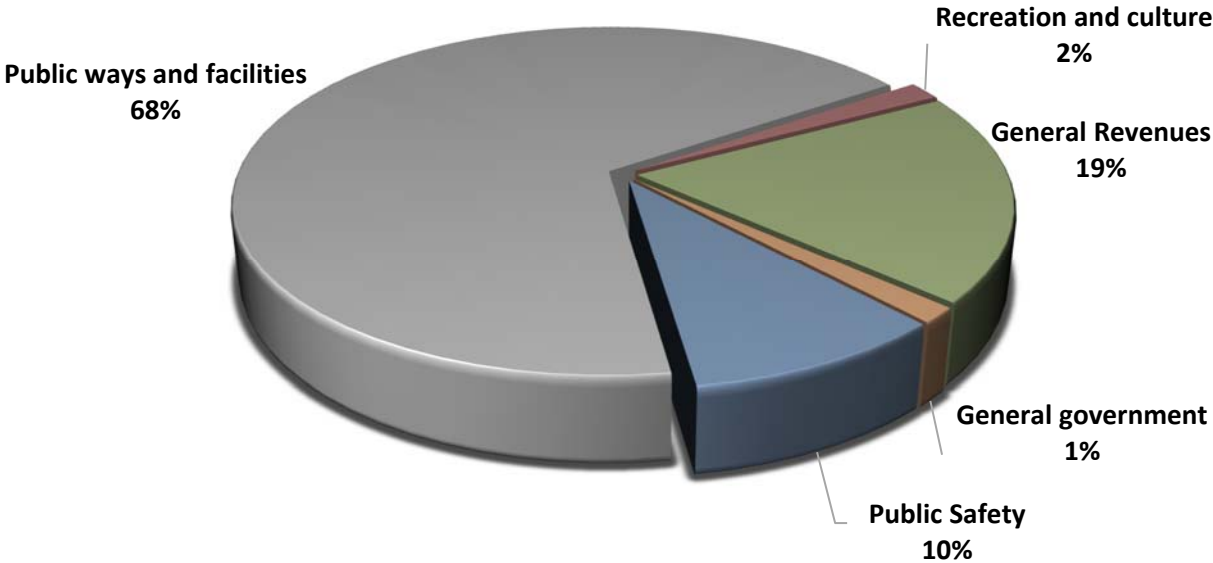
**Governmental Activities:** Governmental activities increased the District's net position by \$13.1 million. This increase is primarily due to the increase in special taxes, property taxes, and impact fees from scheduled rate increases, an increase in the number of properties paying the taxes, and due to development within the District.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Management’s Discussion and Analysis  
June 30, 2021

**Expenses and Program Revenues - Governmental Activities**



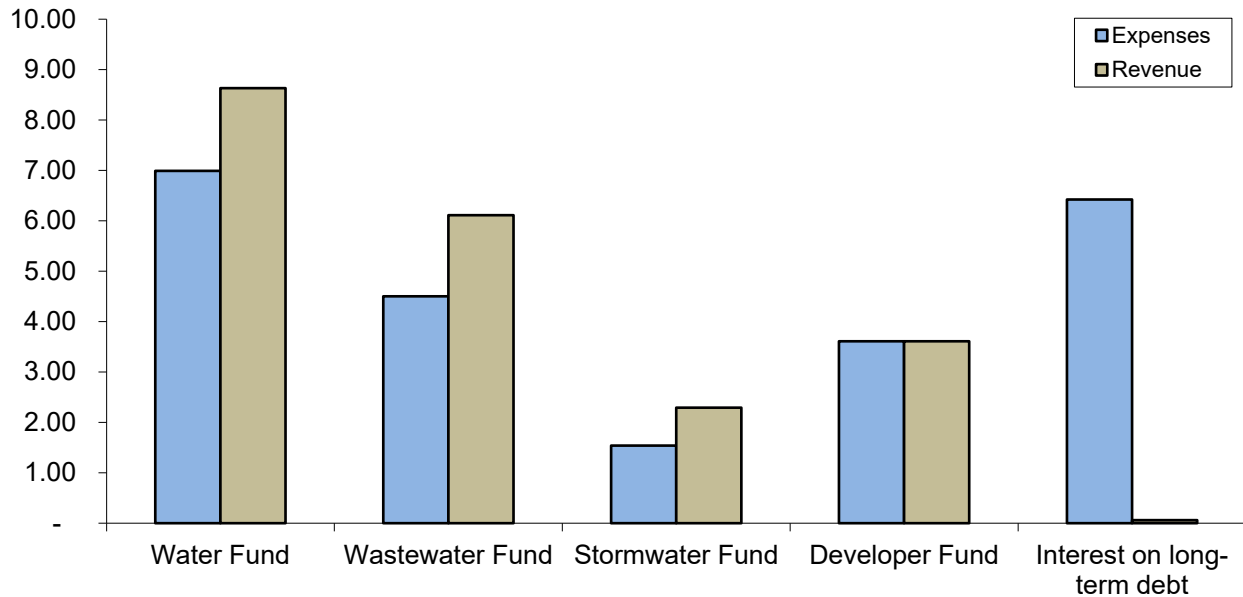
**TOTAL REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



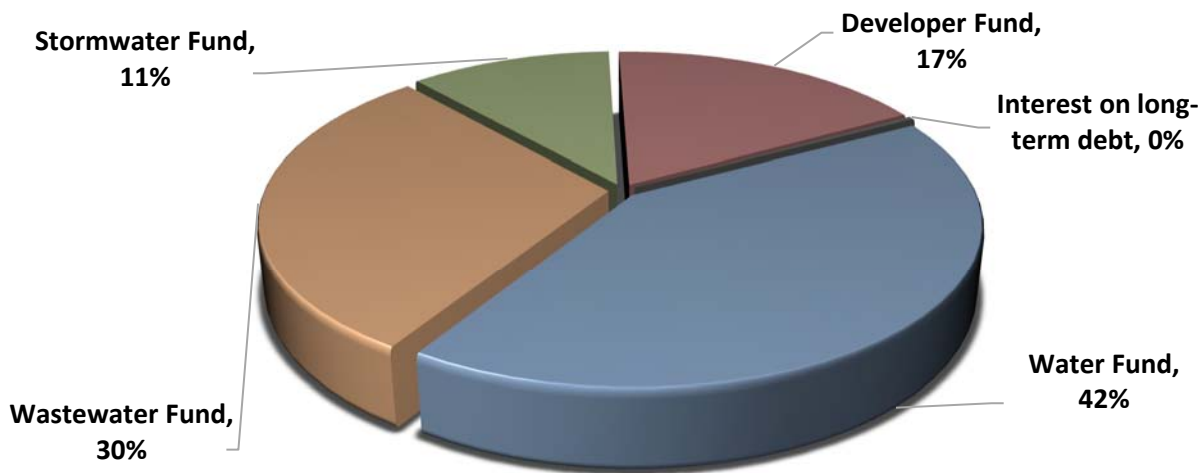
**Business-Type Activities:** Business-type activities decreased the District’s net position by \$2.35 million. This is primarily due to financing charges accruing on pledged notes payable to developers and depreciation on water, wastewater and stormwater utility infrastructure exceeding scheduled rate increases in pledged and unpledged charges for services.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Management’s Discussion and Analysis  
June 30, 2021

**Expenses and Program Revenues - Business-type Activities**



**REVENUE BY SOURCE - BUSINESS-TYPE ACTIVITIES**



**FINANCIAL ANALYSIS OF DISTRICT FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financial requirements. In particular, unreserved fund balance may serve as a useful measure of the District’s net resources available for spending at the end of the fiscal year.

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT**

Management's Discussion and Analysis

June 30, 2021

At June 30, 2021, the District's governmental funds reported total fund balances of \$60.8 million, a decrease of \$15.4 million over the prior year.

The District reports the following components of fund balance:

- **Nonspendable fund balance** - \$12.5 million (inherently nonspendable) included the portion of net resources that cannot be spent because of their form, and the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$21.1 million (externally enforceable limitation on use) include amounts subject to limitation imposed by creditors, contributors, or laws and regulations of other government.
- **Committed fund balance** - \$2.1 million (constrained to specific purpose) included amounts that cannot be used for any purpose unless government takes the same highest level action.
- **Unassigned fund balance** - \$25.1 million (residual net resources) is the total fund balance in the general fund in excess of nonspendable, restricted, and committed fund balance.

The General Fund is the main operational fund of the District. At June 30, 2021, the fund balance components were reported as nonspendable \$11.3 million, committed \$2.1 million and unassigned \$25.1 million.

The Special Assessments Fund is used to account for funding from property assessments to pay for roads, transportation, community services, public safety, public works, parks and recreation, and landscaping and lighting district activity. Therefore, fund balance must be used for these designated services. At June 30, 2021, restricted fund balance of \$7.4 million was available to finance future appropriations.

The Impact Fees Fund is used to account for fees collected from builders to mitigate the impact of development. The fees are used to reimburse developers for identified infrastructure projects. At June 30, 2021, the fund balance components were reported as nonspendable, \$1.2 million, and restricted, \$9.4 million.

The Capital Projects Fund is used to account for implementation of the District's capital improvement program. At June 30, 2021, the restricted fund balance was \$4.3 million.

**Proprietary funds**

The District's proprietary funds provide similar information found in the government-wide financial statements, but in more detail.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Original Budget to Final Budget (in millions)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>
Estimated revenue	\$ 7.32	\$ 7.32	\$ .00
Appropriations	3.61	3.98	.37

Final Budget to Actual (in millions)

	<u>Final Budget</u>	<u>Actual</u>	<u>Increase (Decrease)</u>
Estimated revenue	\$ 7.32	\$ 8.32	\$ 1.00
Appropriations	3.98	5.47	1.49

During the year, actual revenues were slightly more than budgetary estimates, which was mainly due to increases in property taxes.

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT**

**Management's Discussion and Analysis**

June 30, 2021

Actual expenditures were more than final budgeted estimates. The majority of the difference was due to the acceptance of the \$2.4 million park that was not budgeted due to the park being a capital outlay project that was budgeted and funded in prior years.

**Capital assets**

The District's capital assets, net of accumulated depreciation is shown below. Changes are due to equipment purchases and depreciation. For additional information related to capital assets, see Note D in the Notes to the Basic Financial Statements.

(net of depreciation) in millions

	Government Activities		Business-Type Activities		Total		Total	
	2021	2020	2021	2020	2021	2020	Dollar Change	Percent Change
	Land	\$28.04	\$28.04	\$2.60	\$2.60	\$30.64	\$30.64	\$0.00
Infrastructure	77.98	83.08	160.93	160.76	238.91	243.84	(4.93)	-2%
Buildings	31.88	33.24	0.00	0.00	31.88	33.24	(1.36)	-4%
Machinery and equipment	0.65	0.83	0.04	0.08	0.69	0.91	(0.22)	-24%
<b>Total</b>	<b>\$138.55</b>	<b>\$145.19</b>	<b>\$163.57</b>	<b>\$163.43</b>	<b>\$302.12</b>	<b>\$308.63</b>	<b>\$(6.51)</b>	<b>-2%</b>

Infrastructure, buildings, and equipment all decreased during the year due to depreciation.

**Long-term debt**

The District's outstanding debt is shown below. Net decreases to outstanding debt were \$48.3 million. The outstanding debt was decreased by payments made for the Town Hall, Library, and traffic improvement projects. New bonds were issued in the amount of \$128.6 million which was applied to the outstanding balance of the pledged notes payable in accordance with acquisition agreements.

**Mountain House Community Services District's Outstanding Debt**

Pledged Notes and Revenue Bonds (in millions)

	Government Activities		Business-Type Activities		Total		Total	
	2021	2020	2021	2020	2021	2020	Dollar Change	Percent Change
	Pledged Notes Payable	\$93.15	\$128.95	\$42.76	\$182.83	\$135.91	\$311.79	\$(175.88)
Revenue Bonds			161.25	33.69	161.25	33.69	127.56	379%
<b>Total</b>	<b>\$93.15</b>	<b>\$128.95</b>	<b>\$204.01</b>	<b>\$216.52</b>	<b>\$297.16</b>	<b>\$345.48</b>	<b>\$(48.32)</b>	<b>-14%</b>

In addition to the long-term debt, the District also has a liability to pay future compensated absences in the amount of \$.4 million. For additional information related to long-term liabilities, see Note E in the Notes to the Basic Financial Statements.

**Economic Factors and Next Year's Budgets and Rates**

During the current fiscal year, the District's overall financial position improved over the prior year. The decreases in the Business-Type Activities were more than offset by the increases in the Government Activities. The unassigned fund balance in the General Fund increased by \$5.2 million to \$25.1 million. The District has nonspendable funds of \$11.3 million for advances to other funds and prepaid costs. The special assessment rates increased by 2% for the 2021/2022 budget years. The water, wastewater, and stormwater operations and maintenance rates remained consistent with the rate study which was adopted

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2021

in June, 2017, and started in fiscal year 2017/2018. Resulting rate increases are necessary to keep up with inflation and to keep the District from having to institute large rate increases in future years.

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of the past, present and future.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Director, 251 East Main Street, Mountain House, CA 95391.

**BASIC FINANCIAL STATEMENTS**

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**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Statement of Net Position  
June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 59,020,258	\$ 19,930,887	\$ 78,951,145
Restricted cash and investments		6,039,787	6,039,787
Accounts receivable, net	208,746	4,200,153	4,408,899
Interest receivable	68,907		68,907
Prepaid expense	26,335	1,874,874	1,901,209
Deposits with others		7,291	7,291
Internal balances	11,589,149	(11,589,149)	
Restricted interest receivable		19	19
Capital assets:			
Nondepreciable	28,041,500	2,604,300	30,645,800
Depreciable, net	110,514,705	160,973,203	271,487,908
Total capital assets	138,556,205	163,577,503	302,133,708
<b>TOTAL ASSETS</b>	<b>209,469,600</b>	<b>184,041,365</b>	<b>393,510,965</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Debt refunding		802,411	802,411
Pension plan	1,728,689	678,660	2,407,349
	1,728,689	1,481,071	3,209,760
<b>LIABILITIES</b>			
Accounts payable	5,050,132	1,727,248	6,777,380
Retention payable	93,443		93,443
Accrued interest payable		530,349	530,349
Unearned revenues	4,185,557	1,969,071	6,154,628
Deposits from others	759,023	9,542,705	10,301,728
Long-term liabilities			
Due within one year			
Bonds, capital leases and contracts	8,259,511	3,054,637	11,314,148
Compensated absences	252,423		252,423
Due in more than one year			
Bonds, capital leases and contracts	84,893,094	218,366,823	303,259,917
Compensated absences	160,642		160,642
Net pension liability	5,699,381	2,237,503	7,936,884
<b>TOTAL LIABILITIES</b>	<b>109,353,206</b>	<b>237,428,336</b>	<b>346,781,542</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	692,539	271,881	964,420
<b>NET POSITION</b>			
Net investment in capital assets	96,861,978	10,677,879	107,539,857
Restricted for:			
Roads, transportation and community services	21,796,686		21,796,686
Debt service		6,039,806	6,039,806
Public works	1,069,093		1,069,093
Lighting and landscaping	976,614		976,614
Unrestricted	(19,551,827)	(68,895,466)	(88,447,293)
Total net position	<b>\$ 101,152,544</b>	<b>\$ (52,177,781)</b>	<b>\$ 48,974,763</b>

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

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT**

**Statement of Activities  
For the Year Ended June 30, 2021**

<b>Functions/Programs</b>	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Primary Government		
			Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>					
Governmental Activities					
General government	\$ 4,170,256	\$ 568,184	\$ (3,602,072)		\$ (3,602,072)
Public safety	4,972,476	3,788,208	(1,184,268)		(1,184,268)
Public ways and facilities	11,988,424	26,739,974	14,751,550		14,751,550
Recreation and culture	2,792,760	658,948	(2,133,812)		(2,133,812)
Interest on long-term debt	2,347,775		(2,347,775)		(2,347,775)
Total governmental activities	26,271,691	31,755,314	5,483,623		5,483,623
Business-Type Activities					
Water Fund	10,151,539	8,632,286		\$ (1,519,253)	(1,519,253)
Wastewater Fund	6,238,672	6,105,102		(133,570)	(133,570)
Stormwater Fund	3,052,697	2,294,921		(757,776)	(757,776)
Developer Fund	3,608,206	3,608,656		450	450
Total business-type activities	23,051,114	20,640,965		(2,410,149)	(2,410,149)
<b>Total primary government</b>	<b>\$ 49,322,805</b>	<b>\$ 52,396,279</b>	<b>5,483,623</b>	<b>(2,410,149)</b>	<b>3,073,474</b>
<b>General Revenues:</b>					
Taxes:					
Property taxes			6,076,030		6,076,030
Franchise and miscellaneous taxes			1,088,748		1,088,748
Unrestricted interest and investment earnings			443,313	64,284	507,597
Other			22,368		22,368
Total general revenues			7,630,459	64,284	7,694,743
Change in net position			13,114,082	(2,345,865)	10,768,217
Net position, beginning of year			88,038,462	(49,831,916)	38,206,546
Net position, end of year			<b>\$ 101,152,544</b>	<b>\$ (52,177,781)</b>	<b>\$ 48,974,763</b>

