

**CHRISTIAN VALLEY PARK
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2018**

ROBERT W. JOHNSON
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Christian Valley Park Community
Services District
Auburn, California

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise activities and the governmental activities of Christian Valley Park Community Services District, as of and for the year ended June 30, 2018, 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 an opinion 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 from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise activities and the governmental activities of Christian Valley Park Community Services District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other-Matters

Required Supplementary Information

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Robert W. Johnson, An Accounting Corporation
Citrus Heights, California
August 20, 2018

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

ASSETS	<u>Enterprise Fund</u>	<u>Governmental Fund</u>	<u>Total</u>
Current assets:			
Cash in bank	\$ 563,247	\$ 86,922	\$ 650,169
Temporary investments			
- LAIF (Note 3)	546,356	413,898	960,254
Accounts receivable - trade	4,095	-	4,095
Accounts receivable - accrued int.	-	-	-
Prepaid expenses	<u>5,293</u>	<u>-</u>	<u>5,293</u>
Total current assets	<u>1,118,991</u>	<u>500,820</u>	<u>1,619,811</u>
Capital assets, at cost (Notes 4 and 5):			
Water utility plant in service	3,190,143	-	3,190,143
Less, accumulated depreciation	<u>1,833,173</u>	<u>-</u>	<u>1,833,173</u>
	1,356,970	-	1,356,970
Work in progress	<u>110,475</u>	<u>-</u>	<u>110,475</u>
	<u>1,467,445</u>	<u>-</u>	<u>1,467,445</u>
Restricted assets (Note 3):			
Cash in bank – Gayle Loop	<u>178,918</u>	<u>-</u>	<u>178,918</u>
	<u>\$2,765,354</u>	<u>\$ 500,820</u>	<u>\$3,266,174</u>

See notes to financial statements

LIABILITIES AND NET POSITION	<u>Enterprise Fund</u>	<u>Governmental Fund</u>	<u>Total</u>
Current liabilities:			
Current portion of long-term debt (Note 4)	\$ 13,000	\$ -	\$ 13,000
Accounts payable and accrued liabs.	27,868	-	27,868
Refundable deposits	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total current liabilities	<u>43,868</u>	<u>-</u>	<u>43,868</u>
Long-term debt, net of current portion (Note 4)	<u>780,799</u>	<u>-</u>	<u>780,799</u>
Total liabilities	<u>824,667</u>	<u>-</u>	<u>824,667</u>
Net position (Note 7):			
Net investment in capital assets	673,646	-	673,646
Restricted	178,918	-	178,918
Unrestricted/unassigned	<u>1,088,123</u>	<u>500,820</u>	<u>1,588,943</u>
	<u>1,940,687</u>	<u>500,820</u>	<u>2,441,507</u>
	<u>\$2,765,354</u>	<u>\$ 500,820</u>	<u>\$3,266,174</u>

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
 STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
 for the year ended June 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>		
<u>Primary government:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants and Contributions</u>
Governmental activities:			
Roads	\$ <u>75,735</u>	\$ <u>-</u>	\$ <u>-</u>
Total governmental activities	<u>75,735</u>	<u>-</u>	<u>-</u>
Business-type activities:			
Water	<u>432,158</u>	<u>633,346</u>	<u>14,589</u>
Total business-type activities	<u>432,158</u>	<u>633,346</u>	<u>14,589</u>
Total primary government	<u>\$ 507,893</u>	<u>\$ 633,346</u>	<u>\$ 14,589</u>

General revenues:

- Property taxes
- Interest income
- Other income
- Operating fund transfer

Total general revenues

Changes in net position

Net position – beginning

Net position – ending

See notes to financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>\$(75,735)</u>		<u>\$(75,735)</u>
<u>(75,735)</u>		<u>(75,735)</u>
	<u>\$ 215,777</u>	<u>215,777</u>
	<u>215,777</u>	<u>215,777</u>
<u>(75,735)</u>	<u>215,777</u>	<u>140,042</u>
57,558	56,758	114,316
5,815	7,755	13,570
-	360	360
<u>-</u>	<u>-</u>	<u>-</u>
<u>63,373</u>	<u>64,873</u>	<u>128,246</u>
<u>(12,362)</u>	<u>280,650</u>	<u>268,288</u>
<u>513,182</u>	<u>1,660,037</u>	<u>2,173,219</u>
<u>\$ 500,820</u>	<u>\$1,940,687</u>	<u>\$2,441,507</u>

