

**CHRISTIAN VALLEY PARK
COMMUNITY SERVICES DISTRICT**

**Annual Financial Report
and Supplemental Information
with
Independent Auditor's Report Thereon**

June 30, 2022 and 2021

5/24/2023 DRAFT 5/24/2023

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

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CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

**ORGANIZATION
June 30, 2022**

GOVERNING BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>
Rolando de la Torre	Director
Jo Anne Carmona	Director
Greg Bala	Director
Diane-Louise Alessi	Director
Dan Negus	Director

ADMINISTRATION

Don Elias	General Manager
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and major funds of Christian Valley Park Community Services District as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Christian Valley Park Community Services District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

The financial statements of Christian Valley Park Community Services District for the year ended June 30, 2021 were audited by another auditor, who expressed an unmodified opinion on those statements on September 15, 2021.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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. Christian Valley Park, Community Services District has elected to not present the management's discussion and analysis.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information for the enterprise funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the other 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **December 20, 2022**, on our consideration of the Christian Valley Park Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Christian Valley Park Community Services District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Christian Valley Park Community Services District's internal control over financial reporting and compliance.

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

Other Reporting

In accordance with Government Auditing Standards, we have also issued our report dated **December 20, 2022**, on our consideration of the Christian Valley Park Community Services District's compliance with each major program and on internal control over compliance and report on the schedule of expenditures of federal awards required by the uniform guidance, The purpose of that report is solely to describe the scope of our testing of over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Fechter & Company
Certified Public Accountants

Sacramento, California
December 12, 2022

FINANCIAL STATEMENTS

5/24/2023 DRAFT 5/24/2023

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION - GOVERNMENT WIDE
JUNE 30, 2022 AND 2021

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 627,816	\$ 970,736	\$ 1,598,552	\$ 606,863	\$ 703,444	\$ 1,310,307
Accounts receivable, net	-	-	-	-	13,061	13,061
Interest receivable	734	972	1,706	319	424	743
Prepaid expenses	-	7,565	7,565	-	6,704	6,704
Total current assets	628,550	979,273	1,607,823	607,182	723,633	1,330,815
Non-current Assets:						
Restricted cash	-	159,520	159,520	-	1,031,396	1,031,396
Capital assets, net	-	5,419,534	5,419,534	-	4,827,776	4,827,776
Total non-current assets	-	5,579,054	5,579,054	-	5,859,173	5,859,173
Total Assets	628,550	6,558,327	7,186,877	607,182	6,582,806	7,189,987
Liabilities						
Current Liabilities:						
Accounts payable	-	33,402	33,402	-	38,058	38,058
Accrued payroll and benefits	-	6,812	6,812	-	1,972	1,972
Current portion of notes payable	-	77,365	77,365	-	3,397,650	3,397,650
Total current liabilities	-	117,579	117,579	-	3,437,680	3,437,680
Long-term Liabilities:						
Notes payable	-	3,937,920	3,937,920	-	644,286	644,286
Total long-term liabilities	-	3,937,920	3,937,920	-	644,286	644,286
Total Liabilities	-	4,055,499	4,055,499	-	4,081,966	4,081,966
Net Position						
Net investment in capital assets	-	1,404,249	1,404,249	-	785,840	785,840
Restricted	-	159,520	159,520	-	1,031,396	1,031,396
Unrestricted	628,550	939,059	1,567,609	607,182	683,603	1,290,785
Total Net Position	\$ 628,550	\$ 2,502,828	\$ 3,131,378	\$ 607,182	\$ 2,500,840	\$ 3,108,022

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

**CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
FOR THE YEAR ENDED
JUNE 30, 2022**

Functions/Programs	Operating Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Position		
		Fees & Charges for Services	Governmental Activities	Business-Type Activities	Total
Governmental Activities:					
Road Maintenance	\$ 76,742	\$ -	\$ (76,742)	\$ -	\$ (76,742)
Total Governmental Activities	<u>76,742</u>	<u>-</u>	<u>(76,742)</u>	<u>-</u>	<u>(76,742)</u>
Business-Type Activities:					
Water	747,086	704,404	-	(42,682)	(42,682)
Total Business-type Activities	<u>747,086</u>	<u>704,404</u>	<u>-</u>	<u>(42,682)</u>	<u>(42,682)</u>
Total primary government	<u>\$ 823,828</u>	<u>\$ 704,404</u>	<u>(76,742)</u>	<u>(42,682)</u>	<u>(119,424)</u>
General Revenues:					
Property taxes			70,301	47,105	117,406
Grant income			-	21,194	21,194
Interest income			1,505	2,019	3,524
Other income			-	656	656
Total General Revenues			<u>71,806</u>	<u>70,974</u>	<u>142,780</u>
Excess (Deficiency) of revenues over expenditures			(4,936)	28,292	23,356
Interfund transfers			<u>26,304</u>	<u>(26,304)</u>	<u>-</u>
Change in net position			21,368	1,988	23,356
Net position, beginning of year			<u>607,182</u>	<u>2,500,840</u>	<u>3,108,022</u>
Net position, end of year			<u>\$ 628,550</u>	<u>\$ 2,502,828</u>	<u>\$ 3,131,378</u>