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

**POLICY & ACTION ITEM 9.1  
ATTACHMENT A**

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Balance Sheets  
Governmental Funds  
June 30, 2021**

	<b>Major Funds</b>				
	<b>General Fund</b>	<b>Special Assessments Special Revenue Fund</b>	<b>Impact Fees Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 28,485,916	\$ 9,314,606	\$ 16,479,989	\$ 4,739,747	\$ 59,020,258
Accounts receivable, net	208,545	201			208,746
Interest receivable	68,907				68,907
Prepaid costs	273	26,062			26,335
Due from other funds	241,080				241,080
Advances to other funds	11,348,069		1,188,000		12,536,069
	<u>\$ 40,352,790</u>	<u>\$ 9,340,869</u>	<u>\$ 17,667,989</u>	<u>\$ 4,739,747</u>	<u>\$ 72,101,395</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,007,336	\$ 704,571	\$ 2,916,187	\$ 422,038	\$ 5,050,132
Retention payable	65,000			28,443	93,443
Unearned revenues	18,896	46,916	4,119,745		4,185,557
Deposits from others	759,023				759,023
Advances from other funds		1,188,000			1,188,000
<b>TOTAL LIABILITIES</b>	<u>1,850,255</u>	<u>1,939,487</u>	<u>7,035,932</u>	<u>450,481</u>	<u>11,276,155</u>
 <b>Fund balances:</b>					
Nonspendable	11,348,342		1,188,000		12,536,342
Restricted for:					
Roads, transportation and community services, operational and administrative functions		5,355,675	9,444,057	4,289,266	19,088,998
Public works		1,069,093			1,069,093
Lighting and landscaping		976,614			976,614
Committed	2,099,160				2,099,160
Unassigned	25,055,033				25,055,033
<b>Total fund balances</b>	<u>38,502,535</u>	<u>7,401,382</u>	<u>10,632,057</u>	<u>4,289,266</u>	<u>60,825,240</u>
	<u>\$ 40,352,790</u>	<u>\$ 9,340,869</u>	<u>\$ 17,667,989</u>	<u>\$ 4,739,747</u>	<u>\$ 72,101,395</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 40,352,790</u>	<u>\$ 9,340,869</u>	<u>\$ 17,667,989</u>	<u>\$ 4,739,747</u>	<u>\$ 72,101,395</u>

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

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Position  
For the Year Ended June 30, 2021**

Fund Balance - total governmental funds	\$ 60,825,240
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental activities of the Statement of Net Position.	138,556,205
Long-term assets and liabilities and related deferred inflows and outflows of resources are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position:	
Deferred outflows of resources - pension plan	1,728,689
Long-term debt	(93,152,605)
Compensated absences	(413,065)
Net pension liability	(5,699,381)
Deferred inflows of resources - pension plan	<u>(692,539)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION</b>	<b><u>\$ 101,152,544</u></b>

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

**POLICY & ACTION ITEM 9.1  
ATTACHMENT A**

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Statements of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2021**

	<u>Major Funds</u>				<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Special Assessments Special Revenue Fund</b>	<b>Impact Fees Special Revenue Fund</b>	<b>Capital Projects Fund</b>	
<b>Revenues</b>					
Taxes	\$ 6,076,030				\$ 6,076,030
Special assessments		\$ 13,005,628			13,005,628
Licenses and permits	10,830				10,830
Franchise fees	1,088,748				1,088,748
Developer and impact fees	902,010		\$ 17,834,614		18,736,624
Investment earnings	222,612	88,698	133,259		444,569
Other revenues	14,976	8,368			23,344
<b>TOTAL REVENUES</b>	<u>8,315,206</u>	<u>13,102,694</u>	<u>17,967,873</u>		<u>39,385,773</u>
<b>Expenditures</b>					
Current:					
General government	383,904				383,904
Public safety		4,693,489			4,693,489
Public ways and facilities	2,642,027	2,770,511		\$ 1,376,181	6,788,719
Recreation and culture		1,856,903			1,856,903
Debt service					
Principal			40,587,084		40,587,084
Interest and fiscal charges		7,425			7,425
Capital outlay	2,439,614			490,028	2,929,642
<b>TOTAL EXPENDITURES</b>	<u>5,465,545</u>	<u>9,328,328</u>	<u>40,587,084</u>	<u>1,866,209</u>	<u>57,247,166</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,849,661</u>	<u>3,774,366</u>	<u>(22,619,211)</u>	<u>(1,866,209)</u>	<u>(17,861,393)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	2,439,614				2,439,614
Transfer in				2,201,564	2,201,564
Transfer out		(2,201,564)			(2,201,564)
Total other financing sources (uses)	<u>2,439,614</u>	<u>(2,201,564)</u>		<u>2,201,564</u>	<u>2,439,614</u>
<b>NET CHANGE IN FUND BALANCE</b>	5,289,275	1,572,802	(22,619,211)	335,355	(15,421,779)
Fund balance, beginning of year	<u>33,213,260</u>	<u>5,828,580</u>	<u>33,251,268</u>	<u>3,953,911</u>	<u>76,247,019</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 38,502,535</u>	<u>\$ 7,401,382</u>	<u>\$ 10,632,057</u>	<u>\$ 4,289,266</u>	<u>\$ 60,825,240</u>

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

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Reconciliation of the Statements of Revenues, Expenditures and Charges in Fund Balances to the Government-Wide  
Statement of Activities - Governmental Activities  
For the Year Ended June 30, 2021**

Net change in fund balance - total governmental funds \$ (15,421,779)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Purchase of capital assets	2,929,642
Depreciation expense	(9,569,687)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities reports such issuance of debt as a liability. Governmental funds report repayment of bond and note principal payments as an expenditures. In contrast, the Statement of Activities reports such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.

38,147,470

Interest expenses accrued as part of pledged notes payable reported in the Government-wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents accrued interest.

(2,347,775)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds:

Change in net pension liability	(516,374)
Change in compensated absences	(55,995)
Change in deferred outflows/inflows of resources on the pension plan	<u>(51,420)</u>

Change in net position of governmental activities	<u><u>\$ 13,114,082</u></u>
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The accompanying notes are an integral part of these financial statements.

**POLICY & ACTION ITEM 9.1  
ATTACHMENT A**

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Statements of Net Position  
Proprietary Funds  
June 30, 2021**

	<b>Major Funds</b>				
	Water	Wastewater	Stormwater	Developer	Total
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 3,388,803	\$ 1,975,940	\$ 3,814,490	\$ 10,751,654	\$ 19,930,887
Accounts receivable	1,304,148	839,587	259,393	1,797,025	4,200,153
Prepaid expenses	936,158	680,676	248,522	9,518	1,874,874
Deposits with others				7,291	7,291
Due from other funds	190,837	10,464			201,301
Total current assets	<u>5,819,946</u>	<u>3,506,667</u>	<u>4,322,405</u>	<u>12,565,488</u>	<u>26,214,506</u>
Non-current assets:					
Restricted cash and investments	2,716,095	2,269,837	1,053,855		6,039,787
Restricted interest receivable	10	7	2		19
Capital assets					
Non-depreciable	984,200	1,620,100			2,604,300
Depreciable, net	90,294,991	46,060,219	24,617,993		160,973,203
Total capital assets, net	<u>91,279,191</u>	<u>47,680,319</u>	<u>24,617,993</u>		<u>163,577,503</u>
Total non-current assets	<u>93,995,296</u>	<u>49,950,163</u>	<u>25,671,850</u>		<u>169,617,309</u>
TOTAL ASSETS	<u>99,815,242</u>	<u>53,456,830</u>	<u>29,994,255</u>	<u>12,565,488</u>	<u>195,831,815</u>
<b>DEFERRED OUTFLOWS</b>					
Debt refunding	427,714	278,626	96,071		802,411
Pension plan	324,825	270,448	83,387		678,660
TOTAL DEFERRED OUTFLOWS	<u>752,539</u>	<u>549,074</u>	<u>179,458</u>		<u>1,481,071</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	362,134	195,170	79,980	1,089,964	1,727,248
Accrued interest payable	265,276	195,503	69,570		530,349
Due to other funds		88,367	112,934	241,080	442,381
Unearned revenue				1,969,071	1,969,071
Deposits from others	280,605			9,262,100	9,542,705
Bonds, notes and loans payable, current portion	1,486,341	1,195,671	372,625		3,054,637
Total current liabilities	<u>2,394,356</u>	<u>1,674,711</u>	<u>635,109</u>	<u>12,562,215</u>	<u>17,266,391</u>
Long-term liabilities:					
Advances from other funds	5,521,236	5,408,323	418,510		11,348,069
Bonds, notes and loans payable	128,017,932	65,356,096	24,992,795		218,366,823
Net pension liability	1,070,928	891,653	274,922		2,237,503
Total long-term liabilities	<u>134,610,096</u>	<u>71,656,072</u>	<u>25,686,227</u>		<u>231,952,395</u>
TOTAL LIABILITIES	<u>137,004,452</u>	<u>73,330,783</u>	<u>26,321,336</u>	<u>12,562,215</u>	<u>249,218,786</u>
<b>DEFERRED INFLOWS</b>					
Pension plan	130,129	108,346	33,406		271,881
<b>NET POSITION</b>					
Net investment in capital assets	(1,693,818)	5,503,495	6,868,202		10,677,879
Restricted for:					
Debt service	2,716,105	2,269,844	1,053,857		6,039,806
Unrestricted	(37,589,087)	(27,206,564)	(4,103,088)	3,273	(68,895,466)
TOTAL NET POSITION	<u>\$ (36,566,800)</u>	<u>\$ (19,433,225)</u>	<u>\$ 3,818,971</u>	<u>\$ 3,273</u>	<u>\$ (52,177,781)</u>

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

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Statements of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021**

	<b>Major Funds</b>				
	Water	Wastewater	Stormwater	Developer	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,237,568	\$ 2,955,334	\$ 690,849	\$ 3,608,656	\$ 11,492,407
Charges for services - pledged	4,380,558	3,149,768	1,144,514		8,674,840
Penalty charges and other	14,160		459,558		473,718
<b>TOTAL OPERATING REVENUES</b>	<u>8,632,286</u>	<u>6,105,102</u>	<u>2,294,921</u>	<u>3,608,656</u>	<u>20,640,965</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	420,731	460,835	141,724	418,321	1,441,611
Professional and special services	1,344,031	999,646	251,659	3,189,885	5,785,221
Utilities	1,160,773	299,033			1,459,806
Chemicals	292,550	70,562			363,112
Maintenance	289,700	610,475	209,016		1,109,191
Depreciation	2,554,782	1,386,188	693,261		4,634,231
<b>TOTAL OPERATING EXPENSES</b>	<u>6,062,567</u>	<u>3,826,739</u>	<u>1,295,660</u>	<u>3,608,206</u>	<u>14,793,172</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,569,719</u>	<u>2,278,363</u>	<u>999,261</u>	<u>450</u>	<u>5,847,793</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	16,330	17,644	30,310		64,284
Interest expense	(3,163,232)	(1,743,507)	(1,511,490)		(6,418,229)
Bond issuance costs	(925,740)	(668,426)	(245,547)		(1,839,713)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(4,072,642)</u>	<u>(2,394,289)</u>	<u>(1,726,727)</u>		<u>(8,193,658)</u>
<b>CHANGE IN NET POSITION</b>	<u>(1,502,923)</u>	<u>(115,926)</u>	<u>(727,466)</u>	<u>450</u>	<u>(2,345,865)</u>
Net position, beginning of year	<u>(35,063,877)</u>	<u>(19,317,299)</u>	<u>4,546,437</u>	<u>2,823</u>	<u>(49,831,916)</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ (36,566,800)</u>	<u>\$ (19,433,225)</u>	<u>\$ 3,818,971</u>	<u>\$ 3,273</u>	<u>\$ (52,177,781)</u>

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



**POLICY & ACTION ITEM 9.1**  
**ATTACHMENT A**

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT**  
**Statements of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds				
	Water	Wastewater	Stormwater	Developer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 8,199,074	\$ 3,093,043	\$ 2,231,706	\$ 15,798,949	\$ 29,322,772
Cash paid to suppliers	(3,086,460)	(1,871,232)	(418,687)	(2,727,464)	(8,103,843)
Cash paid to employees	(461,856)	(504,221)	(138,764)	(418,321)	(1,523,162)
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>4,650,758</u>	<u>717,590</u>	<u>1,674,255</u>	<u>12,653,164</u>	<u>19,695,767</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Due to other funds	657	(10,465)	9,808	(2,370,055)	(2,370,055)
<b>CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>657</u>	<u>(10,465)</u>	<u>9,808</u>	<u>(2,370,055)</u>	<u>(2,370,055)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal paid on long-term debt	(73,734,446)	(53,708,256)	(19,556,147)		(146,998,849)
Refunding of long-term debt	(526,471)	(389,449)	(127,097)		(1,043,017)
Interest paid on long-term debt	(2,136,870)	(1,588,824)	(557,637)		(4,283,331)
Long-term debt issued	72,487,888	52,754,401	19,237,625		144,479,914
Bond issuance costs paid	(925,740)	(668,426)	(245,547)		(1,839,713)
Bond prepaid insurance	(936,158)	(680,676)	(248,522)		(1,865,356)
Advances from other funds			70,904		70,904
<b>CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(5,771,797)</u>	<u>(4,281,230)</u>	<u>(1,426,421)</u>		<u>(9,614,092)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	16,330	17,644	30,310		64,284
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,104,052)</u>	<u>(3,556,461)</u>	<u>287,952</u>	<u>10,283,109</u>	<u>7,775,904</u>
Cash and cash equivalents, beginning of year	7,208,950	7,802,238	4,580,393	468,545	20,060,126
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 6,104,898</u>	<u>\$ 4,245,777</u>	<u>\$ 4,868,345</u>	<u>\$ 10,751,654</u>	<u>\$ 25,970,674</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:</b>					
Cash and investments	\$ 3,388,803	\$ 1,975,940	\$ 3,814,490	10,751,654	\$ 19,930,887
Restricted cash and investments	2,716,095	2,269,837	1,053,855		6,039,787
<b>CASH AND INVESTMENTS</b>	<u>\$ 6,104,898</u>	<u>\$ 4,245,777</u>	<u>\$ 4,868,345</u>	<u>\$ 10,751,654</u>	<u>\$ 25,970,674</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 2,569,719	\$ 2,278,363	\$ 999,261	\$ 450	\$ 5,847,793
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation	2,554,782	1,386,188	693,261		4,634,231
(Increase) decrease in accounts receivable	(422,047)	(143,555)	(63,215)	2,928,193	2,299,376
(Increase) decrease in prepaid expenses				(5,979)	(5,979)
(Increase) decrease in deposits with others				9,262,100	9,262,100
(Increase) decrease in deferred outflows	(73,615)	45,851	(2,678)		(30,442)
Increase (decrease) in accounts payable	594	21,712	47,908	313,712	383,926
Increase (decrease) in unearned revenue		(2,868,504)		154,688	(2,713,816)
Increase (decrease) in deposits from others	(11,165)				(11,165)
Increase (decrease) in net pension liability	(28,431)	(52,517)	(15,726)		(96,674)
Increase (decrease) in deferred inflows	60,921	50,052	15,444		126,417
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 4,650,758</u>	<u>\$ 717,590</u>	<u>\$ 1,674,255</u>	<u>\$ 12,653,164</u>	<u>\$ 19,695,767</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>					
Deferred amount on refunding of bonds	\$ (2,437)	\$ 2,218	\$ 218	\$ -	\$ (1)
Amortization of deferred amount on refunding of bonds	\$ 36,981	\$ 24,421	\$ 8,373		\$ 69,775
Amortization of bond premiums and discounts	\$ 259,201	\$ 188,307	\$ 66,974		\$ 514,482
Accrued interest added to pledged notes payable	\$ 1,034,514	\$ 162,774	\$ 955,621		\$ 2,152,909
Certified capital asset additions pledged notes payable		\$ 696,357	\$ 4,078,135		\$ 4,774,492
Bond defeased through escrow trust fund with refunding proceeds	\$ -	\$ -	\$ -		\$ -

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The reporting entity refers to the scope of activities, organizations and functions included in the financial statements. The Mountain House Community Services District (District), formed in 1996, is a political subdivision created under Section 61000-61850 of the Government Code of the State of California and, as such, can exercise the powers specified by the Constitution and laws of the State of California. The District operates under the general laws of the State and is governed by an elected five-member Board of Directors (Board). In November 2008, Mountain House residents voted to have a locally elected Board of Directors. The Board currently consists of five members of the community elected at large.