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
for the year ended June 30, 2018

Cash flows from operating activities:		
Receipts from customers		\$ 636,620
Payments to suppliers		(271,764)
Payments to employees		<u>(59,402)</u>
Net cash provided by operating activities		305,454
Cash flows from noncapital financing activities:		
Receipts from property taxes and other nonoperating income	\$ 56,758	
Operating fund transfer	<u> -</u>	56,758
Cash flows from capital and related financing activities:		
Purchase of capital assets	(215,508)	
Principal paid on long-term debt	(13,000)	
Interest paid on capital debt	<u>(34,013)</u>	(262,521)
Cash flows from investing activities:		
Interest income		<u> 7,755</u>
Net increase in cash and cash equivalents		107,446
Cash and cash equivalents:		
Beginning of year		<u>1,181,075</u>
End of year		<u>\$1,288,521</u>
Allocated:		
Unrestricted		\$1,109,603
Restricted		<u> 178,918</u>
		<u>\$1,288,521</u>

See notes to financial statements

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
 STATEMENT OF CASH FLOWS – ENTERPRISE FUND, continued
 for the year ended June 30, 2018

Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)		\$ 250,150
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	\$ 51,459	
Changes in operating assets and liabilities:		
Receivables	4,514	
Prepays	(94)	
Accounts payable and accrued liabs.	(575)	
Refundable deposits	<u> -</u>	
		<u>55,304</u>
Net cash provided by operating activities		<u>\$ 305,454</u>
Supplementary information:		
Cash paid for interest		<u>\$ 34,013</u>

See notes to financial statements

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES – ROADS
for the year ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Road maintenance	\$ 75,735	\$ -	\$ 75,735
Administrative	-	-	-
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total program expenditures/expenses	<u>75,735</u>	<u>-</u>	<u>75,735</u>
Program revenues:			
Charges for services	-	-	-
Assessments	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>
General revenues:			
Property taxes	57,558	-	57,558
Interest income	5,815	-	5,815
Other	-	-	-
Operating fund transfer	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>63,373</u>	<u>-</u>	<u>63,373</u>
Excess of revenues over expenditures/ change in net position	(12,362)	-	(12,362)
Beginning fund balances/net position	<u>513,182</u>	<u>-</u>	<u>513,182</u>
Ending fund balances/net position	<u>\$ 500,820</u>	<u>\$ -</u>	<u>\$ 500,820</u>

See notes to financial statements

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES – ROADS
 BUDGET AND ACTUAL
 for the year ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Property taxes	\$ 44,500	\$ 57,558	\$ 13,058
Interest	500	5,815	5,315
Operating fund transfer	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>45,000</u>	<u>63,373</u>	<u>18,373</u>
Expenditures:			
Road maintenance	40,000	75,735	(35,735)
Administrative	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>45,000</u>	<u>75,735</u>	<u>(30,735)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$(12,362)</u>	<u>\$(12,362)</u>

See notes to financial statements

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

The Christian Valley Park Community Services District (the "District") was formed in 1962 by State Government Code Section 56452 to provide water service and road maintenance to residents of the Subdivision within the District. The District's financial and administrative functions are governed by a five member Board of Directors elected by the voting population within the District.

2. Summary of Significant Accounting Policies:

The basic financial statements of Christian Valley Park Community Services District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The two funds in these financial statements are grouped as follows:

Enterprise Fund:

The enterprise fund is used to account for water operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Governmental Fund:

The governmental fund is used to account for all financial resources of the roads.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Basis of Accounting

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The District's books and accounts are based upon the Uniform System of Accounts for Public Utilities as prescribed by the Division of Local Government Fiscal Affairs of the State of California. The records are maintained and the accompanying financial statements are presented on the accrual basis of accounting.

Operating revenues and expenses, such as water sales along with water expenses, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income and interest expense, result from non-exchange transactions, in which, the District gives (receives) value without directly receiving (giving) value in exchange.

Financing Corporation

In 2008 the Board of Directors approved Resolution No. 08-07 to incorporate the Christian Valley Park Community Services District Financing Corporation (the "Corporation"). The primary purpose of the Corporation is to provide financial assistance to the District by financing the construction of major capital facilities such as the Gayle Loop Project.

By an agreement between the Corporation and the District, all rights to receive installment payments from a bank and the obligation to pay the bank, have been assigned by the Corporation to the District.