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

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
FOR THE YEAR ENDED
JUNE 30, 2021

Functions/Programs	Operating Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Position		Total
		Fees & Charges for Services	Governmental Activities	Business-Type Activities	
Governmental Activities:					
Road Maintenance	\$ 6,241	\$ -	\$ (6,241)	\$ -	\$ (6,241)
Total Governmental Activities	6,241	-	(6,241)	-	(6,241)
Business-Type Activities:					
Water	516,005	682,791	-	166,786	166,786
Total Business-type Activities	516,005	682,791	-	166,786	166,786
Total primary government	<u>\$ 522,246</u>	<u>\$ 682,791</u>	(6,241)	166,786	160,545
General Revenues:					
Property taxes			69,218	44,728	113,946
Interest income			2,315	3,050	5,365
Other income			-	200	200
Total General Revenues			71,533	47,978	119,511
Excess (Deficiency) of revenues over expenditures			65,292	214,764	280,056
Interfund transfers			-	-	-
Change in net position			65,292	214,764	280,056
Net position - beginning of year			541,890	2,166,386	2,708,276
Prior period adjustment			-	119,690	119,690
Net position - beginning of year, restated			541,890	2,286,075	2,827,965
Net position, end of year			<u>\$ 607,182</u>	<u>\$ 2,500,840</u>	<u>\$ 3,108,022</u>

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

**CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2022 AND 2021**

	2022	2021
Assets		
Cash and cash equivalents	\$ 627,816	\$ 606,863
Interest receivable	734	319
Total assets	\$ 628,550	\$ 607,182
Fund Balances		
Unrestricted	\$ 628,550	\$ 607,182
Total fund balances	\$ 628,550	\$ 607,182

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

**CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

	2022	2021
Revenues:		
Property taxes	\$ 70,301	\$ 69,218
Interest income	1,505	2,315
	71,806	71,533
Total Revenues		
Expenditures:		
Road maintenance	76,742	6,241
	76,742	6,241
Total Expenditures		
Excess (Deficiency) of revenues over expenditures	(4,936)	65,292
Other Financing Sources:		
Transfers in	26,304	-
	26,304	-
Total Other Financing Sources		
Net Change in Fund Balance	21,368	65,292
Fund Balances, beginning of year	607,182	541,890
Fund Balances, end of year	\$ 628,550	\$ 607,182

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

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
JUNE 30, 2022

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 970,736	\$ 703,444
Investments		
Accounts receivable, net	-	13,061
Interest receivable	972	424
Prepaid expenses	7,565	6,704
Total current assets	<u>979,273</u>	<u>723,633</u>
Non-current assets		
Restricted cash	159,520	1,031,396
Capital assets, net of depreciation	5,419,534	4,827,776
Total non-current assets	<u>5,579,054</u>	<u>5,859,173</u>
Total Assets	<u>6,558,327</u>	<u>6,582,806</u>
Liabilities		
Accounts payable	33,402	38,058
Accrued payroll and benefits	6,812	1,972
Current portion of notes payable	77,365	3,397,650
Total current liabilities	<u>117,579</u>	<u>3,437,680</u>
Non-current liabilities		
Notes payable	3,937,920	644,286
Total non-current liabilities	<u>3,937,920</u>	<u>644,286</u>
Total Liabilities	4,055,499	4,081,966
Net Position		
Net investment in capital assets	1,404,249	785,840
Restricted	159,520	1,031,396
Unrestricted	939,059	683,603
Total Net Position	<u>\$ 2,502,828</u>	<u>\$ 2,500,840</u>

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

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Water sales	\$ 220,514	\$ 209,143
User fees	458,921	456,165
New service and connection fees	24,969	17,483
Total operating revenues	<u>704,404</u>	<u>682,791</u>
Operating Expenses		
Contracted treatment plant management	111,104	104,379
Water purchases and treatment chemicals	103,546	97,497
Repairs and maintenance	73,526	95,997
Payroll and related expenses	68,602	63,308
Legal and accounting expenses	56,646	17,822
Depreciation expense	40,285	43,351
Utility expenses	25,059	30,218
Consulting expenses	16,767	2,441
Office and billing expenses	15,766	16,560
Insurance expense	9,728	7,599
Other expenses	3,191	8,157
Automobile expenses	2,798	1,447
Total operating expenses	<u>527,018</u>	<u>488,776</u>
Operating income (loss)	<u>177,386</u>	<u>194,015</u>
Non-Operating Revenues (Expenses)		
Property taxes	47,105	44,728
Interest revenue	2,019	3,050
Grant income	21,194	-
Other revenues	656	200
Debt forgiveness expense	(21,194)	-
Interest expense	(118,879)	(27,229)
(Loss) on disposal of equipment	(79,995)	-
Transfers (out)	(26,304)	-
Total non-operating revenues (expenses)	<u>(175,398)</u>	<u>20,749</u>
Increase (Decrease) in Net Position	1,988	214,764
Net position - beginning of the year	<u>2,500,840</u>	<u>2,166,386</u>
Prior period adjustment	-	119,690
Net position - beginning of the year, restated	<u>2,500,840</u>	<u>2,286,075</u>
Net position - end of the year	<u>\$ 2,502,828</u>	<u>\$ 2,500,840</u>