The District provides general government, public safety, public ways and facilities, recreation and culture, water, wastewater, and storm drain services. Police services are provided through contracts with the County of San Joaquin and a private security company. Fire services are provided through contract with French Camp McKinley Rural Fire Protection District. Development inspections and plan checks are provided by the County of San Joaquin.

For financial reporting purposes, the District's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Board. The accounting methods and procedures adopted by the District conform to generally accepted accounting principles as applied to governmental entities.

The District entered into a Joint Exercise of Powers Agreement dated April 1, 2007, between the District and the County of San Joaquin for the purpose of creating the Mountain House Public Financing Authority (Authority). The Authority was created to facilitate the financing and refinancing of certain public programs and projects of the District through the issuance of the Utility Systems Revenue Bonds, Series 2007 and 2011. The District owns the underlying capital assets that were financed with the debt. The Bonds issued in the name of the Authority were refunded in December 2019 with the proceeds of the Utility System Revenue Bonds, Series 2019A and B. The Authority has no other transactions and does not issue separate financial statements.

The District entered into a Joint Exercise of Powers Agreement dated June 1, 2019, between the District and the California Statewide Communities Development Authority (CSCDA) for the purpose of creating the Mountain House Financing Authority (MHFA). The MHFA was created to issue bonds and to purchase bonds issued by, or to make loans to, the District or CSCDA for financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits. The District owns any underlying capital assets financed with debt issued by the MHFA, as described in Note E. The accompanying basic financial statements of the District include the financial activities of the MHFA as a blended component unit of the District because the District's Board of Directors controls the MHFA, the District is financially accountable for the MHFA and the MHFA is financially dependent upon the District. Debt issued by the MHFA is reflected as debt of the District in these financial statements. The MHFA has no other transactions and does not issue separate financial statements.

Basis of Presentation—Government-wide Statements: The statement of net position and statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Basis of Presentation—Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category — governmental and proprietary — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds. All of the District's funds are considered major funds.

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

The District reports the following major governmental funds:

- The General Fund is the general operating fund of the District. It is used to account for all financial resources and transactions except those required to be accounted for in another fund. It includes certain special accounts that are used to accumulate resources for designated purposes.
- The Special Assessments Special Revenue Fund is used to account for funding from property assessments, levied per one hundred square feet of living area and per one hundred square feet of parcel area, to pay for roads, transportation, community services, public safety, public works, parks and recreation as a result of the adoption of Resolutions 96-1, 96-2, 96-3 and 96-4 and assessments from two landscaping and lighting districts as follows:
  - Ordinance No. 96-1 – Transportation, Operations and Administration: Provides funding for capital and operating costs, including administrative costs, of providing public transportation, including, but not limited to, construction and maintenance of streets and roads rights of way, bus service and equipment and facilities, train station facilities, and programs for the provision of public transportation, including, but not limited to, such items as programs for transportation demand management and alternative transportation programs. Funding is also available for operational and administrative functions of the District to the extent these latter functions are not funded from other sources.
  - Ordinance No. 96-2 – Public Safety Services: Provides funding for capital and operating costs, including administrative costs, of providing public safety services, including, but not limited to, fire protection, weed and pest abatement, police, ambulance services, security services, graffiti abatement, and animal control, and other programs for the provision of public safety services.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Ordinance No. 96-3 – Parks, Recreation, and Community Facilities Services: Provides funding for capital and operating costs, including administrative costs, of providing parks, recreation and community facilities and services, including, but not limited to, public recreation activities and facilities, landscaping, wildlife habitat and open space, information services, library services, public events, and the administration and enforcement of community covenants, conditions and restrictions.
- Ordinance No. 96-4 – Public Works: Provides funding for capital and operating costs, including administrative costs, of providing public works services, including, but not limited to, flood control and prevention, stormwater and drainage, sewer services, water services, street lighting, utility undergrounding, and telecommunications services.
- Mountain House Community Services District Consolidated Landscape Maintenance Assessment District No. 2016 (District No. 2016): Established under the provisions of the Landscaping and Lighting Act of 1972 to maintain landscaping and lighting improvements in Zone 1, Neighborhood D.
- Mountain House Community Services District Consolidated Landscape Maintenance Assessment District No. 2008-1 (District No. 2008-1): Established under the provisions of the Landscaping and Lighting Act of 1972 to maintain landscaping and lighting improvements in Zone 1, Neighborhood H.
- The Impact Fees Special Revenue Fund is used to account for fees collected from builders to mitigate the impact of development. The fees are used to reimburse developers for identified infrastructure projects.
- The Capital Projects Fund is used to account for financial resources used for the acquisition and construction of major capital facilities.

The District reports the following major enterprise funds:

- The Water Fund is used to account for the revenues from water users and the associated expenses to provide water treatment and services, and debt service.
- The Wastewater Fund is used to account for the revenues from wastewater users and the associated expenses to provide wastewater treatment and services, and debt service.
- The Stormwater Fund is used to account for the revenues from stormwater line users and the associated expenses to provide stormwater treatment and services, and debt service.
- The Developer Fund is used to account for financial resources used and expended for new developments.

Basis of Accounting: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, special assessments and

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

franchise fees. On an accrual basis, revenue from property taxes, special assessments and franchise fees is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (“susceptible to accrual”). The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Expenditures in the Special Assessment Special Revenue Fund are categorized consistently with the requirements of the related Ordinance. This results in general government expenditures being categorized with related expenditures rather than being reported separately as in the government-wide statements.

Cash and Cash Equivalents: The statements of cash flows include both cash and cash equivalents. Cash equivalents are defined as all cash and investments with original maturities of 90 days or less and the District’s investment in the County of San Joaquin’s pooled cash and investments.

Receivables, Unearned Revenue, and Unavailable Revenue: Receivables consist mostly of property taxes, developer reimbursements, and utility billings. Amounts in the Statements of Net Position for the Proprietary Funds are aggregated into a single accounts receivable. Below is the detail of the receivable for the proprietary funds:

	Water	Wastewater	Stormwater	Developer	Total
Receivables	\$1,321,986	\$ 854,082	\$ 263,437	\$1,797,025	\$4,236,530
Less: Allowance for uncollectible accounts	(17,838)	(14,495)	(4,044)		(36,377)
Ending balance	<u>\$1,304,148</u>	<u>\$ 839,587</u>	<u>\$ 259,393</u>	<u>\$1,797,025</u>	<u>\$4,200,153</u>

The District reports unearned revenue on its financial statements. Unearned revenues arise when the District receives resources before it has a legal claim to them, including developer deposits for plan checks and inspections, a police station, roads and a water treatment plant extension that are not considered earned until the permit is pulled. In subsequent periods, when the District has a legal claim to the resources, the unearned revenue is removed from the financial statements and revenue is recognized. The District also reports unavailable revenues on its financial statements, which arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Revenue is recognized when the revenue recognition criteria are met.

Restricted Assets: Certain resources set aside for repayment of revenue bonds and pledged notes payable are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and the Master Acquisition and Reimbursement Agreement. The amounts reported as restricted cash and investments consist of debt service reserves as well as accumulated pledged revenue



MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

restricted accounts containing the portion of the utility bills that are pledged for repayment of the revenue bonds and the pledged notes payable.

The capital improvement fee portion of the District’s utility bill collections from its customers is pledged to pay debt service on the bonds and to reimburse the developers for the cost of the construction of the utility infrastructure. The cash and investments and receivables not yet disbursed to the developer or to the bond trustee are reported as restricted assets. The cash and investments are held at Wells Fargo Bank to pay related debt service on the revenue bonds issued, with the remainder being used to pay the pledged notes payable to the developers.

Capital Assets: Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. The District defines capital assets as assets with an initial, individual cost of more than \$1,000 for equipment/furniture and \$5,000 for structures and improvements, and an estimated useful life in excess of one year.

Capital assets acquired by the governmental funds are accounted for as expenditures of those funds and capitalized and recorded as assets in the government-wide financial statements. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Contributed capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, tract improvements, right of ways, and utility facilities.

Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures, and changes in fund balances as proceeds from sale.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets. The range of estimated useful lives by type of asset is as follows:

Structures and Improvements	10-50 years
Equipment and Machinery	2-10 years
Infrastructure	25 years

Compensated Absences: Compensated absences are comprised of unpaid vacation and certain compensated time off, which are accrued as earned. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Unused sick leave benefits generally do not vest with the employee upon separation and have not been accrued. Compensated absences are liquidated by the General Fund.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, net of any related discounts. Issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Pledged Notes Payable: The District acquired various infrastructure facilities from developers through various Project Acquisition Agreements. In accordance with the Master Acquisition and Reimbursement Agreement and various Project Reimbursement Agreements, the District is obligated to reimburse for the accepted infrastructure based on agreed-upon amounts after costs are certified. The District certified the costs of the Town Hall and Library dedicated to the District in April 2020 and paid \$31 million from the Impact Fees Special Revenue Fund during the year ended June 30, 2021. In accordance with the agreements, financing charges are applied to the outstanding balance using the percentage increase in the Engineering News Record (ENR), a construction cost index. The rate for the year ended June 30, 2021 was 2.657%. Repayment of the governmental activities pledged notes payable are made as impact fees are collected. If fees collected are insufficient to completely reimburse the developers at the time of build-out, the District will not have further obligation for reimbursement. The District's service area was approximately one-third built-out at year-end. Repayment of the business-type activities pledged notes are made from the capital improvement fee included in the utility billings received from the customers. When the developers have been fully reimbursed, the capital improvement fee will be used by the District to refurbish or replace the infrastructure.

Property Tax Revenues: Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are levied on July 1<sup>st</sup> and are payable in two installments on December 10<sup>th</sup> and April 10<sup>th</sup>.

The County of San Joaquin is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The District recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year-end.

The District participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allows counties to distribute secured real property and assessment and supplemental property taxes on an accrual basis resulting in full payment to districts each fiscal year. Any subsequent delinquent payments, penalties and interest during a fiscal year will revert to the County.

Special Assessments: There are five special taxes used to fund the services in the District. Each tax is levied per one hundred square feet of living area and per one hundred square feet of parcel area. The tax rates are subject to adjustment annually. The various assessments fund the capital and operating costs of providing roadways and other transportation infrastructure; public safety; parks, recreation, and community facilities; and public works services. The County of San Joaquin collects the special assessments as part of the property tax collection system and the District recognizes special assessment revenue when the installments are due, provided they are collected within 60 days after year-end.

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances: The government-wide and business-type activities financial statements report net position. Net position is categorized as the net investment in capital assets, restricted and unrestricted. These categories are described on the following page:

- Net Investment in Capital Assets — This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category, with the exception of the accrued interest included in the pledged notes payable. The net investment in capital assets in the Water Enterprise Fund is negative due to the principal on pledged notes payable being paid slower than the capital assets are depreciated.
- Restricted Net Position — This category represents net position that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position — This category represents net position of the District, not restricted for any project or other purpose.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

In the Governmental Fund Statements, the following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance — amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.
- Restricted fund balance — amounts with constraints placed on their use by those external to the District, including creditors, grantors, contributors or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance — amounts that can only be used for specific purposes determined by a resolution of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period. The District's committed fund balance in the General Fund represents an amount committed for the construction of an aquatic center.
- Assigned fund balance — amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designed for that purpose.
- Unassigned fund balance — the residual classification that includes amounts not contained in the other classifications.

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District's Board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted committed, assigned and unassigned resources as they are needed. The District's committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Excess Expenditures Over Appropriations: Expenditures for the General Fund exceeded appropriations by \$1,489,879 due to the district not anticipating certification of Hansen Park when creating the budget. Expenditures for the Impact Fees Special Revenue Fund exceeded appropriations by \$30,087,084 due to the budget for principal retirements not including the repayment of the library and town hall of \$31 million.

Use of Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements: In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense rather than being recorded as part of the cost of capital assets in a business-type activity or enterprise fund and interest cost incurred by a fund using the current financial resources measurement focus before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments due to the COVID-19 pandemic by postponing the effective dates of Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. Effective dates of the following Statements and Implementation Guides were postponed by one year: Statements No. 83, 84 and 88 to 93 as well as Implementation Guide No's 2018-1, 2019-1 and 2019-2.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective dates for Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months. The requirements of this Statement are effective immediately and revise the implementation dates of the Statements above.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 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 implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

The District is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

Cash and investments at June 30, 2021 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 59,020,258	\$ 19,930,887	\$ 78,951,145
Restricted cash and investments		6,039,787	6,039,787
	\$ 59,020,258	\$ 25,970,674	\$ 84,990,932

At June 30, 2021, the District’s total cash and investments at fair value were as follows:

Cash:	
Cash on hand	\$ 5,300
Deposits in financial institutions	3,509,889
Total cash	3,515,189
Investments:	
Investment in County of San Joaquin Treasury	76,315,862
Money market mutual fund	1,077,007
Certificates of deposit	515,561
Medium term corporate notes	3,567,313
Total investments	81,475,743
Total cash and investments	\$ 84,990,932

Except for amounts held by fiscal agents in accordance with bond ordinances and the Master Acquisition and Reimbursement Agreement, all of the District’s cash and investments are deposited in the County of San Joaquin Treasury. The County maintains a cash and investment pool that is available to all funds for which the County Treasury is the depository, for the purpose of increasing interest earnings through investment activities. Investments held in the County’s investment pool are available on demand and consist of cash held in the bank or on hand, debt securities, and investments in third-party investment pools. The County of San Joaquin Treasury Oversight Committee (Committee) has oversight

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – CASH AND INVESTMENTS (Continued)

responsibility for the County of San Joaquin’s cash and investment pool. The Committee consists of ten members as required by state law. The value of the pooled shares in the County of San Joaquin that maybe withdrawn is determined on an amortized cost basis, which is different that the fair value of the District’s position in the pool. Deposits held in the County investment pool are subject to withdrawal restrictions that may require thirty days’ notice of the intent to withdrawal funds.

The District’s cash and investments are stated at fair value at June 30, 2021, determined using statements provided by custodial agents. Interest earned on the pooled funds is accrued and apportioned quarterly, based upon the average daily balance of each fund. Information regarding categorizing, ratings, and risk of investments and fair value reporting can be found in the County of San Joaquin’s annual financial report, which can be obtained by contacting the Auditor-Controller’s office at the County of San Joaquin.

Investment Policy: The County’s Board of Supervisors approves an investment policy each year and provides oversight for all pooled investments in the County Treasury. California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs.

The table below identifies the investment types that are authorized for the District by the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issue
Local agency bonds	5 years	None	None
U.S. Treasury obligations	5 years	100%	None
U.S. Agency securities	5 years	100%	None
California State Warrants on Bonds	5 years	100%	None
Repurchase Agreements	5 years	100%	None
Bankers acceptances	180 days	40%	30%
Time deposits	1 year	30%	None
High grade commercial paper	270 days	30%	10%
Negotiable certificates of deposit	1 year	30%	None
Medium term corporate notes	3 years	30%	None
Mutual funds	N/A	20%	None
Specific securities	5 years	Per approval	Per approval
LAIF	N/A	None	None
Local government investment pools	N/A	None	None
California Asset Management Program	N/A	10%	None

Investment of debt proceeds held by bond trustee are governed by the provision of the debt agreements rather than the California Government Code. However, the District’s debt agreement authorizes investment in all investments that comply with the California Government Code with the following additional requirements: U.S. agencies and financial institutions in which the District invests must have a rating of “A” or higher by two nationally recognized statistical rating agencies and corporations in which the District invests must have total assets of at least \$500 million.

The District complied with the provisions of California Government Code pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

## NOTE B – CASH AND INVESTMENTS (Continued)

**Interest Rate Risk:** Interest rate risk is the risk in the market rate changes that could adversely affect the fair values of an investment. In general, 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 the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity date:

	Total	Remaining Investment Maturities			Weighted Average Maturity
		12 Months or Less	12 to 24 Months	24 to 60 Months	
Investment in County of San Joaquin Treasury	\$ 76,315,862	\$ 76,315,862			484 days
Money market mutual funds	1,077,007	1,077,007			33 days
Certificates of deposit	515,561			\$ 515,561	N/A
Medium term corporate notes	3,567,313	255,565		3,311,748	N/A
Total	\$81,475,743	\$77,648,434	\$ -	\$ 3,827,309	

**Credit Risk:** Generally, credit risk is the risk that the 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 minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type as of June 30, 2021.

