

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

and

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2021

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT

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June 30, 2021

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Certified Public Accountant
Personal Financial Specialist
Certified Management Accountant

Independent Auditor's Report

Board of Directors
Anderson Valley Community Services District
Boonville, CA

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Anderson Valley Community Services District as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is supplementary information 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. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Rick Bowers, CPA
Ukiah, CA
September 30, 2022

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 679,466	\$ 254,137	\$ 933,603
Accounts Receivable		30,003	30,003
Taxes Receivable	31,015		31,015
Prepaid Expenses	3,596	712	4,308
Total Current Assets	<u>714,077</u>	<u>284,852</u>	<u>998,929</u>
Restricted Cash	<u>1,127</u>		<u>1,127</u>
Capital Assets			
Land	225,000	22,226	247,226
Construction in Progress (CIP)		920,973	920,973
Buildings and Improvements	522,705	1,966,635	2,489,340
Vehicles and Equipment	2,253,339		2,253,339
Total	<u>2,776,044</u>	<u>1,966,635</u>	<u>4,742,679</u>
Less: Accumulated Depreciation	<u>(1,261,026)</u>	<u>(1,010,343)</u>	<u>(2,271,369)</u>
Total	<u>1,515,018</u>	<u>956,292</u>	<u>2,471,310</u>
Total Net Capital Assets	<u>1,740,018</u>	<u>1,899,491</u>	<u>3,639,509</u>
TOTAL ASSETS	<u>2,455,222</u>	<u>2,184,343</u>	<u>4,639,565</u>
<u>LIABILITIES</u>			
Current Liabilities			
Unearned Revenue		12,170	12,170
Accounts Payable	23,733		23,733
Accrued Vacation	4,889		4,889
Total Current Liabilities	<u>28,622</u>	<u>12,170</u>	<u>40,792</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,740,018	1,899,491	3,639,509
Restricted	1,127		1,127
Unrestricted	<u>685,455</u>	<u>272,682</u>	<u>958,137</u>
TOTAL NET POSITION	<u>\$2,426,600</u>	<u>\$2,172,173</u>	<u>\$ 4,598,773</u>

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

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Fire Service Tax	Charges for Services	Grants and Contributions	
Governmental Activities					
Fire Department	\$ 728,959	\$ 155,014	\$ 558,977	\$ 37,189	\$ 22,221
Community Services	89,750		3,500		(86,250)
Recreation/Teen Center	1,561				(1,561)
Depreciation	137,491				(137,491)
Total Governmental Activities	957,761	155,014	562,477	37,189	(203,081)
Business-Type Activities					
EMS / Ambulance	188,954		152,298	93,939	57,283
Airport	90,403		2,234	10,000	(78,169)
Water and Sewer	5,240			150,250	145,010
Total Business-Type Activities	284,597	0	154,532	254,189	124,124
Total	\$ 1,242,358	\$ 155,014	\$ 717,009	\$ 291,378	\$ (78,957)

	Governmental Activities	Business-Type Activities	Total
Changes in Net Position			
Net (Expense) Revenue	\$ (203,081)	\$ 124,124	\$ (78,957)
General Revenues			
Property Taxes	285,951		285,951
Special Assessments	16,903		16,903
Investment Earnings	3,388	1,501	4,889
Other Income	12,084	4,414	16,498
Total General Revenues	318,326	5,915	324,241
Change in Net Position	115,245	130,039	245,284
Interfund Transfers	15,969	(15,969)	
Net Position - Beginning	2,295,386	2,058,103	4,353,489
Net Position - Ending	\$ 2,426,600	\$ 2,172,173	\$ 4,598,773

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

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2021

	<u>Fire Department</u>	<u>Community Services</u>	<u>Recreation/ Teen Center</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 566,065	\$ 79,456	\$ 33,945	\$ 679,466
Taxes Receivable	31,015			31,015
Prepaid Expenses	3,596			3,596
Restricted Cash		1,127		1,127
TOTAL ASSETS	<u>\$ 600,676</u>	<u>\$ 80,583</u>	<u>\$ 33,945</u>	<u>\$ 715,204</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts Payable	\$ 23,733	\$ -	\$ -	\$ 23,733
Accrued Vacation	4,889			4,889
TOTAL LIABILITIES	<u>28,622</u>	<u>0</u>	<u>0</u>	<u>28,622</u>
FUND BALANCE				
Restricted For:				
Community Rewards and Trust Fund		1,127		1,127
Nonspendable	3,596			3,596
Assigned	426,266	66,946	22,521	515,733
Unassigned	142,192	12,510	11,424	166,126
TOTAL FUND BALANCE	<u>572,054</u>	<u>80,583</u>	<u>33,945</u>	<u>686,582</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 600,676</u>	<u>\$ 80,583</u>	<u>\$ 33,945</u>	<u>\$ 715,204</u>