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

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Cash received from customers	\$ 716,917	\$ 676,073
Cash paid to suppliers for services and inventories	(423,648)	(367,360)
Cash paid to employees	(63,762)	(49,495)
Net Cash Provided By Operating Activities	<u>229,507</u>	<u>259,218</u>
Cash Flows From Non-Capital Financing Activities:		
Property taxes and assessments	47,105	44,728
Interest income	2,019	3,050
Grant income	21,194	-
Other cash receipts	656	-
Debt forgiveness expense	(21,194)	-
Interest expense	(118,879)	(27,029)
Transfers between Funds	(26,304)	-
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(95,403)</u>	<u>20,749</u>
Cash Flows From Capital Financing Activities:		
Purchase of property and equipment	(712,040)	(3,126,377)
Net Cash (Used) By Capital Financing Activities	<u>(712,040)</u>	<u>(3,126,377)</u>
Cash Flows From Investing Activities:		
Repayment of interim financing	(3,371,000)	-
Proceeds from issuance of interim financing	-	2,871,000
Proceeds from issuance of USDA loan	3,371,000	-
Repayment of Gayle Loop note payable	(26,650)	(13,064)
Net Cash Provided (Used) By Investing Activities	<u>(26,650)</u>	<u>2,857,936</u>
Increase (Decrease) in Cash and Cash Equivalents	(604,586)	11,526
Cash and cash equivalents, beginning of the year	<u>1,734,840</u>	<u>1,723,314</u>
Cash and cash equivalents, end of the year	<u>\$ 1,130,254</u>	<u>\$ 1,734,840</u>
Reconciliation of Cash and Cash Equivalents:		
Cash and cash equivalents - Unrestricted	\$ 970,736	\$ 703,444
Cash and cash equivalents - Restricted	159,520	1,031,396
Total	<u>\$ 1,130,256</u>	<u>\$ 1,734,840</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ 177,386	\$ 194,015
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	40,285	43,351
Changes in operating assets and liabilities:		
Receivables	12,513	(5,062)
Prepaid expenses	(861)	(1,778)
Accrued payroll and related items	4,840	-
Accounts payable	(4,656)	(4,758)
Road fund	-	33,450
Net cash provided by operating activities	<u>\$ 229,507</u>	<u>\$ 259,218</u>
Supplementary information		
Cash paid for interest	<u>\$ 118,879</u>	<u>\$ 27,029</u>

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

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Operations

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.

Basis of Presentation

The Christian Valley Park Community Services District's financial statements have been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-wide Statements: The *Statement of Net Position* and the *Statement of Activities* display information about the primary government (the District). These statements include the financial activities of the overall District 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 are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which are financed, in whole or in part, by fees charged to external parties.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for fund categories – *governmental and enterprise* -are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column.

Enterprise 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. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Financial reporting is based upon all Governmental Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The District reported the following major funds in the accompanying financial statements:

Water Fund (Enterprise) – This fund accounts for all the District's water resources.

Road Fund (Governmental) – This fund accounts for the income and expenditures related to road maintenance.

Basis of Accounting

Christian Valley Park Community Services District uses the accrual method of accounting for financial statement reporting purposes. Under the accrual method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Reporting Entity

The District's reporting entity includes all significant operation and revenue sources for which the District Board of Directors exercises oversight responsibility as determined under the criteria established by the National Council on Governmental Accounting Statement No. 3. Oversight responsibility is determined based on selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. The financial statements of Christian Valley Park Community Services District include the financial activities of the District as well as transactions made by the fiscal agent under authority granted by the District in various resolutions authorizing the issuance of improvement bonds and water certificates. The District is exempt from federal income and state franchise taxes.

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, the June 30, 2021 accompanying financial statements reflect both the expended costs and related long-term debt.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. The District maintains bank accounts at financial institutions located within Placer county.