	Total	Minimum Legal Rating	Minimum Rating				Not Rated
			AAA	A	A-	BBB+	
Investment in County of San Joaquin Treasury	\$ 76,315,862	N/A					\$ 76,315,862
Money market mutual fund	1,077,007	A	\$ 1,077,007				
Certificates of deposit	515,561	N/A					515,561
Medium term corporate notes	3,567,313	A		\$ 1,162,323	\$ 127,062	\$ 2,277,928	
Total	\$81,475,743		\$ 1,077,007	\$ 1,162,323	\$ 127,062	\$ 2,277,928	\$ 76,831,423

**Custodial Credit Risk of Cash Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the District's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits.

At June 30, 2021, the carrying amount and the bank balance of the District's deposits was \$3,509,889 and \$3,502,240, respectively. The District had balances of \$3,252,240 above the federally insured limit of \$250,000, which were secured by a pledge of the financial institution's securities, but not in the name of the District.

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

## NOTE B – CASH AND INVESTMENTS (Continued)

Funds Held by Fiscal Agents: The District holds all of its restricted investments with a fiscal agent in various accounts for the purpose of paying principal and interest on its bonds, paying down the pledged notes payable and to establish a reserve for the bond issues. The fair value of investments is determined monthly based upon quoted market prices.

Concentration of Credit Risk: The District had no investment policy limiting the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2021, the District had no investments in one issuer (other than mutual funds and the San Joaquin Pooled Investment Fund) that represented 5% or more of total District investments.

Custodial Credit Risk: For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the District's cash and investments with fiscal agents had no securities exposed to custodial credit risk.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2021:

	Total	Level		
		1	2	3
Money market mutual fund	\$ 1,077,007		\$ 1,077,007	
Certificates of deposit	515,561		515,561	
Medium term corporate notes	3,567,313		3,567,313	
	<u>5,159,881</u>	<u>\$ -</u>	<u>\$ 5,159,881</u>	<u>\$ -</u>
Investments not categorized:				
Investment in County of San Joaquin Treasury	<u>76,315,862</u>			
Total	<u>\$ 81,475,743</u>			

For investments classified within level 2 of the fair value hierarchy, the District's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

## NOTE C – INTERFUND TRANSACTIONS

Due to/from other funds: Amounts due to and from other funds are for temporary loans to cover deficit cash and other shortfalls. Due to/from other funds consisted of the following at June 30, 2021:

Receivable Fund	Payable Fund	Amount
General Fund	Developer Enterprise Fund	\$ 241,080
Water Fund	Wastewater Enterprise Fund	88,367
	Stormwater Enterprise Fund	102,470
Wastewater Fund	Stormwater Enterprise Fund	<u>10,464</u>
		<u>\$ 442,381</u>



## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

## NOTE C – INTERFUND TRANSACTIONS (Continued)

Advances to/from other funds: Advances to and from other funds consisted of the following at June 30, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Enterprise Fund	\$ 5,521,236 (a)
	Wastewater Enterprise Fund	5,408,323 (a)
	Stormwater Enterprise Fund	418,510 (a)
Impact Fees Special Revenue Fund	Special Assessments Special Revenue Fund	<u>1,188,000 (b)</u>
		<u>\$ 12,536,069</u>

- (a) Advances to utility funds are the result of shortfalls of expenses over revenues in the early years where the utility funds cannot generate enough revenue in a start-up community to pay all the operating expenses. It is expected that at some point in the future the utility funds will generate revenues in excess of expenses, which will be used for the repayment of advances.
- (b) The Impact Fees Special Revenue Fund advanced funds to the Special Assessments Special Revenue Fund to purchase Fire Station 98. The total amount advanced was \$2,970,000 on August 11, 2015 and the outstanding balance is to be repaid by June 30, 2026. Principal payments of \$297,000 are due annually starting fiscal year 2015/16. Interest accrues annually on June 30 on the outstanding loan balance at the variable rates based on the Local Agency Investment Fund. Interest of \$7,425 was paid during the year ended June 30, 2021.

Transfer in/out: Interfund transfers for the year ended June 30, 2021 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Projects Fund	Special Assessments Special Revenue Fund	\$ 2,201,564 (a)
		<u>\$ 2,201,564</u>

- (a) The transfer to the Capital Projects Fund is for future construction projects under the five-year CIP plan.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE D – CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2021:

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 28,041,500			\$ 28,041,500
Total capital assets, not being depreciated	28,041,500			28,041,500
Capital assets, being depreciated:				
Equipment and furnishings	1,948,829			1,948,829
Buildings	33,980,098			33,980,098
Infrastructure	195,868,000	\$ 2,929,642		198,797,642
Total capital assets, being depreciated	231,796,927	2,929,642		234,726,569
Less accumulated depreciation for:				
Equipment and furnishings	(1,114,243)	(180,765)		(1,295,008)
Buildings	(743,084)	(1,359,204)		(2,102,288)
Infrastructure	(112,784,850)	(8,029,718)		(120,814,568)
Total accumulated depreciation	(114,642,177)	(9,569,687)		(124,211,864)
Capital assets being depreciated, net	117,154,750	(6,640,045)		110,514,705
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 145,196,250	\$ (6,640,045)	\$ -	\$ 138,556,205
	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,604,300			\$ 2,604,300
Total capital assets, not being depreciated	2,604,300			2,604,300
Capital assets, being depreciated:				
Equipment	1,107,534			1,107,534
Other property	224,195,361	\$ 4,774,492		228,969,853
Total capital assets, being depreciated	225,302,895	4,774,492		230,077,387
Less accumulated depreciation for:				
Equipment	(1,029,716)	(34,316)		(1,064,032)
Other property	(63,440,237)	(4,599,915)		(68,040,152)
Total accumulated depreciation	(64,469,953)	(4,634,231)		(69,104,184)
Capital assets being depreciated, net	160,832,942	140,261		160,973,203
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 163,437,242	\$ 140,261	\$ -	\$ 163,577,503

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE D – CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$ (1,275,519)
Public safety	(222,394)
Public ways	(7,062,820)
Culture and recreation	<u>(1,008,954)</u>
Total Governmental Activities	<u>\$ (9,569,687)</u>

Depreciation expense was charged to the business-type functions as follows:

Water	\$ (2,554,782)
Wastewater	(1,386,188)
Stormwater	<u>(693,261)</u>
Total Business-type Activities	<u>\$ (4,634,231)</u>

NOTE E – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities at June 30, 2021:

	Maturity (Dec 1)	Interest Rates	Principal Installments	Date of Issue	Amount Authorized	Outstanding June 30, 2021
<u>Governmental Activities Debt</u>						
Pledged notes payable <i>(to acquire infrastructure from developers)</i>	None	Agreement based	Based on impact fee receipts	Various	<u>\$ 132,401,349</u>	<u>\$ 93,152,605</u>
<u>Business-type Activities Debt</u>						
Utility Systems Revenue						
Bonds, Series 2020A <i>(to finance the cost of improvements to the water, wastewater, and storm drain system and paydown pledged notes payable)</i>	2055	4.00%	\$1,065,000-\$6,780,000	2020	\$ 91,325,000	\$ 91,325,000
Utility Systems Revenue						
Bonds, Series 2020B <i>(to finance the cost of improvements to the water, wastewater, and storm drain system and paydown pledged notes payable)</i>	2043	4.00%	\$180,000-\$4,355,000	2020	37,300,000	37,300,000
Utility Systems Revenue						
Bonds, Series 2019A <i>(to finance the cost of improvements to the water, wastewater, and storm drain system and refund remaining Utility System Revenue Bonds, Series 2011 and 2007)</i>	2041	3.0% - 5.0%	\$570,000-\$2,275,000	2019	25,185,000	25,185,000
Utility Systems Revenue						
Bonds, Series 2019B <i>(to finance the cost of improvements to the water, wastewater, and storm drain system and refund remaining Utility System Revenue Bonds, Series 2011 and 2007)</i>	2028	2.316% - 3.671%	\$255,000-\$1,065,000	2019	8,505,000	7,440,000
Pledged notes payable <i>(to acquire water, wastewater, and storm drain infrastructure and utilities)</i>						
	None	Agreement based	Based on utility revenue receipts	Various	<u>194,268,479</u>	<u>42,757,753</u>
Total Business-type Activities					<u>\$ 356,583,479</u>	<u>\$ 204,007,753</u>

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE E – LONG-TERM LIABILITIES (Continued)

The Utility System Revenue Bonds are issued in the name of the Mountain House Financing Authority. Changes to long-term liabilities during the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amounts Due Within One Year
<u>Governmental Activities</u>					
Direct borrowing:					
Pledged notes payable	\$ 128,952,300	\$ 4,787,389	\$ (40,587,084)	\$ 93,152,605	\$ 8,259,511
Compensated absences	357,070	477,853	(421,858)	413,065	252,423
Pension liability	5,183,007	516,374		5,699,381	
Total governmental activities long-term liabilities	<u>\$ 134,492,377</u>	<u>\$ 5,781,616</u>	<u>\$ (41,008,942)</u>	<u>\$ 99,265,051</u>	<u>\$ 8,511,934</u>
<u>Business-type Activities</u>					
Revenue bonds	\$ 33,690,000	\$ 128,625,000	\$ (1,065,000)	\$ 161,250,000	\$ 1,015,000
Add premium	2,448,646	15,854,914	(514,482)	17,789,078	
Less discount	(397,355)		21,984	(375,371)	
Direct borrowing:					
Pledged notes payable	182,829,201	6,927,401	(146,998,849)	42,757,753	2,039,637
Pension liability	2,334,177		(96,674)	2,237,503	
Total business-type activities long-term liabilities	<u>\$ 220,904,669</u>	<u>\$ 151,407,315</u>	<u>\$ (148,653,021)</u>	<u>\$ 223,658,963</u>	<u>\$ 3,054,637</u>

Payment Requirements for Debt Service: Due to the unknown amount and timing of future debt payments on the pledged notes payable, the future maturity schedules for these payables are not available. As of June 30, 2021, annual debt service requirements of all Utility System Revenue Bonds to maturity are as follows:

Year Ending June 30:	Business-type Activities		
	Principal	Interest	Total
2022	\$ 1,015,000	\$ 6,351,415	\$ 7,366,415
2023	1,215,000	6,321,100	7,536,100
2024	1,400,000	6,281,849	7,681,849
2025	1,605,000	6,233,659	7,838,659
2026	1,815,000	6,175,350	7,990,350
2027-2031	12,835,000	29,512,006	42,347,006
2032-2036	20,770,000	25,875,275	46,645,275
2037-2041	30,615,000	20,937,206	51,552,206
2042-2046	32,950,000	14,311,469	47,261,469
2047-2051	25,670,000	8,921,400	34,591,400
2052-2056	31,360,000	3,235,800	34,595,800
Totals	<u>\$ 161,250,000</u>	<u>\$ 134,156,529</u>	<u>\$ 295,406,529</u>

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE E – LONG-TERM LIABILITIES (Continued)

Requirement for District to Issue Bonds to Repay Pledged Notes Payable

The Master Acquisition and Reimbursement Agreements between the District and developers require the District to issue bonds to repay pledged notes payable to developers when the District has capacity to issue revenue bonds until the pledged notes payable are fully reimbursed. The requirements reside in the District's "Revenue Bond Rules," which require the District to analyze bonding capacity every six months, with one review occurring not more than 180 days after the end of each fiscal year based on the previous 24-month period using the District's audited financial statements. The Revenue Bond Rules require the District to issue revenue bonds if the review indicates: 1) the District is in compliance with all covenants and other tests set forth to bond holders in previous revenue bond issues, and 2) a minimum of \$10 million face or par amount of additional revenue bonds can be issued in compliance with the rate covenant and additional indebtedness test described in the agreement. The requirement is subject to certain limitations discussed in the Revenue Bond Rules, including the ability of the District to obtain an investment grade rating (minimum of "Baa3", "BBB-" or "BBB" by Moody's, Standard & Poor's or Fitch, respectively).

Default Provisions: The Utility System Revenue Bonds, Series 2020A and B and Series 2019A and B, contain default provisions that allow the trustee to call the revenue bonds principal and interest immediately due and payable if the bonds remain past due more than 30 days after the District is provided a notice of default by the trustee.

Pledged Revenues: The District has pledged utility revenues in enterprise funds to secure the repayment of principal and interest on the Utility System Revenue Bonds, Series 2020A and B, Series 2019A and B and the pledged notes payable in accordance with the terms and the provisions of the bonds and other agreements. The Series 2020A and B Bonds have maturity dates of December 1, 2055 and December 1, 2043 respectively, and the Series 2019A and B Bonds have maturity dates of December 1, 2041 and December 1, 2028, respectively, and the pledged notes receivable have no stated maturity date. The District has a rate covenant under the 2020 A and B agreements and pledged note payable agreements to collect revenues from the water, wastewater and stormwater systems at least equal to 110% of annual debt service payments allocated to those systems. Total principal and interest remaining on the Utility System Revenue Bonds, Series 2020A and B and Series 2019A and B was \$295,406,529 at June 30, 2021, which is payable through December 2055. Total principal and finance charges accrued through June 30, 2021 on the enterprise fund pledged notes payable was \$42,757,753 at June 30, 2021. For the year ended June 30, 2021, combined cash basis principal and interest payments were \$3,029,833 on the Utility System Revenue Bonds, Series 2020A and B, and combined cash basis principal and interest payments on the 2019A and B bonds were \$2,232,836.

Payments totaling \$146,998,849 were made during the year on the enterprise fund pledged notes payable, including \$139,171,316 from the proceeds of the Series 2020A and B Bonds. Additions represent finance charges accrued at the ENR index rate as described in Note A. Total pledged utility revenues for the year ended June 30, 2021 were \$8,674,840, which represents 100% of the revenue pledged for repayment of the Series 2020A and B Bonds, Series 2019A and B Bonds, and the pledged notes payable combined.

In addition, the District has pledged governmental activity impact fees to secure repayment of the pledged notes payable in accordance with the terms of the Master Acquisition and Reimbursement Agreement. Total principal and finance charges accrued at the ENR index rate through June 30, 2021 on these pledged notes payable were \$93,152,605. Payments totaling \$40,587,084 were made during the year on the pledged notes payable, including \$10 million from the 2019A and B Bonds. Total pledged revenue for

## MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

## NOTE E – LONG-TERM LIABILITIES (Continued)

the fiscal year end June 30, 2021 was \$17,834,614, which represents 100% of the revenue pledged for pledged notes payable in the Impact Fee Special Revenue Fund. A park dedicated to the District by a developer of \$2,439,614 was included in the addition to the pledged notes payable.

Debt Refunding: On October 20, 2020, the District issued the \$128,625,000 Utility Systems Revenue Bonds, Series 2020A and B, with an interest rate of 4.000% to pay \$139,171,361 on the pledged notes payable that accrued interest at the ENR index rate, as described in Note A. Due to the requirement to issue bonds to repay pledged notes payable above and due to the ENR rate being variable, the savings and net present value of savings on the refunding were not computed.

Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the District performed calculations of excess investment earnings on various bonds and financings and at June 30, 2021, does not expect to incur a liability.

## NOTE F – NET POSITION DESIGNATIONS

Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. As of June 30, 2021, the Board has designated \$900,000 for contingency funding in the event the District needs to make emergency water supply purchases. The Board of Directors also approved a cash reserve of three months of operating expenditures as part of the budget.

## NOTE G – PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plan administered by the San Joaquin County Employees' Retirement Association (SJCEA). The Plan consists of the Tier 1 and Tier 2 rate plans.

The County Employee's Retirement Act of 1937 is the statutory basis for the SJCERA. The Board of Retirement has the authority to establish and amend benefit provisions. The SJCERA issues a Comprehensive Annual Financial Report available at [www.sjcera.org](http://www.sjcera.org) or by writing to the Board of Retirement, San Joaquin County Employees' Retirement Association, 6 South El Dorado, Suite 400, Stockton, California 95202.

Benefits Provided: SJCERA 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. Members with five years of total service are eligible to retire at age 50 (52 for Tier 2) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE G – PENSION PLAN (Continued)

The Plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	Tier 1 (Prior to January 1, 2013)	Tier 2 (On or after January 1, 2013)
Benefit formula (at full retirement)	2.0% @ 55 1/2	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 62	52 - 67
Monthly benefits, as a % of eligible compensation	1.48% to 2.61%	1.0% to 2.5%
Required employee contribution rates - 2020	5.43% - 10.20%	9.97%
Required employer contribution rates - 2020	46.59%	39.62%

The Tier 1 rate plan is closed to new members that are not already SJCERA eligible participants.

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of December 31 by SJCERA. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan were \$994,604.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability in the amount of \$7,936,884.