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

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2021

	Fire Department	Community Services	Recreation/ Teen Center	Total Governmental Funds
Revenues				
Fire Service Tax	\$155,014	\$ -	\$ -	\$ 155,014
Property Tax	200,822	80,129	5,000	285,951
Special Assessments	16,903			16,903
Donations	11,599			11,599
Grant Income	25,590			25,590
Charges for Services	558,977			558,977
Fund Administrative Fees		3,500		3,500
Other Income	12,084			12,084
Interest	2,691	511	186	3,388
Total Revenues	<u>983,680</u>	<u>84,140</u>	<u>5,186</u>	<u>1,073,006</u>
Expenditures				
Salaries and Wages	416,849	48,178		465,027
Payroll Taxes and Benefits	63,456	9,645		73,101
Administrative Fees	743	5,548		6,291
Audit Fees		6,750		6,750
Cleaning Service	2,900			2,900
Clothing and Personal	13,030			13,030
Communications	54,345			54,345
Household Expense	276			276
Insurance	21,619	1,500		23,119
Insurance - Workmen's Comp	17,269			17,269
LAFCO Fee		1,478		1,478
Lighting District		3,552		3,552
Medical Exams	2,849			2,849
Memberships and Subscriptions	489	1,953		2,442
Miscellaneous Expense	3,143			3,143
Office Expense	11,025	5,473		16,498
Professional Services	14,515	2,334	813	17,662
Program Expenses			43	43
Repairs and Maintenance	38,323	2,500	705	41,528
Supplies	32,256			32,256
Telephone and Cellular	3,402			3,402
Training	6,104	705		6,809
Transportation and Travel	21,245	134		21,379
Utilities	5,121			5,121
Fixed Assets	126,060			126,060
Total Expenditures	<u>855,019</u>	<u>89,750</u>	<u>1,561</u>	<u>946,330</u>
Excess of Revenues Over (Under) Expenditures	128,661	(5,610)	3,625	126,676
Interfund Transfers	18,289	(2,320)		15,969
Fund Balance - Beginning	<u>425,104</u>	<u>88,513</u>	<u>30,320</u>	<u>543,937</u>
Fund Balance - Ending	<u>\$572,054</u>	<u>\$ 80,583</u>	<u>\$ 33,945</u>	<u>\$ 686,582</u>

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

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2021

	<u>EMS / Ambulance</u>	<u>Airport</u>	<u>Water & Sewer</u>	<u>Total Proprietary Funds</u>
<u>ASSETS</u>				
Current Assets				
Cash and Cash Equivalents	\$ 193,569	\$ 60,568	\$ -	\$ 254,137
Accounts Receivable	30,003			30,003
Prepaid Expenses		712		712
Total Current Assets	<u>223,572</u>	<u>61,280</u>	<u>0</u>	<u>284,852</u>
Capital Assets				
Land		22,226		22,226
CIP - Engineering Fees			920,973	920,973
Buildings and Improvements		1,966,635		1,966,635
Less: Accumulated Depreciation		(1,010,343)		(1,010,343)
Total	<u>0</u>	<u>956,292</u>	<u>0</u>	<u>956,292</u>
Total Net Capital Assets	<u>0</u>	<u>978,518</u>	<u>920,973</u>	<u>1,899,491</u>
TOTAL ASSETS	<u>223,572</u>	<u>1,039,798</u>	<u>920,973</u>	<u>2,184,343</u>
<u>LIABILITIES</u>				
Current Liabilities				
Unearned Revenue	<u>12,170</u>			<u>12,170</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	0	978,518	920,973	1,899,491
Unrestricted	<u>211,402</u>	<u>61,280</u>	<u>0</u>	<u>272,682</u>
TOTAL NET POSITION	<u>\$ 211,402</u>	<u>\$ 1,039,798</u>	<u>\$ 920,973</u>	<u>\$ 2,172,173</u>