It is the District's policy to maintain all investments in insured accounts in the District's name. Assessments in excess of estimated current bond requirements of the District are deposited in the Local Agency Investment Fund. Said cash earns interest based on the fund's prorata share of the cash in the fund. In accordance with the Governmental Accounting Standards Board Statement 3 (i.e., Deposits with Financial Institutions, GASB 3), cash is to be categorized to indicate the level of credit risk assumed by the Fund at year end. Substantially, all investments are insured or registered and held by the Fund or its agent in the agent's nominee name, with subsidiary records listing the Fund as the legal owner. Accordingly, said cash investment would be included in "Category 1" as defined by GASB 3. See Note 2 for further discussion of Cash & Cash Equivalents.

Accounts Receivable

Accounts receivable as reflected in the financial statements are from customers whose property is located within the District's catchment area. Accounts receivable consists of amounts due from customers for water charges.

Interfund Transfers

Some expenses are allocated between the Water Fund and Road Fund. All expenses are paid out of the Water Fund's checking account. These expenses are shown as Interfund Transfers on the Statement of Net Activities.

Interfund Balances

On the fund financial statements, interfund loans are classified as "due to/from other funds" on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position.

Capital Assets

Minor expenditures for renewals and betterments are charged to expense. Major expenditures for renewals and betterments are capitalized. In cases where assets are donated to the District, construction costs or estimated market values are recorded. Costs of assets sold, retired, or otherwise disposed of have been eliminated from the accounts, and gains or losses on disposition are included in operations.

The cost of property and equipment is depreciated over the estimated lives of the assets from date of acquisition based on the straight-line method of depreciation over useful lives ranging from five to fifty years.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Equity

The financial statements are presented using the net asset method. Net Position are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Net Invested 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.

Restricted Net Position – This category presents external restrictions on Net Position imposed by creditors, grantors, contributors, laws, or regulations of other governments and restrictions 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred on debt issued to finance construction is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Fund Balances – Governmental Funds

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

Unassigned – contains all other spendable amounts.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances – Governmental Funds (continued)

The District applies restricted resources first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Revenues – Operating

Revenues, such as charges for services, result from exchange transactions, in which each party gives and receives essentially equal value. On an accrual basis, revenue from charges for service is recognized in the period in which the service has been completed. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Revenues – Non-operating

Revenues that result from non-exchange transactions or ancillary activities in which the District receives value without directly giving equal value in return, include investment earnings, subsidies, and property taxes. On an accrual basis, non-exchange transactions are recognized in the period in which the ancillary activity takes place.

Property Taxes

Property tax in California is levied in accordance with Article XIIA of the State Constitution at 1% of countywide assessed valuations. Property taxes collected by the levying agency are placed in a pool, and then allocated to the local governmental units. Property tax revenue is recognized in the fiscal year in which taxes are levied.

The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	November 1 and February 1
Delinquent date:	December 10 and April 10

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 2 – CASH AND INVESTMENTS

Cash and Investments at June 30, 2022 and 2021 are classified on the Statement of Financial Position as follows:

	2022		
	Water Fund	Road Fund	Total
Cash and cash equivalents:			
Unrestricted Cash	\$ 495,364	\$ 191,999	\$ 687,363
Funds in LAIF	475,371	435,817	911,188
Subtotal	<u>970,735</u>	<u>627,816</u>	<u>1,598,551</u>
Restricted Cash	159,520	-	159,520
Total Cash	<u>\$ 1,130,255</u>	<u>\$ 627,816</u>	<u>\$ 1,758,071</u>
	2021		
	Water Fund	Road Fund	Total
Cash and cash equivalents:			
Unrestricted Cash			
Funds in LAIF	\$ 229,519	\$ 172,137	\$ 401,656
Subtotal	<u>473,925</u>	<u>434,727</u>	<u>908,652</u>
	<u>703,444</u>	<u>606,863</u>	<u>1,310,307</u>
Restricted Cash			
Total Cash	<u>1,031,396</u>	<u>-</u>	<u>1,031,396</u>
	<u>\$ 1,734,840</u>	<u>\$ 606,863</u>	<u>\$ 2,341,704</u>

The District does not have any balances held in County Treasury accounts as of June 30, 2022 and 2021. The District’s deposits were over the FDIC insured deposit threshold of \$250,000 by \$596,882 and \$1,183,052 at June 30, 2022 and 2021, respectively.

Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund was created by statute and began in 1977. The Local Agency Investment Fund is a voluntary program for California local governments and special districts. The Fund is administered by the California State Treasurer and is enabled by Section 16429.1 et seq. of the California Government Code. All securities purchased within LAIF are purchased under the authority of Government Code Section 16430 and 16480.4. All investments are purchased at market value and a market valuation is conducted monthly. All District deposits with LAIF are available on demand.