The net pension liability as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020 using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, as actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2020 (December 31, 2020 and 2019 measurement date) was as follows:

Proportion - June 30, 2020	0.4451%
Proportion - June 30, 2021	0.4733%
Change - Increase (Decrease)	0.0282%

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE G – PENSION PLAN (Continued)

For the year ended June 30, 2021, the District recorded pension expense of \$1,561,699. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 550,551	
Changes in assumptions	711,684	
Change in employer's proportion	1,095,823	
Differences between the employer's contribution and the employer's proportionate share of contributions		\$ (368,762)
Net differences between projected and actual earnings on plan investments		(280,376)
Differences between actual and expected experience	49,291	(315,282)
Total	\$ 2,407,349	\$ (964,420)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date above will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2022	\$ 378,714
2023	411,890
2024	29,194
2025	72,580
	\$ 892,378



MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE G – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liability at June 30, 2021 (according to January 1, 2020 actuarial valuation) was determined using the following actuarial assumptions:

Valuation Date	January 1, 2019
Measurement Date	December 31, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
<u>Actuarial Assumptions:</u>	
Inflation	2.75%
Amortization Growth Rate	3.00%
Salary Increases	3.15% plus merit component
Cost of Living Salary Increase	2.60%
Investment Rate of Return	7.00% (1)
Mortality	Post-Retirement mortality: Gender distinct tables from CalPERS' experience study with generational mortality improvements projected from 2010 using Projection Scale MP-2018.

Discount Rate: The discount rate used to measure the total pension liability was 7.00% as of the December 31, 2020 measurement date. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan’s plan net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2020.

Change of Assumption: There were no changes of assumptions for the year ended June 30, 2021.

The table below reflects the long-term expected real rate of return by asset class for the Plan. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Target Allocation	Real Return (a)
Aggressive Growth	10.00%	8.60%
Traditional Growth	32.00%	5.20%
Stabilized Growth	33.00%	3.10%
Principal Protection	10.00%	-0.65%
Crisis Risk Offset (CRO)	15.00%	1.05%
Cash	0.00%	-1.10%
Total	100.0%	

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE G – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the 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	6.00%
Net Pension Liability	\$ 11,290,718
Current Discount Rate	7.00%
Net Pension Liability	\$ 7,936,884
1% Increase	8.00%
Net Pension Liability	\$ 5,185,515

Pension Plan Fiduciary Net Position: Detailed information about the Plan fiduciary net position is available in the separately issued SJCERA financial reports.

Payable to the Pension Plan: As of June 30, 2021, there were no significant payables to the Plan.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District participates in the Special District Risk Management Authority (SDRMA) Property and Liability Insurance Program for risk of loss. The program provides general liability, property, commercial auto, boiler and machinery, employment practices, employee dishonesty coverage, employment benefits liability, public official errors and omissions and public official personal liability insurance coverage.

SDRMA is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of SDRMA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance and administrative services.

The District paid no material uninsured losses during the last three fiscal years and had no significant reductions in coverage during the year. Liabilities of the District are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The District considers claims incurred and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

The District’s maximum coverage as of June 30, 2021 consisted of \$2.5 million for general liability, including bodily injury, property damage, employee benefits, and dishonesty, employment practices liability and auto bodily injury and property damage, \$0.5 million for public officials personal liability and \$1.0 million employees/public officials E&O. The District has property coverage of 1.0 billion and boiler, machinery coverage of \$100 million and \$800 million for catastrophic loss as well as \$2 million for pollution. Workers’ compensation coverage includes \$5,000,000 for employer’s liability and the statutory limit for workers’ compensation.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE H – RISK MANAGEMENT (Continued)

The District insures through the County of San Joaquin’s self-insurance programs for unemployment compensation, medical insurance, and dental insurance. The County also purchases commercial stop loss insurance for the health and dental insurance coverage in excess of the County-covered portion. Settled claims have not exceeded the County coverage or the commercial insurance coverage in any of the past three fiscal years.

NOTE I – FUND BALANCE/NET POSITION DEFICIT

The following funds had deficit net position at June 30, 2021:

	<u>Deficit Amount</u>
Water	\$ (36,566,800)
Wastewater	(19,433,225)

The deficit in these funds are expected to be eliminated in the future through increased charges for services revenues as the number of water and wastewater connections increase.

NOTE J – COMMITMENTS AND CONTINGENCIES

Byron-Bethany Irrigation District: The District entered into an agreement on June 22, 2015 with Byron-Bethany Irrigation District (Irrigation District) whereby the District, in addition to paying actual costs of water delivered, agrees to indemnify the Irrigation District for any and all costs, including, but not limited to, any fines penalties, legal or other costs associated with any enforcement or other action brought by the State Water Resources Control Board or any other rent related to the Irrigation District’s diversion of water to meet the water supply requirements of the District while the State Water Resources Control Board curtailment of the Irrigation District’s pre-1914 appropriative water rights is in effect.

French Camp McKinley Rural Fire Protection District: The District entered into an agreement with French Camp McKinley Rural Fire Protection District to provide fire protection and emergency medical services extending through June 30, 2025. The annual fee will be negotiated based on the Fire District’s proposed budget, or if unable to negotiate, the fee will be the current contract fee increased by 3%. The annual fee for year ended June 30, 2021 was \$2,252,035.

Legal Actions: The District is party to legal actions that arose in the normal operation of business. Management of the District believes that the legal actions will not have a material adverse impact on the financial position of the District.

Contingency on Developer Notes Payable: The District reports notes payable for governmental and business-type activities. The notes payable represent amounts due for infrastructure and improvements constructed by various developers. Some developers have taken issue with the amount reported for their individual note. They assert that the balance of their individual note payable should be increased and the balance of another developer be decreased. However, if any adjustments of amounts payable were to be proven warranted, the changes would not impact the total of notes payable reported in these financial statements.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE J – COMMITMENTS AND CONTINGENCIES (Continued)

The District had the following unexpended contractual commitments as of June 30, 2021:

Water and Wastewater Treatment Plant Contract Services	\$ 578,330
Plan Checking	368,138
Plan Checking	338,939
Financial Services	264,980
Civil Construction Management and Inspection	245,340
Landscape Maintenance	226,711
Security Services	169,406
Civil Construction Management and Inspection	128,412
Civil Construction Management and Inspection	126,752
Plan Checking	118,133
Plan Checking	115,136
Civil Construction Management and Inspection	113,796
	<u>\$ 2,794,073</u>

NOTE K - SUBSEQUENT EVENTS

On October 14, 2020, the Board of Directors provided direction to management to submit an application to the San Joaquin Local Agency Formation Commission (LAFCo) to incorporate the District as a City. The application is still pending LAFCo approval.

On September 30, 2021, the District issued, under the name of Mountain House Financing Authority (MHFA), the 2021 Lease Revenue Bonds (Road Improvement Projects) in the amount of \$49,690,000 (the Bonds). The Bonds carry an interest rate of 4%. The proceeds of the Bonds and the original purchase premium associated with the Bonds were used to repay pledged notes payable to a developer in the amount of \$55,727,622. The Bonds are limited obligations payable solely from lease payments made by the District to the MHFA on the District's Town Hall, Library and several parks. The Bonds are payable in yearly principal payments ranging from \$845,000 to \$2,765,000 and yearly interest payments ranging from \$110,600 to \$1,953,800 from October 1, 2022 to October 1, 2051.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2021**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 5,651,976	\$ 5,651,976	\$ 6,076,030	\$ 424,054
Licenses and permits	8,000	8,000	10,830	2,830
Franchise fees	1,122,505	1,122,505	1,088,748	(33,757)
Developer and impact fees	318,152	318,152	902,010	583,858
Investment earnings	207,000	207,000	222,612	15,612
Other revenues	10,490	10,490	14,976	4,486
<b>TOTAL REVENUES</b>	<u>7,318,123</u>	<u>7,318,123</u>	<u>8,315,206</u>	<u>997,083</u>
<b>Expenditures</b>				
Current:				
General government	439,290	808,170	383,904	424,266
Public ways and facilities	3,127,496	3,127,496	2,642,027	485,469
Capital outlay	40,000	40,000	2,439,614	(2,399,614)
<b>TOTAL EXPENDITURES</b>	<u>3,606,786</u>	<u>3,975,666</u>	<u>5,465,545</u>	<u>(1,489,879)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,711,337</u>	<u>3,342,457</u>	<u>2,849,661</u>	<u>(492,796)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt			2,439,614	2,439,614
Transfer in	588,593	588,593		(588,593)
Total other financing sources (uses)	<u>588,593</u>	<u>588,593</u>	<u>2,439,614</u>	<u>1,851,021</u>
<b>NET CHANGE IN FUND BALANCE</b>	4,299,930	3,931,050	5,289,275	1,358,225
Fund balance, beginning of year	<u>33,213,260</u>	<u>33,213,260</u>	<u>33,213,260</u>	
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 37,513,190</u></u>	<u><u>\$ 37,144,310</u></u>	<u><u>\$ 38,502,535</u></u>	<u><u>\$ 1,358,225</u></u>

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Special Assessments Special Revenue Fund  
For the Year Ended June 30, 2021**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 12,693,828	\$ 12,693,828	\$ 13,005,628	\$ 311,800
Investment earnings	96,500	96,500	88,698	(7,802)
Other revenues	40,000	40,000	8,368	(31,632)
TOTAL REVENUES	<u>12,830,328</u>	<u>12,830,328</u>	<u>13,102,694</u>	<u>272,366</u>
<b>Expenditures</b>				
Current:				
Public safety	4,895,296	4,842,796	4,693,489	149,307
Public ways and facilities	4,208,779	4,208,779	2,770,511	1,438,268
Recreation and culture	2,823,653	2,823,653	1,856,903	966,750
Debt service				
Interest and fiscal charges	42,000	42,000	7,425	34,575
TOTAL EXPENDITURES	<u>11,969,728</u>	<u>11,917,228</u>	<u>9,328,328</u>	<u>2,588,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>860,600</u>	<u>913,100</u>	<u>3,774,366</u>	<u>2,861,266</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	<u>(2,010,680)</u>	<u>(2,201,564)</u>	<u>(2,201,564)</u>	<u>                    </u>
Total other financing sources (uses)	<u>(2,010,680)</u>	<u>(2,201,564)</u>	<u>(2,201,564)</u>	<u>                    </u>
NET CHANGE IN FUND BALANCE	(1,150,080)	(1,288,464)	1,572,802	2,861,266
Fund balance, beginning of year	<u>5,828,580</u>	<u>5,828,580</u>	<u>5,828,580</u>	<u>                    </u>
FUND BALANCE, END OF YEAR	<u>\$ 4,678,500</u>	<u>\$ 4,540,116</u>	<u>\$ 7,401,382</u>	<u>\$ 2,861,266</u>



**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Impact Fees Special Revenue Fund  
For the Year Ended June 30, 2021**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Developer and impact fees	\$ 10,500,000	\$ 10,500,000	\$ 17,834,614	\$ 7,334,614
Investment earnings	132,000	132,000	133,259	1,259
<b>TOTAL REVENUES</b>	<u>10,632,000</u>	<u>10,632,000</u>	<u>17,967,873</u>	<u>7,335,873</u>
<b>Expenditures</b>				
Debt service				
Principal	10,500,000	10,500,000	40,587,084	(30,087,084)
<b>TOTAL EXPENDITURES</b>	<u>10,500,000</u>	<u>10,500,000</u>	<u>40,587,084</u>	<u>(30,087,084)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>132,000</u>	<u>132,000</u>	<u>(22,619,211)</u>	<u>(22,751,211)</u>
<b>NET CHANGE IN FUND BALANCE</b>	132,000	132,000	(22,619,211)	(22,751,211)
Fund balance, beginning of year	<u>33,251,268</u>	<u>33,251,268</u>	<u>33,251,268</u>	
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 33,383,268</u>	<u>\$ 33,383,268</u>	<u>\$ 10,632,057</u>	<u>\$ (22,751,211)</u>

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

BUDGETARY BASIS OF ACCOUNTING

The District prepares and legally adopts an operating balanced final budget on or before July 1, of each year. Public hearings are conducted to review all proposed appropriations and the sources of financing before the adoption. Until the adoption of this balanced final budget, operations are governed by the prior budget, which is approved by the Board of Directors.

The budget is prepared on a modified accrual basis in accordance with generally accepted accounting principles. Throughout the fiscal year, supplemental appropriations may be made by the Board when revenues are received from unanticipated sources, or from anticipated sources in excess of estimates thereof, or from contingency sources.

The legal level for budgetary control (the level at which expenditures may not exceed budgeted appropriations) is at the index level. An “index” for legal appropriation purposes may be (1) a single department (2) a division of a large department having multiple divisions, or (3) an entire fund.

All amendments or transfers of line item appropriations within the same index require the General Manager’s approval. Amendments and transfers of appropriations between indexes or that involve the addition or deletion of a project or piece of equipment must be approved by the General Manager. The Board of Directors has authorized the General Manager of the District to make year-end budget adjustments and appropriation transfers within the respective District budgets and funds to provide for expenditures in excess of budgeted amounts.

Budgeted amounts in the budgetary financial schedules are reported as originally adopted and amended during the fiscal year by resolutions approved by the Board of Directors.

**POLICY & ACTION ITEM 9.1  
ATTACHMENT A**

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (UNAUDITED)  
Last 10 Years**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.4733%	0.4451%	0.4017%	0.3585%	0.3385%	0.2869%	0.2931%
Proportionate share of the net pension liability	\$ 7,936,884	\$ 7,517,184	\$ 7,469,538	\$ 5,671,032	\$ 5,644,644	\$ 4,413,499	\$ 3,861,581
Covered payroll	\$ 2,408,599	\$ 2,241,456	\$ 1,990,698	\$ 1,757,812	\$ 1,527,861	\$ 1,303,509	\$ 1,273,202
Proportionate share of the net pension liability as a percentage of covered payroll	329.52%	335.37%	375.22%	322.62%	369.45%	338.58%	303.30%
Plan fiduciary net position as a percentage of the total pension liability	67.90%	65.76%	60.44%	64.54%	60.51%	61.07%	65.18%

Notes to Schedule:

Change in Benefit Terms: None

Changes in assumptions: The discount rate was changed from 7.40% to 7.25% from 2017 to 2018.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)  
Last 10 Years**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution employer's fiscal year (actuarially determined)	\$ 996,604	\$ 894,751	\$ 776,891	\$ 641,658	\$ 505,575	\$ 410,518	\$ 367,300
Contributions in relation to the actuarially determined contributions - employer fiscal year	(996,604)	(894,751)	(776,891)	(641,658)	(505,575)	(410,518)	(367,300)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - employer's fiscal year	\$ 2,702,903	\$ 2,366,125	\$ 2,125,488	\$ 1,790,011	\$ 1,548,017	\$ 1,336,539	\$ 1,059,358
Contributions as a percentage of covered - payroll	36.87%	37.82%	36.55%	35.85%	32.66%	30.72%	34.67%

Notes to Schedule:

Valuation date:

Measurement date:

January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal						
Asset valuation method	Excess earnings smoothed over 5 years, 80%/120% corridor around market value						
Amortization method	Level percentage of payroll, closed						
Discount rate	7.00%	7.25%	7.25%	7.40%	7.40%	7.40%	7.40%
Amortization growth rate	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%
Price inflation	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Salary increases	3.15%, plus merit component based on employee classification and years of service						
Mortality	Gender distinct tables from CALPERS' 2013 experience study, with generational mortality improvements projected from 2010 using Projection Scale MP-2018.						

Covered payroll: Covered payroll above was adjusted to agree to the District's payroll for each fiscal year during the year ended June 30, 2021.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. These schedules are intended to present ten years of information and additional years will be added prospectively as they become available.