Since both the management and financial obligation of the aforementioned transactions are supervised by the District, then the June 30, 2018 accompanying financial statements reflect both the expended costs and related long term debt.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Depreciation

Capital assets are recorded on the basis of purchase cost. Assets acquired by developer contribution are recorded at estimated cost or fair market value at the date of acquisition.

Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets which range from five to fifty years.

Road expenditures are classified as repairs and maintenance rather than as capital assets.

Statement of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. The investment with the State Treasurer's Local Agency Investment Fund (LAIF) is also considered to be the equivalent of cash.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis to match the interim operating statements.

Investments

Investments consist of LAIF (State of California pooled investment fund). Investments are stated at market value. Such investment is within the State statutes and the District's investment policy.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Property Taxes

The District receives property taxes from Placer County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

3. Cash and Investments:

Cash and investments consist of the following at June 30, 2018:

	<u>Water</u>	<u>Roads</u>	<u>Total</u>
Operations	\$563,247	\$ 86,922	\$650,169
Restricted	178,918	-	178,918
Total cash and investments	\$742,165	\$ 86,922	\$829,087

Deposits:

At year-end the carrying amount of the District's deposits was \$829,087 and the bank balance was \$828,073. The bank balance was covered by Federal depository insurance.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

3. Cash and Investments, continued:

Investments:

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor’s or P-1 by Moody’s Commercial Paper Record, bankers’ acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer’s Local Agency Investment Fund (LAIF). The investment in LAIF is reported at fair value.

	<u>Carrying Amount</u>	<u>Market Value</u>
Balance, June 30, 2018		
Local Agency Investment Fund	\$ <u>960,254</u>	\$ <u>960,254</u>

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District’s funds in LAIF are invested in a diversified portfolio (of underlying investments e.g. U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.

Restricted cash and investments:

At June 30, 2018, the District had \$178,918 in cash pledged for the payment or security of a loan contract. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested in accordance with the ordinance, resolutions, policies or indentures specifying the types of investments its fiscal agents may make.

	<u>Restricted Cash Balance, 6/30/18</u>
USDA loan (Gayle Loop Project)	\$ <u>178,918</u>

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

4. Long-Term Debt:

The following is a summary of the long-term debt activities for the year ended June 30, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>New Debt</u> <u>Issued</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Current</u> <u>Portion</u>
USDA loan – Gayle Loop project	\$ <u>806,799</u>	\$ <u>-</u>	\$ <u>13,000</u>	\$ <u>793,799</u>	\$ <u>13,000</u>

USDA Loan – Gayle Loop Project

On August 12, 2008, the District issued Certificates of Participation for \$921,000 to the Christian Valley Park Community Service District Financing Corporation. Proceeds from these certificates were used to construct and sell to the District the Gayle Loop Project. The certificates are secured by a lien on the District's net revenues. The interest rate is 4.25%. The District is required to maintain a reserve fund with a bank equal to the maximum annual installment payable in a certificate year. Interest is payable on February 1 and August 1 of each year. Principal on certificates is payable annually on August 1 through 2048.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

4. Long-Term Debt, continued:

The future annual maturities of all long-term borrowings as of June 30, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 13,000	\$ 33,458	\$ 46,458
2020	14,000	32,884	46,884
2021	14,000	32,378	46,378
2022	15,000	31,673	46,673
2023	16,000	31,014	47,014
2024-2028	89,000	130,775	219,775
2029-2033	110,000	125,682	235,682
2034-2038	136,000	100,097	236,097
2039-2043	167,000	68,590	235,590
2044-2048	206,000	29,981	235,981
2049	<u>13,799</u>	<u>588</u>	<u>14,387</u>
	<u>\$ 793,799</u>	<u>\$ 617,120</u>	<u>\$1,410,919</u>

5. Capital Assets:

Changes in enterprise capital assets for the year ended June 30, 2018 are as follows:

	<u>Balance July 1, 2017</u>	<u>Additions/ Transfers</u>	<u>Disposals/TIF</u>	<u>Balance June 30, 2018</u>
Water equipment	\$1,295,280	\$ -	\$ -	\$1,295,280
Water system	<u>1,767,502</u>	<u>127,361</u>	<u>-</u>	<u>1,894,863</u>
	<u>\$3,062,782</u>	<u>\$ 127,361</u>	<u>\$ -</u>	<u>\$3,190,143</u>
Work in progress:				
Residual mgmt upgrades	\$ 4,135	\$ -	\$ 4,135	\$ -
Reservoir tank project	<u>18,193</u>	<u>92,282</u>	<u>-</u>	<u>110,475</u>
	<u>\$ 22,328</u>	<u>\$ 92,282</u>	<u>\$ 4,135</u>	<u>\$ 110,475</u>