NOTE 3 – RESTRICTED CASH

The District had cash pledged for the payment or security of a loan contract. At June 30, 2022 and 2021, restricted cash totaled \$159,520 and \$1,031,396, respectively. 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.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 3 – RESTRICTED CASH (CONTINUED)

Restricted cash balances were as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Gayle Loop Financing	\$ 115,475	\$ 67,813
Water Tank Financing	44,045	44,021
Water Tank Project	-	919,563
	<u>\$ 159,520</u>	<u>\$ 1,031,396</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Balance				Balance
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassification</u>	<u>June 30, 2022</u>
Capital assets, not depreciated					
Water equipment	\$ 1,294,638	\$ -	\$ (58,209)	\$ -	\$ 1,236,429
Water system	1,895,505	-	(284,024)	4,218,259	5,829,740
	<u>3,190,143</u>	<u>-</u>	<u>(342,233)</u>	<u>4,218,259</u>	<u>7,066,169</u>
Work in progress:					
Reservoir tank project	3,506,221	712,038	-	(4,218,259)	-
Total capital assets at cost	<u>6,696,364</u>	<u>712,038</u>	<u>(342,233)</u>	<u>-</u>	<u>7,066,169</u>
Accumulated depreciation	(1,868,588)	(40,285)	262,237	-	(1,646,636)
Total capital assets, net	<u>\$ 4,827,776</u>	<u>\$ 671,753</u>	<u>\$ (79,996)</u>	<u>\$ -</u>	<u>\$ 5,419,533</u>

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Balance				Balance
	June 30, 2020	Additions	Disposals	Reclassification	June 30, 2021
Capital assets, not depreciated					
Water equipment	\$ 1,294,638	\$ -	\$ -	\$ -	\$ 1,294,638
Water system	1,895,505	-	-	-	1,895,505
	<u>3,190,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,190,143</u>
Work in progress:					
Reservoir tank project	379,844	3,126,377	-	-	3,506,221
	<u>3,569,987</u>	<u>3,126,377</u>	<u>-</u>	<u>-</u>	<u>6,696,364</u>
Total capital assets at cost					
Accumulated depreciation	(1,825,237)	(43,351)	-	-	(1,868,588)
Total capital assets, net	<u>\$ 1,744,750</u>	<u>\$ 3,083,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,827,776</u>

Depreciation expense charged to the water functions for the years ending June 30, 2022 and 2021 was \$40,285 and \$43,351, respectively.

In 2020, the District began construction on two new water storage tanks to replace the existing in-ground reservoir. The District finished the water storage tank project in March of 2022, successfully placing both water storage tanks into service.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 5 – LONG-TERM LIABILITIES

All of the District’s long-term debt is related to the District’s business-type activities. The following is a summary of the changes in the non-current liabilities reported in the Statement of Net Position for the year ended June 30, 2022:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements/ Amortization</u>	<u>Balance</u> <u>June 30, 2022</u>
Series 2022 Water Revenue Bonds - Water Tank Project	\$ -	\$ 3,371,000	\$ -	\$ 3,371,000
Series 2020 Interim Financing - Water Tank Project	3,371,000	-	(3,371,000)	-
Series 2020 Water Revenue Refunding loan - Gayle Loop Refinance	<u>670,936</u>	<u>-</u>	<u>(26,651)</u>	<u>644,285</u>
Total notes payable	<u>\$ 4,041,936</u>	<u>\$ 3,371,000</u>	<u>\$(3,397,651)</u>	<u>\$ 4,015,285</u>
Current portion	<u>3,397,651</u>			<u>77,365</u>
Total non-current notes payable	<u>\$ 644,285</u>			<u>\$ 3,937,920</u>

The following is a summary of the changes in the non-current liabilities reported in the Statement of Net Position for the year ended June 30, 2021:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Retirements/ Amortization</u>	<u>Balance</u> <u>June 30, 2021</u>
Series 2020 Interim Financing - Water Tank Project	\$ 500,000	\$ 2,871,000	\$ -	\$ 3,371,000
Series 2020 Water Revenue Refunding loan - Gayle Loop Refinance	<u>684,000</u>	<u>-</u>	<u>(13,064)</u>	<u>\$ 670,936</u>
Total notes payable	<u>\$ 1,184,000</u>	<u>\$ 2,871,000</u>	<u>\$ (13,064)</u>	<u>\$ 4,041,936</u>
Current portion	<u>13,064</u>			<u>3,397,651</u>
Total non-current notes payable	<u>\$ 1,170,936</u>			<u>\$ 644,285</u>

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

The future annual maturities of long-term borrowing as of June 30, 2022 are as follows:

June 30,	Principal	Interest	Total
2023	\$ 77,365	\$ 101,232	\$ 178,597
2024	79,097	99,249	178,346
2025	81,850	97,222	179,072
2026	83,622	95,125	178,747
2027	85,415	92,981	178,396
2028-2032	461,738	430,845	892,583
2033-2037	525,007	368,551	893,558
2038-2042	527,189	298,687	825,876
2043-2047	430,000	240,750	670,750
2048-2052	487,000	184,225	671,225
2053-2057	552,000	120,200	672,200
2058-2062	625,000	47,625	672,625
	<hr/>	<hr/>	<hr/>
	\$ 4,015,283	\$ 2,176,692	\$ 6,191,975
	<hr/>	<hr/>	<hr/>

Gayle Loop Refinance

On May 1, 2020, the District entered into an installment obligation with a bank, known as the Series 2020 Water Revenue Refunding Loan Obligation (Gayle Loop Refunding Project). The \$684,000 in bond proceeds and \$175,727 in restricted cash was used to pay off a 2008 USDA loan, finance cost of bond issuance, and to establish a debt service reserve fund.