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**OTHER SUPPLEMENTAL INFORMATION –  
INDIVIDUAL FUND FINANCIAL STATEMENTS**

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**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Major Capital Projects Fund  
For the Year Ended June 30, 2021**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Current:				
Public ways and facilities	\$ 565,680	\$ 663,886	\$ 1,376,181	\$ (712,295)
Capital outlay	1,445,000	1,537,678	490,028	1,047,650
TOTAL EXPENDITURES	<u>2,010,680</u>	<u>2,201,564</u>	<u>1,866,209</u>	<u>335,355</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(2,010,680)</u>	<u>(2,201,564)</u>	<u>(1,866,209)</u>	<u>335,355</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	<u>2,010,680</u>	<u>2,201,564</u>	<u>2,201,564</u>	
Total other financing sources (uses)	<u>2,010,680</u>	<u>2,201,564</u>	<u>2,201,564</u>	
Net change in fund balance			335,355	335,355
Fund balance, beginning of year	<u>3,778,570</u>	<u>3,778,570</u>	<u>3,953,911</u>	
Fund balance, end of year	<u>\$ 3,778,570</u>	<u>\$ 3,778,570</u>	<u>\$ 4,289,266</u>	<u>\$ 335,355</u>

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**STATISTICAL SECTION**

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**Mountain House Community Services District  
Statistical Section**

**Table of Contents**

This part of the Comprehensive Annual Financial Report presents detailed information to aid in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

**A. Financial trends**

These schedules contain trend information to help the reader understand how the District's financial performance has changed over time:

1. Net position by component
2. Changes in net position
3. Fund balances of governmental funds
4. Changes in fund balances of governmental funds

**B. Revenue capacity**

These schedules give information on the District's most significant local revenue sources:

1. Water utility system – ten largest customers
2. Water utility system rates
3. Property tax valuations and rates
4. Property and franchise taxes
5. Special tax levies and rates
6. Principal property taxpayers

**C. Debt capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the Districts' ability to issue additional debt in the future:

1. Ratio of outstanding debt by type
2. Computation of direct and overlapping debt
3. Revenue bond coverage

**D. Demographic and economic information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place:

1. Demographic and economic statistics

**E. Operating information**

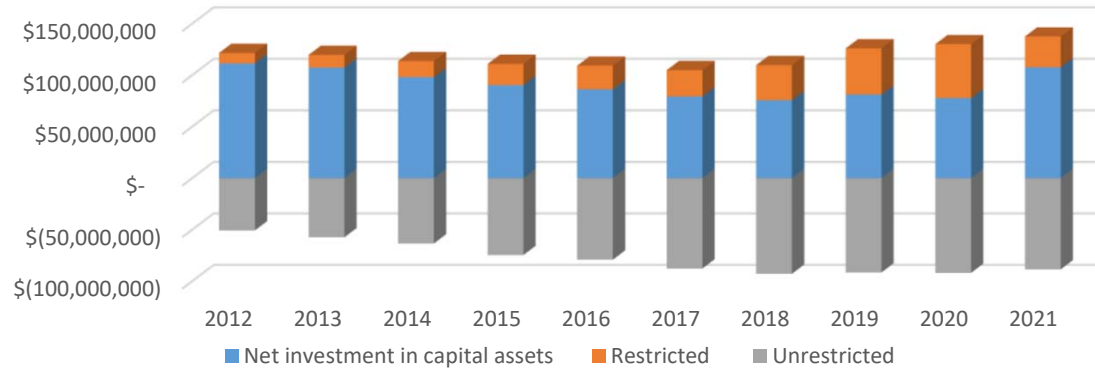
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs:

1. Full-time District employees by function
2. Capital asset statistics by function/program

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements for the relevant year.

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Mountain House Community Services District  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 86,989,725	\$ 86,280,378	\$ 80,398,272	\$ 74,501,674	\$ 72,172,012	\$ 66,219,990	\$ 63,551,020	\$ 69,069,002	\$ 65,354,553	\$ 96,861,978
Restricted	6,442,047	8,380,187	11,097,534	15,910,242	17,503,312	20,155,037	28,010,993	37,721,051	43,033,670	23,842,393
Unrestricted	(19,091,561)	(21,104,627)	(22,649,670)	(27,915,912)	(28,022,197)	(28,920,852)	(28,891,469)	(23,100,430)	(20,349,760)	(19,551,827)
Total governmental activities net position	<u>\$ 74,340,211</u>	<u>\$ 73,555,938</u>	<u>\$ 68,846,136</u>	<u>\$ 62,496,004</u>	<u>\$ 61,653,127</u>	<u>\$ 57,454,175</u>	<u>\$ 62,670,544</u>	<u>\$ 83,689,623</u>	<u>\$ 88,038,462</u>	<u>\$ 101,152,543</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 24,351,783	\$ 20,921,522	\$ 17,520,100	\$ 15,744,512	\$ 14,020,884	\$ 13,051,286	\$ 12,147,222	\$ 11,970,183	\$ 12,351,729	\$ 10,677,879
Restricted	3,740,554	4,021,946	4,559,413	4,698,724	5,411,210	5,322,884	5,999,236	7,201,355	9,279,464	6,039,806
Unrestricted	(31,571,224)	(36,255,008)	(40,697,226)	(46,660,220)	(51,011,009)	(58,655,092)	(63,875,644)	(68,324,151)	(71,463,109)	(68,895,466)
Total business-type activities net position	<u>\$ (3,478,887)</u>	<u>\$ (11,311,540)</u>	<u>\$ (18,617,713)</u>	<u>\$ (26,216,984)</u>	<u>\$ (31,578,915)</u>	<u>\$ (40,280,922)</u>	<u>\$ (45,729,186)</u>	<u>\$ (49,152,613)</u>	<u>\$ (49,831,916)</u>	<u>\$ (52,177,781)</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 111,341,508	\$ 107,201,900	\$ 97,918,372	\$ 90,246,186	\$ 86,192,896	\$ 79,271,276	\$ 75,698,242	\$ 81,039,185	\$ 77,706,282	\$ 107,539,857
Restricted	10,182,601	12,402,133	15,656,947	20,608,966	22,914,522	25,477,921	34,010,229	44,922,406	52,313,134	29,882,199
Unrestricted	(50,662,785)	(57,359,635)	(63,346,896)	(74,576,132)	(79,033,206)	(87,575,944)	(92,767,113)	(91,424,581)	(91,812,869)	(88,447,293)
Total primary government net position	<u>\$ 70,861,324</u>	<u>\$ 62,244,398</u>	<u>\$ 50,228,423</u>	<u>\$ 36,279,020</u>	<u>\$ 30,074,212</u>	<u>\$ 17,173,253</u>	<u>\$ 16,941,358</u>	<u>\$ 34,537,010</u>	<u>\$ 38,206,546</u>	<u>\$ 48,974,763</u>

Note: Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Source: Mountain House Community Services District Audited Financial Statements

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 was conducted by San Joaquin County.

**Mountain House Community Services District  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Expenses</b>										
Government activities:										
General government	\$ 2,395,303	\$ 2,261,478	\$ 2,611,252	\$ 2,748,446	\$ 2,013,876	\$ 1,455,982	\$ 3,172,793	\$ 3,234,369	\$ 4,899,573	\$ 4,170,256
Public safety	3,639,618	3,586,351	3,682,494	3,802,067	3,579,024	3,497,616	3,412,355	2,773,076	4,398,335	4,972,476
Public ways and facilities	7,673,241	7,865,508	7,974,031	8,042,278	8,529,010	10,822,663	8,826,980	9,366,325	9,658,600	11,988,424
Recreation and culture	1,540,544	1,484,259	1,550,346	1,702,897	1,732,013	2,348,502	2,115,365	2,160,765	2,121,593	2,792,760
Capital expenditures	-	-	-	-	-	-	3,316,231	-	-	-
Interest on long-term debt	2,321,019	2,876,687	2,531,103	3,059,381	2,334,136	3,956,850	-	2,910,827	1,572,512	2,347,775
Total governmental activities expense	<u>17,569,725</u>	<u>18,074,283</u>	<u>18,349,226</u>	<u>19,355,069</u>	<u>18,188,059</u>	<u>22,081,613</u>	<u>20,843,724</u>	<u>20,445,362</u>	<u>22,650,613</u>	<u>26,271,691</u>
Business-Type Activities:										
Water Fund	7,291,722	8,040,239	7,883,200	8,311,512	8,083,278	9,932,771	9,804,272	9,846,232	8,800,063	10,151,539
Wastewater Fund	4,437,496	4,831,960	4,692,470	4,999,178	4,635,738	6,177,871	5,946,255	5,802,012	5,330,204	6,238,672
Storm Fund	1,592,449	1,681,528	1,530,367	1,698,797	1,457,272	1,921,292	1,703,506	1,724,368	1,587,633	3,052,697
Developer Fund	215,833	300,531	910,453	1,429,107	1,516,447	2,600,066	3,384,006	4,392,076	4,308,647	3,608,206
Total business-type activities expense	<u>13,537,500</u>	<u>14,854,258</u>	<u>15,016,490</u>	<u>16,438,594</u>	<u>15,692,735</u>	<u>20,632,000</u>	<u>20,838,039</u>	<u>21,764,688</u>	<u>20,026,547</u>	<u>23,051,114</u>
Total primary government expenses	<u>\$ 31,107,225</u>	<u>\$ 32,928,541</u>	<u>\$ 33,365,716</u>	<u>\$ 35,793,663</u>	<u>\$ 33,880,794</u>	<u>\$ 42,713,613</u>	<u>\$ 41,681,763</u>	<u>\$ 42,210,050</u>	<u>\$ 42,677,160</u>	<u>\$ 49,322,805</u>
<b>Program revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 572,226	\$ 249,283	\$ 147,411	\$ 52,491	\$ 40,459	\$ 87,374	\$ 225,902	\$ 899,374	\$ 170,951	\$ 568,184
Public safety	1,571,661	1,751,234	2,047,519	2,167,626	2,318,311	2,592,544	2,702,572	3,154,205	3,609,729	3,788,208
Public ways and facilities	7,162,870	11,230,893	8,305,090	9,414,704	10,435,975	9,891,159	17,122,382	29,959,109	14,921,264	26,739,974
Recreation and culture	282,682	308,263	360,905	401,901	444,413	521,048	515,002	615,278	664,738	658,948
Capital grants and contributions	-	1,409,867	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>9,589,439</u>	<u>14,949,540</u>	<u>10,860,925</u>	<u>12,036,722</u>	<u>13,239,158</u>	<u>13,092,125</u>	<u>20,565,858</u>	<u>34,627,966</u>	<u>19,366,682</u>	<u>31,755,314</u>
Business-type activities:										
Charges for services										
Water Fund	3,044,342	3,417,707	3,712,879	3,990,954	4,251,147	4,775,333	5,942,185	6,879,604	7,614,955	8,632,286
Wastewater Fund	2,141,312	2,290,772	2,566,536	2,966,666	3,251,615	3,573,826	4,189,463	4,846,667	5,398,879	6,105,102
Storm Fund	802,078	998,159	965,249	1,167,980	1,254,773	1,413,122	1,811,899	1,979,853	1,843,165	2,294,921
Developer Fund	215,223	299,394	910,285	1,428,305	1,511,418	2,593,295	3,378,023	4,390,829	4,308,647	3,608,656
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>6,202,955</u>	<u>7,006,032</u>	<u>8,154,949</u>	<u>9,553,905</u>	<u>10,268,953</u>	<u>12,355,576</u>	<u>15,321,570</u>	<u>18,096,953</u>	<u>19,165,646</u>	<u>20,640,965</u>
Total primary government program revenues	<u>\$ 15,792,394</u>	<u>\$ 21,955,572</u>	<u>\$ 19,015,874</u>	<u>\$ 21,590,627</u>	<u>\$ 23,508,111</u>	<u>\$ 25,447,701</u>	<u>\$ 35,887,428</u>	<u>\$ 52,724,919</u>	<u>\$ 38,532,328</u>	<u>\$ 52,396,279</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (7,980,286)	\$ (3,124,743)	\$ (7,488,301)	\$ (7,318,347)	\$ (4,948,901)	\$ (8,989,488)	\$ (277,866)	\$ 14,182,604	\$ (3,283,931)	\$ 5,483,623
Business-type activities	(7,334,545)	(7,848,226)	(6,861,541)	(6,884,689)	(5,423,782)	(8,276,424)	(5,516,469)	(3,667,735)	(860,901)	(2,410,149)
Total primary government net expense	<u>\$ (15,314,831)</u>	<u>\$ (10,972,969)</u>	<u>\$ (14,349,842)</u>	<u>\$ (14,203,036)</u>	<u>\$ (10,372,683)</u>	<u>\$ (17,265,912)</u>	<u>\$ (5,794,335)</u>	<u>\$ 10,514,869</u>	<u>\$ (4,144,832)</u>	<u>\$ 3,073,474</u>

Source: Mountain House Community Services District Audited Financial Statements

(continued)

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 was conducted by San Joaquin County.

**Mountain House Community Services District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>General revenues &amp; other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 1,747,322	\$ 1,748,608	\$ 2,056,137	\$ 3,056,591	\$ 3,100,699	\$ 3,460,372	\$ 3,750,725	\$ 4,576,597	\$ 5,211,254	\$ 6,076,030
Franchise and miscellaneous taxes	-	523,420	692,637	655,006	701,898	750,332	836,508	1,024,749	1,048,786	1,088,748
Unrestricted interest and investment earnings	28,330	17,975	20,539	58,675	119,607	234,577	513,438	1,225,989	1,335,586	443,313
Other	720	50,467	9,186	44,592	183,820	38,828	393,564	142,224	37,144	22,368
Transfers	-	-	-	-	-	457,648	-	-	-	-
Total governmental activities	<u>1,776,372</u>	<u>2,340,470</u>	<u>2,778,499</u>	<u>3,814,864</u>	<u>4,106,024</u>	<u>4,941,757</u>	<u>5,494,235</u>	<u>6,969,559</u>	<u>7,632,770</u>	<u>7,630,459</u>
Business-type activities:										
Unrestricted interest and investment earnings	3,578	3,111	(512)	3,153	15,489	32,065	68,205	111,224	181,598	64,284
Other	3,108	12,462	2,453	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(457,648)	-	-	-	-
Total business-type activities	<u>6,686</u>	<u>15,573</u>	<u>1,941</u>	<u>3,153</u>	<u>15,489</u>	<u>(425,583)</u>	<u>68,205</u>	<u>111,224</u>	<u>181,598</u>	<u>64,284</u>
Total primary government	<u>\$ 1,783,058</u>	<u>\$ 2,356,043</u>	<u>\$ 2,780,440</u>	<u>\$ 3,818,017</u>	<u>\$ 4,121,513</u>	<u>\$ 4,516,174</u>	<u>\$ 5,562,440</u>	<u>\$ 7,080,783</u>	<u>\$ 7,814,368</u>	<u>\$ 7,694,743</u>
<b>Change in net assets</b>										
Governmental activities	\$ (6,203,914)	\$ (784,273)	\$ (4,709,802)	\$ (3,503,483)	\$ (842,877)	\$ (4,047,731)	\$ 5,216,369	\$ 21,152,163	\$ 4,348,839	\$ 13,114,082
Business-type activities	(7,327,859)	(7,832,653)	(6,859,600)	(6,881,536)	(5,408,293)	(8,702,007)	(5,448,264)	(3,556,511)	(679,303)	(2,345,865)
Total primary government	<u>\$ (13,531,773)</u>	<u>\$ (8,616,926)</u>	<u>\$ (11,569,402)</u>	<u>\$ (10,385,019)</u>	<u>\$ (6,251,170)</u>	<u>\$ (12,749,738)</u>	<u>\$ (231,895)</u>	<u>\$ 17,595,652</u>	<u>\$ 3,669,536</u>	<u>\$ 10,768,217</u>

Source: Mountain House Community Services District Audited Financial Statements

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 was conducted by San Joaquin County.

**Mountain House Community Services District**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>General Fund</b>										
Nonspendable	\$ 5,184,269	\$ 5,445,867	\$ 5,705,332	\$ 6,048,716	\$ 6,919,396	\$ 9,601,868	\$ 11,151,252	\$ 11,298,699	\$ 11,277,165	\$ 11,348,342
Restricted	-	-	-	54,920	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	2,099,160	2,099,160	2,099,160
Assigned	100,000	100,000	100,000	100,000	100,000	-	-	-	-	-
Unassigned	2,191,128	2,574,407	2,839,966	3,834,491	5,252,815	5,587,981	7,946,908	14,913,684	19,836,935	25,055,033
<b>Total General Fund</b>	<u>\$ 7,475,397</u>	<u>\$ 8,120,274</u>	<u>\$ 8,645,298</u>	<u>\$ 10,038,127</u>	<u>\$ 12,272,211</u>	<u>\$ 15,189,849</u>	<u>\$ 19,098,160</u>	<u>\$ 28,311,543</u>	<u>\$ 33,213,260</u>	<u>\$ 38,502,535</u>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ 608,658	\$ -	\$ 2,673,000	\$ 2,376,000	\$ 2,080,008	\$ 1,833,054	\$ 1,499,790	\$ 1,188,000
Restricted	6,442,047	8,380,187	11,097,534	15,705,322	14,830,312	17,779,037	25,930,985	35,750,869	41,533,969	21,134,705
Committed	-	150,000	150,000	150,000	-	-	-	-	-	-
<b>Total other governmental funds</b>	<u>\$ 6,442,047</u>	<u>\$ 8,530,187</u>	<u>\$ 11,856,192</u>	<u>\$ 15,855,322</u>	<u>\$ 17,503,312</u>	<u>\$ 20,155,037</u>	<u>\$ 28,010,993</u>	<u>\$ 37,583,923</u>	<u>\$ 43,033,759</u>	<u>\$ 22,322,705</u>

Note: The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.  
Source: Mountain House Community Services District Audited Financial Statements

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 is unavailable.