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

6. Risk of Loss:

Christian Valley Park Community Services District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2018 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

7. Net Position:

Net position at June 30, 2018 is analyzed as follows:

	<u>Enterprise Fund Water</u>	<u>Governmental Fund Roads</u>
Net investment in capital assets	\$ <u>673,646</u>	\$ <u>-</u>
Restricted:		
Gayle Loop	<u>178,918</u>	<u>-</u>
Unrestricted:		
Designated by Board:		
Minor CIP – Tier 2	46,600	-
Major CIP – Tier 3	<u>65,000</u>	<u>-</u>
	111,600	-
Undesignated/unassigned	<u>976,523</u>	<u>500,820</u>
	<u>1,088,123</u>	<u>500,820</u>
Total net position	<u>\$1,940,687</u>	<u>\$ 500,820</u>

8. Subsequent Events:

Management has evaluated subsequent events through August 20, 2018, the date these June 30, 2018 financial statements were available to be issued.

**REPORTS ON INTERNAL CONTROLS
AND COMPLIANCE**



Robert W. Johnson
an accountancy corporation

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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***

Independent Auditor's Report

To the Board of Directors
Christian Valley Park Community Services District
Auburn, 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 and the State Controller's Minimum Audit Requirements for California Special Districts, the financial statements of Christian Valley Park Community Services District as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Christian Valley Park Community Services 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 opinion 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 entity'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 Christian Valley Park Community Services District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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*.

We noted certain other minor matters that we reported to management of the Christian Valley Park Community Services District in a separate letter dated August 20, 2018.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Citrus Heights, California
August 20, 2018

SUPPLEMENTAL DATA

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
PRINCIPAL OFFICIALS
June 30, 2018

Board of Directors:

Chuck Rust

President

Chris Calvert

Vice President

Rolando de la Torre

Lynn Cook

Dan Negus

Management:

Don Elias

District Secretary/
General Manager

Kathleen Coleman

Treasurer

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
 SCHEDULE OF ACTIVITIES AND CHANGES IN NET POSITION - DETAILED
 for the year ended June 30, 2018

	<u>Enterprise Fund Water</u>	<u>Governmental Fund Roads</u>	<u>Combined</u>
Operating revenues:			
Service charges	\$ 593,277	\$ -	\$ 593,277
Hookup fees	36,834	-	36,834
Late fees	3,235	-	3,235
Grant revenue	14,589	-	14,589
Other income	<u>360</u>	<u>-</u>	<u>360</u>
Total operating revenues	<u>648,295</u>	<u>-</u>	<u>648,295</u>
Operating expenses/expenditures:			
Water purchases	49,216	-	49,216
Water treatment	170,413	-	170,413
Transmission and distribution	24,260	-	24,260
Administrative and general	102,797	-	102,797
Depreciation	51,459	-	51,459
Road maintenance	<u>-</u>	<u>75,735</u>	<u>75,735</u>
Total operating expenses/expenditures	<u>398,145</u>	<u>75,735</u>	<u>473,880</u>
Operating income (loss)	<u>250,150</u>	<u>(75,735)</u>	<u>174,415</u>
Non-operating revenues and (expenditures):			
Property assessments/taxes	56,758	57,558	114,316
Interest expense	(34,013)	-	(34,013)
Interest income	7,755	5,815	13,570
Other	-	-	-
Operating fund transfer	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions (carried forward)	<u>30,500</u>	<u>63,373</u>	<u>93,873</u>
Income (loss) before contributions (carried forward)	<u>280,650</u>	<u>(12,362)</u>	<u>268,288</u>

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
 SCHEDULE OF ACTIVITIES AND CHANGES IN NET POSITION - DETAILED, continued
 for the year ended June 30, 2018

	<u>Enterprise Fund Water</u>	<u>Governmental Fund Roads</u>	<u>Combined</u>
Income (loss) before contributions (carried forward)	\$ 280,650	\$(12,362)	\$ 268,288
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>\$ 280,650</u>	<u>\$(12,362)</u>	268,288
Total net position:			
Beginning			<u>2,173,219</u>
Ending			<u>\$2,441,507</u>