The \$684,000 revenue bonds bear interest at 2.66% and mature on August 1, 2040. Principal and interest payments are due on August 1 and February 1; annual debt service is \$44,322.

At June 30, 2022 and 2021, the District maintained a required debt reserve fund of \$44,000. The loan is collateralized by a pledge of Net Revenues.

Interim Water Tank Financing

On May 22, 2020, the District issued maximum principal amount \$3,371,000 Series 2020 Water Revenue Bond Anticipation Notes.

\$3,371,000 bond proceeds includes costs of issuance of \$35,043. Maturity date of the interim bond financing (with a bank) is February 1, 2023; interest rate is 2.34%. The final lender is expected to be USDA. At June 30, 2021, the District had taken the full \$3,371,000 in loan advances.

The loan is collateralized by a pledge of Net Revenues. This interim financing was fully repaid in June of 2022 with the USDA Water Tank Financing proceeds.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

Water Tank Financing

On June 30, 2022, the District issued maximum principal amount \$3,371,000 Series 2022 Water Revenue Bond Anticipation Notes.

\$3,371,000 bond proceeds includes costs of issuance of \$35,200. Maturity date of the bond financing is February 1, 2062; interest rate is 2.50%.

The loan is collateralized by a pledge of Net Revenues.

At June 30, 2022, the District maintained a required debt reserve fund of \$1,394. The debt reserve is required to increase by \$1,394 each month until a total of \$167,168 has been accumulated. The District must also maintain a short-lived asset reserve of \$14,825 over the life of the loan to maintain the equipment purchased by the loan. The loan is collateralized by a pledge of Net Revenues.

NOTE 6 – COVID-19 ARREARAGE PAYMENT GRANT

In March 2022, the District received a grant of \$21,194 from the federal government for the purpose of paying off overdue water bills from customers who were behind on water payments due to economic hardship caused by COVID-19. The grant was fully utilized against customer water bills by June 30, 2022.

NOTE 7 – COVID-19

In March 2020, the World Health Organization declared a global health pandemic of the Coronavirus Disease COVID- 19. The District remained committed to maintaining water delivery services to customers in its community. To date, the adverse effects on the District's financial position include the additional cost of using video conferencing for virtual meetings along with varied delays in accounts receivable from a small fraction of the community's water customers. The District has had reduced costs in printing, and accessibility for the community members to attend online meetings has improved for those with reliable internet access.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2022, the District reassessed the useful life of the Gayle Loop project that was completed in 2008. The original useful life assessed was 50 years, based on the information available at the time. The District now believes that the useful life of the project will be 100 years, based on a more advanced knowledge of the equipment installed. This change in estimate result in a prior period adjustment of \$119,690, which increased net assets by this amount as of June 30, 2021. Depreciation expenses was reduced by 10,880, increasing the change in fund balance by the same amount. Accumulated depreciation was decreased by \$130,570, which increased net fixed assets by the same amount. This adjustment was fully confined to the water treatment enterprise fund.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 9 – NET POSITION

Net position at June 30, 2022 and 2021 is as follows:

	2022		
	Water Fund	Road Fund	Total
Net investment in capital assets	\$ 1,404,249	\$ -	\$ 1,404,249
Restricted:			
Gayle Loop Financing	115,475	-	115,475
Water Tank Financing	44,045	-	44,045
Total restricted	159,520	-	159,520
Unrestricted:			
Designated by Board			
Minor CIP -- Tier 2	46,600	-	46,600
Major CIP -- Tier 3	65,000	-	65,000
	111,600	-	111,600
Undesignated/unassigned	792,342	628,550	1,420,892
Total Unrestricted	903,942	628,550	1,532,492
Total net position	\$ 2,467,711	\$ 628,550	\$ 3,096,261
	2021		
	Water Fund	Road Fund	Total
Net investment in capital assets	\$ 785,840	\$ -	\$ 785,840
Restricted:			
Gayle Loop Financing	67,813	-	67,813
Water Tank Financing	44,021	-	44,021
Water Tank Project	919,563	-	919,563
Total restricted	1,031,397	-	1,031,397
Unrestricted:			
Designated by Board			
Minor CIP -- Tier 2	46,600	-	46,600
Major CIP -- Tier 3	65,000	-	65,000
	111,600	-	111,600
Undesignated/unassigned	572,003	607,182	1,179,185
Total Unrestricted	683,603	607,182	1,290,785
Total net position	\$ 2,500,840	\$ 607,182	\$ 3,108,022

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2022

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through **December 12, 2022**, the date which the financial statements were available for issue, and has determined that there are no additional adjustments or additional disclosures required.