**Mountain House Community Services District  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Revenues</b>										
Taxes	\$ 1,749,447	\$ 1,751,748	\$ 2,125,613	\$ 3,056,591	\$ 3,102,872	\$ 3,460,372	\$ 3,750,725	\$ 4,576,597	\$ 5,211,254	\$ 6,076,030
Special assessment	5,263,794	5,860,882	6,844,451	7,244,664	7,745,965	8,657,551	9,023,810	10,555,005	12,071,805	13,005,628
Licences and permits	306,232	151,032	134,212	42,112	14,300	12,543	8,985	7,685	8,730	10,830
Franchise fees	-	495,410	720,647	655,006	701,898	750,332	836,508	1,024,749	1,048,786	1,088,748
Developer and impact fees	-	7,527,427	3,882,262	4,725,643	5,431,291	4,278,126	11,272,221	19,687,037	7,282,634	18,736,624
Investment earnings	28,330	17,975	20,539	58,675	119,315	234,577	513,438	1,225,989	1,335,586	444,569
Charges for services	4,017,036	-	-	-	-	-	-	-	-	-
Other revenues	720	50,799	9,186	68,894	224,410	179,473	643,686	485,566	96,435	23,344
Contributions from developers	-	-	-	-	-	-	-	4,000,000	-	-
Donations	2,377	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>11,367,936</u>	<u>15,855,273</u>	<u>13,736,910</u>	<u>15,851,585</u>	<u>17,340,051</u>	<u>17,572,974</u>	<u>26,049,373</u>	<u>41,562,628</u>	<u>27,055,230</u>	<u>39,385,773</u>
<b>Expenditures</b>										
<b>Current</b>										
General government	2,354,996	2,189,926	2,595,981	2,574,440	1,930,112	-	297,991	286,548	178,366	383,904
Public safety	3,639,618	3,586,351	3,682,494	3,802,067	3,475,095	3,923,703	4,505,383	3,994,712	4,141,477	4,693,489
Public ways and facilities	974,455	1,024,437	1,132,962	1,201,208	1,665,889	4,467,049	3,154,397	3,424,391	6,035,240	6,788,719
Recreation and culture	564,903	521,178	609,128	771,241	820,995	1,468,136	1,320,164	1,350,166	1,753,601	1,856,903
<b>Debt service</b>										
Principal	3,004,538	5,935,492	1,715,316	2,082,132	2,374,551	1,838,522	4,472,682	13,105,932	2,745,732	40,587,084
Interest and fiscal charges	-	-	-	-	-	-	-	47,110	34,464	7,425
<b>Capital outlay</b>	<u>67,038</u>	<u>14,872</u>	<u>-</u>	<u>28,538</u>	<u>3,191,335</u>	<u>154,980</u>	<u>534,489</u>	<u>434,372</u>	<u>32,814,797</u>	<u>2,929,642</u>
<b>Total expenditures</b>	<u>10,605,548</u>	<u>13,272,256</u>	<u>9,735,881</u>	<u>10,459,626</u>	<u>13,457,977</u>	<u>11,852,390</u>	<u>14,285,106</u>	<u>22,643,231</u>	<u>47,703,677</u>	<u>57,247,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>762,388</u>	<u>2,583,017</u>	<u>4,001,029</u>	<u>5,391,959</u>	<u>3,882,074</u>	<u>5,720,584</u>	<u>11,764,267</u>	<u>18,919,397</u>	<u>(20,648,447)</u>	<u>(17,861,393)</u>
<b>Other financing sources (uses)</b>										
Proceeds from long term debt	-	-	-	-	-	-	-	-	31,000,000	2,439,614
Transfer in	-	326,608	114,373	137,226	2,342,792	2,369,734	4,200,519	3,407,547	3,401,180	2,201,564
Transfer out	-	(326,608)	(114,373)	(137,226)	(2,342,792)	(2,369,734)	(4,200,519)	(3,407,547)	(3,401,180)	(2,201,564)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,000,000</u>	<u>2,439,614</u>
<b>Net change in fund balances</b>	<u>\$ 762,388</u>	<u>\$ 2,583,017</u>	<u>\$ 4,001,029</u>	<u>\$ 5,391,959</u>	<u>\$ 3,882,074</u>	<u>\$ 5,720,584</u>	<u>\$ 11,764,267</u>	<u>\$ 18,919,397</u>	<u>\$ 10,351,553</u>	<u>\$ (15,421,779)</u>
<b>Fund balances, July 1</b>	<u>13,155,056</u>	<u>13,917,444</u>	<u>16,500,461</u>	<u>20,501,490</u>	<u>25,893,449</u>	<u>29,775,523</u>	<u>35,344,886</u>	<u>47,109,153</u>	<u>65,895,466</u>	<u>76,247,019</u>
Restatements	-	-	-	-	-	(151,221)	-	(133,084)	-	-
<b>Fund balance, restated</b>	<u>13,155,056</u>	<u>13,917,444</u>	<u>16,500,461</u>	<u>20,501,490</u>	<u>25,893,449</u>	<u>29,624,302</u>	<u>35,344,886</u>	<u>46,976,069</u>	<u>65,895,466</u>	<u>76,247,019</u>
<b>Fund balances, June 30</b>	<u>\$ 13,917,444</u>	<u>\$ 16,500,461</u>	<u>\$ 20,501,490</u>	<u>\$ 25,893,449</u>	<u>\$ 29,775,523</u>	<u>\$ 35,344,886</u>	<u>\$ 47,109,153</u>	<u>\$ 65,895,466</u>	<u>\$ 76,247,019</u>	<u>\$ 60,825,240</u>
<b>Debt service as a percentage of non capital expenditures</b>	28.51%	44.77%	17.62%	19.96%	23.13%	15.72%	32.53%	59.22%	18.67%	74.74%

Note: Noncapital expenditures are total expenditures less capital outlay.

Source: Mountain House Community Services District Audited Financial Statements

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 was conducted by San Joaquin County.

**POLICY & ACTION ITEM 9.1  
ATTACHMENT A**

**Mountain House Community Services District  
Water Utility System - Ten Largest Customers  
(Year Ended June 30, 2021)**

Customer	Usage (ccf) <sup>(1)</sup>	% of Total Usage	Water Sales Revenue	% of Total Water Sales Revenue
Mountain House CSD	272,594	13.62%	\$ 593,977	16.28%
School District	192,825	9.63%	362,792	9.94%
Cambridge Place HOA	26,295	1.31%	165,763	4.54%
Gable Lane HOA	14,542	0.73%	20,825	0.57%
Cobblestone Owners Association	10,740	0.54%	17,699	0.49%
Creston Park HOA	8,645	0.43%	13,844	0.38%
Century Communities	7,953	0.40%	15,167	0.42%
Meritage Homes	7,303	0.36%	16,589	0.45%
K Hovnanian Homes	5,400	0.27%	8,185	0.22%
San Joaquin Delta College	4,832	0.24%	31,472	0.86%
<b>Top Ten Total</b>	<b>551,129</b>	<b>27.53%</b>	<b>\$ 1,246,313</b>	<b>34.16%</b>

Total Flate/Metered Revenues (Water Sales) \$ 3,648,770

(1) CCF means “hundred cubic feet”

Water Utility System Rates  
(As of July 1, 2020)

Meter Size	Amount
Water - Low Den	\$ 24.87
Water - Med Den	\$ 18.72
Standard Water 0.625 inch	\$ 32.19
Standard Water 0.75 inch	\$ 45.95
Standard Water 1 inch	\$ 73.46
Standard Water 1.5 inch	\$ 142.25
Standard Water 2 inch	\$ 224.80
Standard Water 3 inch	\$ 444.92
Standard Water 4 inch	\$ 692.56
Standard Water 6 inch	\$ 1,380.44
Standard Water 8 inch	\$ 2,205.90
Fire Protection 0.625 inch	\$ 5.06
Fire Protection 8 inch	\$ 58.15

Note: In addition to these minimum charges, accounts are also charged a volumetric charge for 100 cubic feet of water used.  
Source: Mountain House Community Service District – Utility Division

Mountain House Community Services District  
Property Tax Valuations and Rates

Assessed Valuation  
(Last Five Fiscal Years)

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2016-17	\$2,139,221,800	\$0	\$2,885,723	\$2,142,107,523
2017-18	2,359,684,956	0	3,107,598	2,362,792,554
2018-19	2,760,427,065	0	3,409,051	2,763,836,116
2019-20	3,167,577,710	0	2,534,630	3,170,112,340
2020-21	3,625,595,443	0	3,466,798	3,629,062,241

2020-21 Total Local Secured Assessed Valuation Breakdown

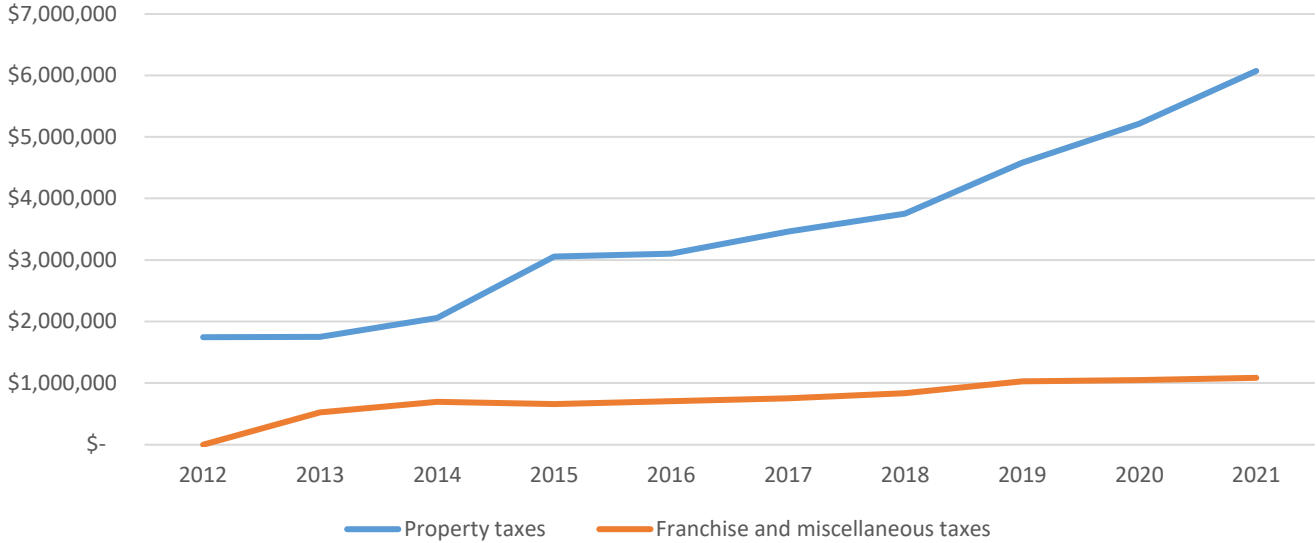
<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other Property</u>	<u>Total Local Secured Property</u>
\$3,589,366,885	\$19,556,587	\$13,509,680	\$3,162,291	\$3,625,595,443

Typical Tax Rate per \$100 of Assessed Valuation (TRA 92-018)

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
General	1.0000	1.0000	1.0000	1.0000	1.0000
Lammersville Joint Unified School District	-	0.0534	0.0550	0.0487	0.0395
Tracy Unified School District	0.0185	0.0172	0.0162	0.0151	0.0139
San Joaquin Delta Community College Dist.	<u>0.0180</u>	<u>0.0180</u>	<u>0.0225</u>	<u>0.0199</u>	<u>0.0183</u>
Total	1.0365	1.0886	1.0937	1.0837	1.0717

Source: California Municipal Statistics, Inc.

**Mountain House Community Services District  
Property and Franchise Taxes  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

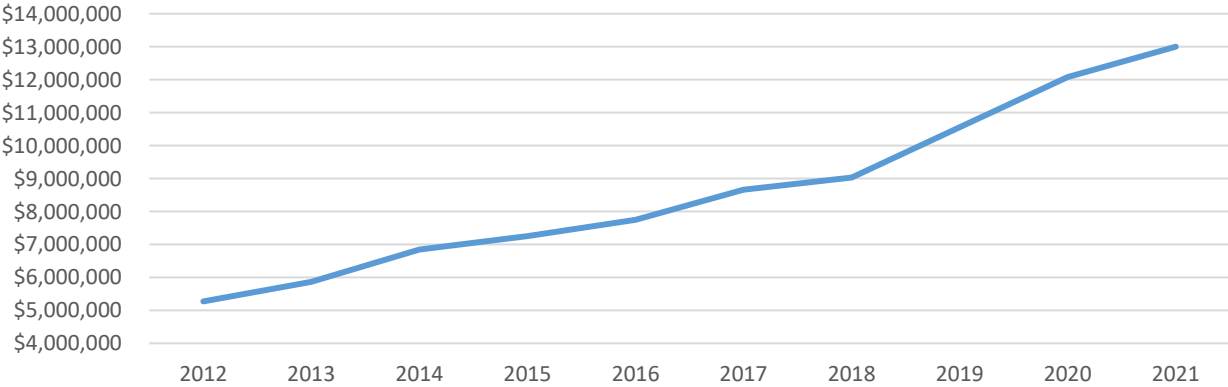


	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Taxes</b>										
Property taxes	\$ 1,747,322	\$ 1,748,608	\$ 2,056,137	\$ 3,056,591	\$ 3,100,699	\$ 3,460,372	\$ 3,750,725	\$ 4,576,597	\$ 5,211,254	\$ 6,076,030
Franchise and miscellaneous taxes	-	523,420	692,637	655,006	701,898	750,332	836,508	1,024,749	1,048,786	1,088,748
<b>Total</b>	<u>\$ 1,747,322</u>	<u>\$ 2,272,028</u>	<u>\$ 2,748,774</u>	<u>\$ 3,711,597</u>	<u>\$ 3,802,597</u>	<u>\$ 4,210,704</u>	<u>\$ 4,587,233</u>	<u>\$ 5,601,346</u>	<u>\$ 6,260,040</u>	<u>\$ 7,164,778</u>

Source: Mountain House Community Services District Audited Financial Statements

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 was conducted by San Joaquin County.

**Mountain House Community Services District  
Special Tax Levies  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Special Tax Levies</b>										
Special Tax No. 1: Roads	\$ 3,083,621	\$ 3,436,684	\$ 4,016,238	\$ 4,252,003	\$ 4,547,589	\$ 5,086,928	\$ 5,302,562	\$ 6,188,080	\$ 7,079,610	\$ 7,430,993
Special Tax No. 2: Public Safety	1,571,661	1,751,234	2,047,519	2,167,626	2,318,311	2,592,544	2,702,572	3,154,205	3,609,729	3,788,208
Special Tax No. 3: Parks	273,854	304,416	356,722	377,599	403,823	451,974	471,077	544,646	629,991	658,740
Special Tax No. 4: Public Works	289,299	321,822	377,247	399,319	427,052	475,572	497,067	579,153	662,779	693,753
Lighting & Landscaping District 1	45,360	46,726	46,726	48,117	49,191	50,532	50,532	52,045	52,411	52,411
Lighting & Landscaping District 2	-	-	-	-	-	-	-	36,875	37,284	37,284
Lighting & Landscaping District 3	-	-	-	-	-	-	-	-	-	344,239
<b>Total</b>	<b>\$ 5,263,794</b>	<b>\$ 5,860,882</b>	<b>\$ 6,844,451</b>	<b>\$ 7,244,664</b>	<b>\$ 7,745,965</b>	<b>\$ 8,657,551</b>	<b>\$ 9,023,810</b>	<b>\$ 10,555,005</b>	<b>\$ 12,071,805</b>	<b>\$ 13,005,628</b>

**2020-21 Special Tax Rates**

	Lot Size < 6,000 sq ft		Lot Size > 6,000 sq ft	
	Living Area - Rate per 100 sq ft	Parcel Area - Rate per 100 sq ft	Living Area - Rate per 100 sq ft	Parcel Area - Rate per 100 sq ft
Special Tax No. 1: Roads	34.97	6.11	34.97	0.96
Special Tax No. 2: Public Safety	17.98	3.00	17.98	0.46
Special Tax No. 3: Parks	3.00	0.59	3.00	0.13
Special Tax No. 4: Public Works	3.20	0.59	3.20	0.13

Source: Mountain House Community Services District Audited Financial Statements and Finance Department

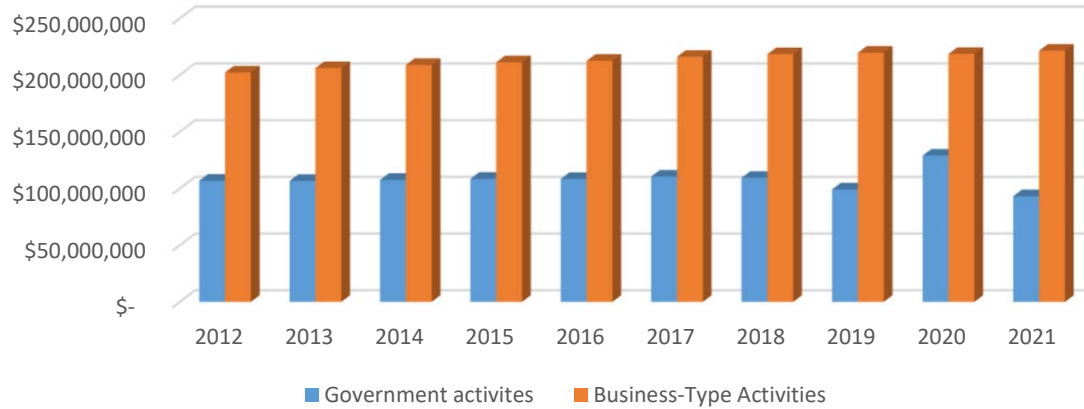
**Mountain House Community Services District  
Principal Property Taxpayers  
Largest 2020-21 Local Secured Taxpayers  
(Fiscal Year 2020-21)**