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REQUIRED SUPPLEMENTARY INFORMATION

5/24/2023 DRAFT 5/24/2023

Christian Valley Park Community Services District

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Program Name</u>	<u>Federal Catalog Number</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
Federal:				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Water Storage Tank Project	10.760	\$ 3,371,000	\$ -	\$ 848,449
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Arrearage Payment Program	66.203	21,194	-	21,194
Total Federal Awards		<u>\$ 3,392,194</u>	<u>\$ -</u>	<u>\$ 869,643</u>

5/24/2023 DRAFT 5/24/2023

See the Independent Auditor's Report and accompanying notes which are an integral part of the Supplemental Schedules.

Christian Valley Park Community Services District

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Program Name</u>	<u>Federal Catalog Number</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
Federal:				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Water Storage Tank Project	10.760	\$ 3,371,000	\$ -	\$ 2,467,556
Total Federal Awards		<u>\$ 3,371,000</u>	<u>\$ -</u>	<u>\$ 2,467,556</u>

5/24/2023 DRAFT 5/24/2023

See the Independent Auditor's Report and accompanying notes which are an integral part of the Supplemental Schedules.

**CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property tax income	\$ 62,000	\$ 62,000	\$ 70,301	\$ 8,301
Interest income	500	500	1,505	1,005
Total operating revenues	<u>62,500</u>	<u>62,500</u>	<u>71,806</u>	<u>9,306</u>
Expenditures:				
Road maintenance	<u>62,500</u>	<u>62,500</u>	<u>76,742</u>	<u>(14,242)</u>
Total expenditures	<u>62,500</u>	<u>62,500</u>	<u>76,742</u>	<u>(14,242)</u>
(Deficiency) of Revenues over Expenditures	-	-	(4,936)	(4,936)
Other Financing Sources:				
Transfers In	<u>-</u>	<u>-</u>	<u>26,304</u>	<u>26,304</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>26,304</u>	<u>26,304</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,368</u>	<u>\$ 21,368</u>

**CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property tax income	\$ 24,500	\$ 24,500	\$ 69,218	\$ 44,718
Interest income	500	500	2,315	1,815
Total operating revenues	<u>25,000</u>	<u>25,000</u>	<u>71,533</u>	<u>46,533</u>
Expenditures:				
Road maintenance	40,000	40,000	6,241	33,759
Administrative	5,000	5,000	-	5,000
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>6,241</u>	<u>33,759</u>
(Deficiency) of Revenues over Expenditures	(20,000)	(20,000)	65,292	85,292
Net Change in Fund Balance	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ 65,292</u>	<u>\$ 85,292</u>

5/24/2023 DRAFT 5/24/2023

OTHER SUPPLEMENTARY INFORMATION

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
ENTERPRISE FUND BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Water sales	\$ 178,432	\$ 178,432	\$ 220,514	\$ 42,082
New service and connection fees	464,007	464,007	483,890	19,883
Total Operating Revenues	<u>642,439</u>	<u>642,439</u>	<u>704,404</u>	<u>61,965</u>
Operating Expenses:				
Contracted treatment plant management	106,989	106,989	111,104	(4,115)
Water purchases and treatment chemicals	85,600	85,600	103,546	(17,946)
Repairs and maintenance	89,000	89,000	73,526	15,474
Payroll and related expenses	84,244	84,244	68,602	15,642
Legal and accounting expenses	33,000	33,000	56,646	(23,646)
Depreciation expense	56,000	56,000	40,285	15,715
Utility expenses	34,000	34,000	25,059	8,941
Consulting expenses	3,000	3,000	16,767	(13,767)
Office and billing expenses	24,000	24,000	15,766	8,234
Insurance expense	9,000	9,000	9,728	(728)
Other expenses	4,500	4,500	3,191	1,309
Automobile expenses	-	-	2,798	(2,798)
Total Operating Expenses	<u>529,333</u>	<u>529,333</u>	<u>527,018</u>	<u>2,315</u>
Non-Operating Revenues (Expense):				
Property taxes	44,728	44,728	47,105	2,377
Interest revenue	3,325	3,325	2,019	(1,306)
Grant income	-	-	21,194	21,194
Other revenues	-	-	656	656
Debt forgiveness expense	-	-	(21,194)	(21,194)
Interest expense	(17,671)	(17,671)	(118,879)	(101,208)
(Loss) on disposal of equipment	-	-	(79,995)	(79,995)
Transfers (out)	-	-	(26,304)	(26,304)
Total Non-Operating Revenues (Expense)	<u>30,382</u>	<u>30,382</u>	<u>(175,398)</u>	<u>(208,157)</u>
Net Change in Net Position	<u>\$ 143,488</u>	<u>\$ 143,488</u>	<u>\$ 1,988</u>	<u>\$ (141,500)</u>

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
ENTERPRISE FUND BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Water sales	\$ -		\$ 209,143	\$ 209,143
New service and connection fees	-		473,648	473,648
Other revenues	-	-	200	200
Total Operating Revenues	-	-	682,991	682,991
Operating Expenses:				
Contracted treatment plant management	-		104,379	(104,379)
Water purchases and treatment chemicals	-		97,497	(97,497)
Repairs and maintenance	-		95,997	(95,997)
Payroll and related expenses	-		63,308	(63,308)
Legal and accounting expenses	-		17,822	(17,822)
Depreciation expense	-		43,351	(43,351)
Utility expenses	-		30,218	(30,218)
Consulting expenses	-		2,441	(2,441)
Office and billing expenses	-		16,560	(16,560)
Insurance expense	-		7,599	(7,599)
Other expenses	-		8,157	(8,157)
Automobile expenses	-	-	1,447	(1,447)
Total Operating Expenses	-	-	488,776	(488,776)
Non-Operating Revenues (Expense):				
Property taxes	-		44,728	44,728
Interest revenue	-		3,050	3,050
Interest expense	-		(27,229)	(27,229)
Total Non-Operating Revenues (Expense)	-	-	20,549	(24,179)
Net Change in Net Position	\$ -	\$ -	\$ 214,764	\$ 214,764

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

5/24/2023 DRAFT 5/24/2023

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*

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, the financial statements of the business-type activities and fiduciary funds of Christian Valley Park Community Services District, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Christian Valley Park Community Services District basic financial statements, and have issued our report thereon dated **December 20, 2022**.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Christian Valley Park Community Services District’s internal control over financial reporting (internal control) as a basis for designing 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 Christian Valley Park Community Services District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Christian Valley Park Community Services 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. 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 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.

Fechter & Company,
Certified Public Accountants

Sacramento, California
December 20, 2022

5/24/2023 DRAFT 5/24/2023

OTHER REPORTING

5/24/2023 DRAFT 5/24/2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Christian Valley Park Community Services District’s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the major federal program for the year ended June 30, 2022. Christian Valley Park Community Services District major federal programs is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Christian Valley Park Community Services District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2022 and 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Christian Valley Park Community Services District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Christian Valley Park Community Services District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Christian Valley Park Community Services District’s federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Christian Valley Park Community Services District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Christian Valley Park Community Services District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Christian Valley Park Community Services District compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Christian Valley Park Community Services District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Christian Valley Park Community Services District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-01. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Christian Valley Park Community Services District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Christian Valley Park Community Services District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fechter & Company
Certified Public Accountants

Sacramento, California
December 20, 2022

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2022 and 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting:
 Material weaknesses identified? _____ Yes _____ X Control

Deficiencies identified that are not
 considered to be material weaknesses? _____ Yes _____ X None reported

Noncompliance material to financial
 statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? _____ Yes _____ X No

Control deficiencies identified that
 are not considered to be material weaknesses? _____ Yes _____ X None reported

Type of auditor’s report issued on
 compliance for major programs: Unmodified

Any audit findings disclosed that are required to
 be reported in accordance with Uniform Grant
 Guidance, at CFR Part 200.151 (d)(1)(vi)? _____ X Yes _____ No

The following programs were tested as major federal award programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.760	Water Storage Tank Project, USDA
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ Yes _____ <u>X</u> No

Section II – Financial Statement Findings

No matters were reported.

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2022 and 2021

Section III – Federal Award Findings and Questioned Costs

2022-01 – The District failed to accurately report program costs.

1. **Program Information:** Water Storage Tank Project, CFDA Number 10.760.
2. **Condition:** During a review of progress reports submitted to USDA and actual costs incurred as recorded in the accounting records, it was noted that the sum total of progress report interest costs did not match to the sum total of interest costs recorded in the accounting records.
3. **Criteria:** 2 CFR Section 200.329 requires that entities receiving federal funds “relate financial data and accomplishments to performance goals and objectives of the Federal award. Also, in accordance with above mentioned common information collections, and when required by the terms and conditions of the Federal award, recipients must provide cost information to demonstrate cost effective practices (e.g., through unit cost data).”
4. **Cause of Condition:** A separation between accounting and reporting allowed reports to be submitted for costs that were not actually incurred.
5. **Effect of Condition:** The District reported \$60,038 more interest than what was actually incurred during the year ended June 30, 2022.
6. **Recommendation:** All reports submitted in relation to federal programs should be reconciled to the accounting records before submission to the applicable federal entity.
7. **Client response:**