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2020-21 Assessed Valuation</u>	<u>% of Total (1)</u>
1 Shea Homes LP / Shea Mountain House	Residential Development	\$137,992,602	3.81%
2 BMCH California	Residential Development	46,517,575	1.28%
3 Arroyo Cap I LLC	Residential Development	18,143,698	0.50%
4 Mountain House Investors LLC	Residential Development	17,087,620	0.47%
5 Trimark Communities LLC	Residential Development	17,085,074	0.47%
6 Mountain House Developers LLC	Residential Development	11,314,208	0.31%
7 Tri Pointe Homes Inc.	Residential Development	10,665,134	0.29%
8 Richmond American Homes Maryland Inc.	Residential Development	9,969,422	0.27%
9 Sunchaser Real Estate One L	Commercial Land	7,083,005	0.20%
10 MH Village D 94 Lots LLC	Residential Development	6,724,618	0.19%
11 Sunchaser Real Estate Two	Office Building	6,200,000	0.17%
12 Mountain House Square Inc.	Residential Development	5,212,200	0.14%
13 MH Motor Courts 71 Lots LLC	Residential Development	5,012,095	0.14%
14 DRP CA 4 LLC	Residential Development	4,861,320	0.13%
15 Mountain Technology Center B LLC	Industrial Land	4,590,910	0.13%
16 Vidya and Yog P. Puri	Residential Properties	3,739,546	0.10%
17 Ameen Housing Cooperative Cal Inc.	Residential Properties	3,702,511	0.10%
18 Panakkal and Sindhu Hari	Residential Properties	2,650,474	0.07%
19 Mountain Technology Center A LLC	Industrial Land	2,271,428	0.06%
20 Bishwajit Nag Trust	Residential Properties	<u>2,256,596</u>	<u>0.06%</u>
		\$323,080,036	8.89%

Note (1): 2020-21 Total Secured Assessed Valuation: \$3,625,595,443

Source: California Municipal Statistics, Inc.

Mountain House Community Services District  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities										
Notes Payable	\$106,730,359	\$106,653,237	\$107,469,024	\$108,446,273	\$108,405,858	\$110,524,186	\$109,367,735	\$99,125,520	\$128,952,300	\$93,152,605
Total	\$106,730,359	\$106,653,237	\$107,469,024	\$108,446,273	\$108,405,858	\$110,524,186	\$109,367,735	\$99,125,520	\$128,952,300	\$93,152,605
Business-Type Activities										
Revenue Bonds	\$31,049,217	\$30,333,821	\$29,593,425	\$28,823,029	\$28,012,633	\$27,167,237	\$26,276,842	\$25,351,446	\$35,741,291	\$178,663,707
Notes Payable	171,170,578	175,728,937	179,204,802	182,387,423	184,432,002	188,891,138	192,065,188	194,268,477	182,829,201	42,757,753
Total	\$202,219,795	\$206,062,758	\$208,798,227	\$211,210,452	\$212,444,635	\$216,058,375	\$218,342,030	\$219,619,923	\$218,570,492	\$221,421,460
Debt Per Capita	\$27,573	\$25,936	\$21,547	\$22,197	\$19,402	\$19,843	\$17,483	\$16,361	\$14,786	\$12,840
Debt to Personal Income	N/A	N/A	\$2,980	\$2,988	\$2,732	\$2,702	\$2,487	N/A	N/A	\$2,365

Source: Mountain House Community Services District Audited Financial Statements  
Note: Not available = N/A.

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 was conducted by San Joaquin County.

**Mountain House Community Services District  
Computation of Direct and Overlapping Debt  
June 30, 2021**

2020-21 Assessed Valuation: \$3,629,062,241

	Total Debt	% Applicable (1)	District's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2021</u>		<u>Debt 6/30/21</u>
San Joaquin Delta Community College District	\$200,505,000	392.20%	\$7,863,806
Lammersville Joint Unified School District	56,000,000	62.001	34,720,560
Tracy Unified School District	33,705,000	17.014	5,734,569
Lammersville School District Community Facilities District No. 2002	61,995,000	100.	61,975,000
Lammersville School District Community Facilities District No. 2007-1 I.A. No. 1	23,920,000	100.	23,920,000
Lammersville School District Community Facilities District No. 2014-1 I.A. No. 1	56,170,000	100.	56,170,000
Lammersville School District Community Facilities District No. 2019-1	3,430,000	100.	3,430,000
Mountain House Community Services District - Notes & Bonds	221,421,456	100.	<u>221,421,456</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$415,235,391</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Joaquin County Certificates of Participation	\$65,595,000	426.20%	\$2,795,659
Lammersville Joint Unified School District General Fund Obligations	31,300,000	62.001	19,406,313
<b>Mountain House Community Services District</b>	<b>0</b>	<b>100.</b>	<b>0</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$22,201,972</b>
 <b>TOTAL DIRECT DEBT</b>			
			<b>\$0</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$437,437,363</b>
 <b>COMBINED TOTAL DEBT</b>			
			<b>\$437,437,363 (2)</b>

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the community services district divided by the overlapping district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2020-21 Assessed Valuation:

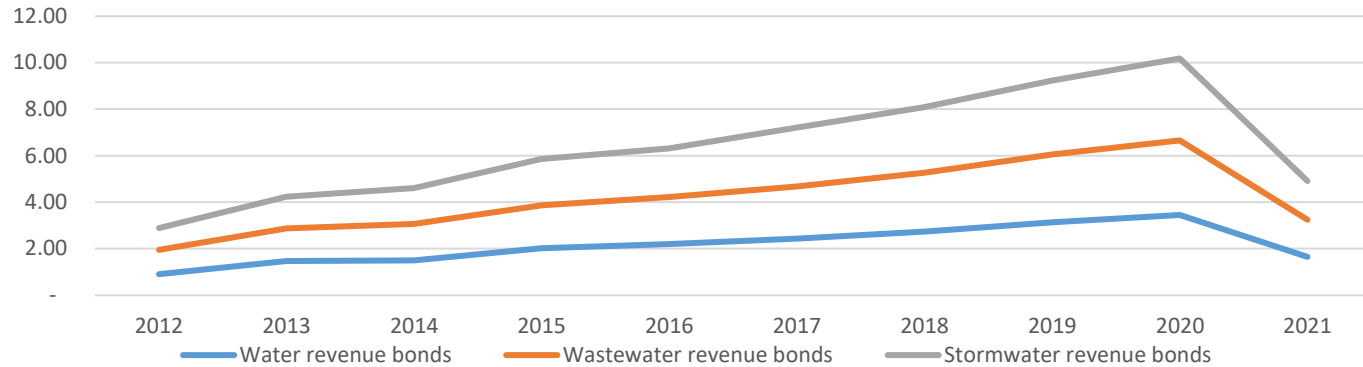
Total Overlapping Tax and Assessment Debt	11.44%
<b>Total Direct Debt</b>	<b>0.00%</b>
Combined Total Debt	12.05%

Legal Debt Margin Information does not pertain to special districts.

Source: California Municipal Statistics, Inc.



**Mountain House Community Services District  
Revenue Bond Coverage  
Last Ten Fiscal Years**



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Water revenue bonds</b>										
Pledged facility component revenue	\$ 1,414,855	\$ 1,688,282	\$ 1,713,183	\$ 2,311,511	\$ 2,521,251	\$ 2,776,942	\$ 3,135,513	\$ 3,585,549	\$ 3,941,256	\$ 4,380,558
Annual installment payment	1,550,594	1,147,746	1,148,266	1,146,511	1,147,656	1,144,391	1,146,446	1,145,671	1,142,336	2,663,342
<b>Installment payment coverage</b>	<b>0.91</b>	<b>1.47</b>	<b>1.49</b>	<b>2.02</b>	<b>2.20</b>	<b>2.43</b>	<b>2.73</b>	<b>3.13</b>	<b>3.45</b>	<b>1.64</b>
<b>Wastewater revenue bonds</b>										
Pledged facility component revenue	\$ 1,242,352	\$ 1,243,500	\$ 1,392,896	\$ 1,618,645	\$ 1,779,951	\$ 1,972,362	\$ 2,234,730	\$ 2,568,168	\$ 2,831,252	\$ 3,149,768
Annual installment payment	1,191,631	885,264	883,579	880,214	880,114	880,454	881,214	879,949	881,549	1,978,274
<b>Installment payment coverage</b>	<b>1.04</b>	<b>1.40</b>	<b>1.58</b>	<b>1.84</b>	<b>2.02</b>	<b>2.24</b>	<b>2.54</b>	<b>2.92</b>	<b>3.21</b>	<b>1.59</b>
<b>Stormwater revenue bonds</b>										
Pledged facility component revenue	\$ 359,068	\$ 388,039	\$ 440,324	\$ 565,175	\$ 589,422	\$ 718,698	\$ 797,341	\$ 898,716	\$ 995,204	\$ 1,144,514
Annual installment payment	383,884	285,296	286,476	282,126	282,301	282,626	283,076	282,871	282,036	684,733
<b>Installment payment coverage</b>	<b>0.94</b>	<b>1.36</b>	<b>1.54</b>	<b>2.00</b>	<b>2.09</b>	<b>2.54</b>	<b>2.82</b>	<b>3.18</b>	<b>3.53</b>	<b>1.67</b>

Note: Revenues represent charges for services pledged as reported in the audited financial statements. Debt service payments represent cash basis principal and interest payments from the debt service payment schedule.  
Source: Finance Department

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 was conducted by San Joaquin County.

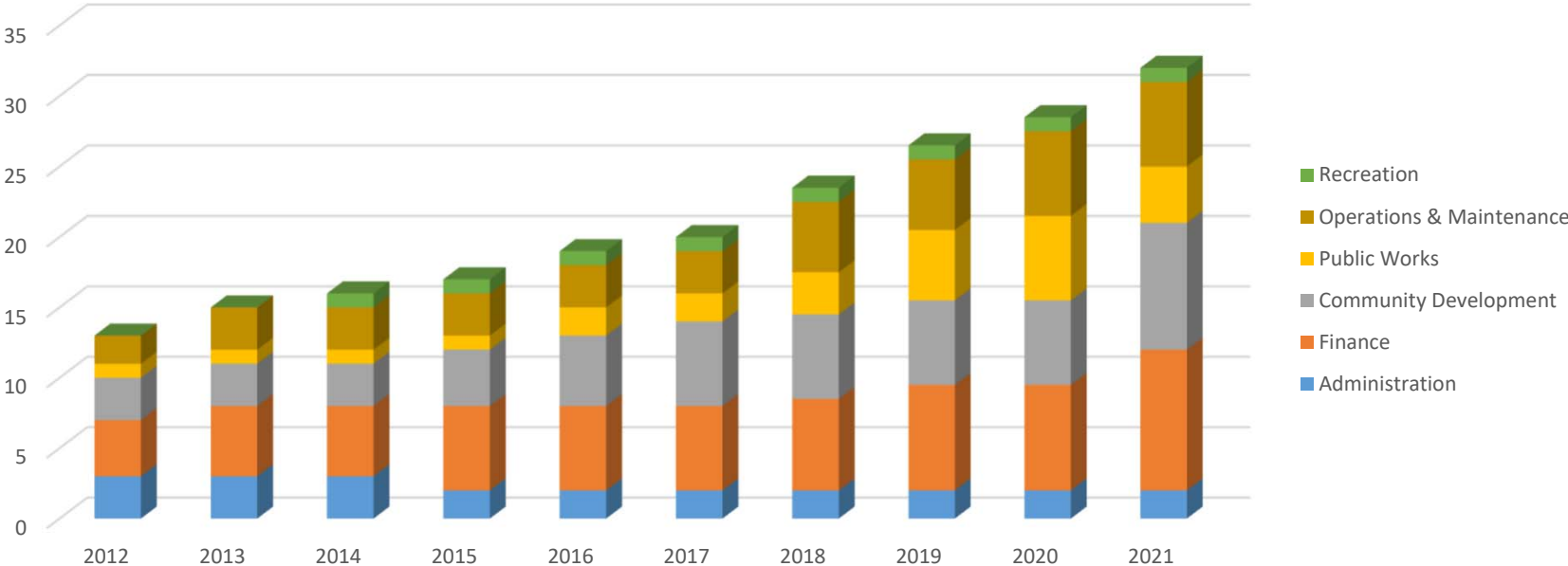
**POLICY & ACTION ITEM 9.1  
ATTACHMENT A**

Mountain House Community Services District  
Demographic and Economic Statistics  
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Population (1)	11,205	12,057	14,678	14,401	16,537	16,458	18,745	19,482	23,504	24,499
Housing units (1)	3,432	3,639	4,053	4,284	4,555	4,882	5,142	5,793	6,466	7,332
Median home sales price (2)	\$ 316,000	\$ 353,000	\$ 468,000	\$ 490,000	\$ 534,000	\$ 566,000	\$ 604,000	\$ 645,000	\$ 680,000	\$ 950,000
Median household income (3)	N/A	\$ 96,607	\$ 106,119	\$ 106,976	\$ 117,433	\$ 120,868	\$ 131,766	N/A	N/A	133,000

(1) Source: California Department of Finance  
 (2) Source: San Joaquin County Community Development Department  
 (3) Source: Zillow.com for information for years through 2020; Redfin.com for 2021  
 (4) Source US Census Bureau; US Census Bureau for Economic Studies; ESRI Business Analyst On-Line; Kosmont Companies  
 Note: Not available = N/A.

**Mountain House Community Services District  
Full-time District Employees by Function  
Last Ten Fiscal Years**



<b>Function</b>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	3	3	3	2	2	2	2	2	2	2
Finance	4	5	5	6	6	6	6.5	7.5	7.5	10
Community Development	3	3	3	4	5	6	6	6	6	9
Public Works	1	1	1	1	2	2	3	5	6	4
Operations & Maintenance	2	3	3	3	3	3	5	5	6	6
Recreation	0	0	1	1	1	1	1	1	1	1
<b>Total</b>	<b>13</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>19</b>	<b>20</b>	<b>23.5</b>	<b>26.5</b>	<b>28.5</b>	<b>32</b>

Source: Finance Department

\*Mountain House became an independent Community Services District as of 2008/2009 FY. Reporting before 2008/2009 was conducted by San Joaquin County.

**Mountain House Community Services District  
Capital Asset Statistics by Function/Program  
June 30, 2021**

Number of :		
District trees		14,240
Traffic signals intersections		10
Street lights		1,598
Pool vehicles		9
Square feet of landscaping maintained		7,936,900
Number of Parks:		
Regional		1
Neighborhood		6
Fire apparatus		
Ladder truck		1
Fire engine		1
Emergency response vehicle		1
Roads:	<u>Center-line miles</u>	<u>Lane miles</u>
Arterial	17.75	70.86
Collector	14.23	29.51
Residential/local	41.32	80.14
Total	<u>73.30</u>	<u>180.51</u>

Water system

- 90 miles of lines
- 3 treated water storage tanks
- Conventional surface water treatment plant with UV and chloramines disinfection
- 15 million gallons/day capacity
- Approval from the State Water Resources Control Board
- Water supplied by Byron-Bethany Irrigation District; available 9,813 acre feet of pre-1914 water rights

Wastewater system

- Gravity system consisting of 67 miles of pipelines, ranging from 8" - 24" diameter
- 3 million gallons/day capacity; average demand is 1 million gallons/day
- System consists of headworks, anoxic reactors, sequencing batch reactors, cloth media filtration, and UV light disinfection
- Tertiary effluent from the plant is discharged into Old River pursuant to a permit from the Regional Water Quality Control Board

Storm drain system

- Gravity system consisting of 70 miles of lines that discharge to detention ponds
- Detention basins serve as regulation storage of first flush runoff and the discharge into Mountain House Creek and eventually into Old River
- A state of the art system that includes primary filtration at street level collection sites using carbon-based filters for treatment of contaminants and debris

(1) Source: Mountain House Community Services District Public Works Department

**COMPLIANCE REPORT**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

To the Board of Directors  
Mountain House Community Services District  
Mountain House, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mountain House Community Services District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

To the Board of Directors  
Mountain House Community Services District

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richardson & Company, LLP*

October 29, 2021