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

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
For The Year Ended June 30, 2021

	EMS / Ambulance	Airport	Water & Sewer	Total Proprietary Funds
<u>Operating Revenues</u>				
State CAAP Grant	\$ -	\$ 10,000	\$ -	\$ 10,000
ALS Grant	66,000			66,000
Grant Income	17,444			17,444
Charges for Services	112,451	2,234		114,685
Membership Income	39,847			39,847
Donations	10,495			10,495
Sales and Other Income		4,414		4,414
Total Operating Revenues	246,237	16,648	0	262,885
<u>Operating Expenses</u>				
Payroll and Benefits	116,308		2,171	118,479
Accounting and Billing	5,370			5,370
Education and Training	2,326			2,326
Fuel Expense	3,852			3,852
Fund Administrative Fees	3,000	500		3,500
GEMT-QA Fee	2,358			2,358
Household Expenses	769			769
Insurance	16,245	3,165		19,410
Maintenance and Repairs	11,529	4,167		15,696
Medical Exams and Certifications	4,646			4,646
Medical Supplies	13,538			13,538
Office Expenses	1,767	164	388	2,319
Professional Fees			2,681	2,681
Rents and Leases	6,000			6,000
Telephone and Cellular	1,246			1,246
Depreciation		82,407		82,407
Total Operating Expenses	188,954	90,403	5,240	284,597
Operating Income (Loss)	57,283	(73,755)	(5,240)	(21,712)
<u>Nonoperating Revenues</u>				
Capital Grants			150,250	150,250
Interest Income	1,127	374		1,501
Change in Net Position	58,410	(73,381)	145,010	130,039
Interfund Transfers	(18,289)		2,320	(15,969)
Net Position - Beginning	171,281	1,113,179	773,643	2,058,103
Net Position - Ending	\$ 211,402	\$ 1,039,798	\$ 920,973	\$ 2,172,173

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

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended June 30, 2021

<u>Operating Activities</u>	<u>EMS / Ambulance</u>	<u>Airport</u>	<u>Water & Sewer</u>	<u>Total</u>
Cash Received from Operating Grants	\$ 103,444	\$ 10,000	\$ -	\$ 113,444
Cash Received for Services and Misc.	104,680	6,648		111,328
Cash Payments for Goods and Services	(72,646)	(7,996)	(3,069)	(83,711)
Cash Payments to / for Employees	(116,308)		(2,171)	(118,479)
Net Cash Provided (Used) by Operating Activities	<u>19,170</u>	<u>8,652</u>	<u>(5,240)</u>	<u>22,582</u>
<u>Capital and Related Financing Activities</u>				
Capital Grants Received			153,652	153,652
Capital Expenditures			(150,732)	(150,732)
Interfund Transfer	(18,289)		2,320	(15,969)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(18,289)</u>	<u>0</u>	<u>5,240</u>	<u>(13,049)</u>
Investment Income Received	1,127	374		1,501
Net Increase (Decrease) in Cash	2,008	9,026	0	11,034
Cash - Beginning of Year	<u>191,561</u>	<u>51,542</u>	<u>0</u>	<u>243,103</u>
Cash - End of Year	<u>\$ 193,569</u>	<u>\$ 60,568</u>	<u>\$ -</u>	<u>\$ 254,137</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</u>				
Operating Income (Loss)	\$ 57,283	\$ (69,659)	\$ (5,240)	\$ (17,616)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation		78,311		78,311
(Increase) Decrease in Grants Receivable	20,000			20,000
(Increase) Decrease in Accounts Receivable	(30,451)			(30,451)
(Increase) Decrease in Prepaid Expenses				0
Increase (Decrease) in Accounts Payable				0
Increase (Decrease) in Unearned Revenue	(27,662)			(27,662)
Net Cash Provided (Used) by Operating Activities	<u>\$ 19,170</u>	<u>\$ 8,652</u>	<u>\$ (5,240)</u>	<u>\$ 22,582</u>

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

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Anderson Valley Community Services District (the District) was formed by the Mendocino County Board of Supervisors, Resolution 70-100, on April 21, 1970, pursuant to a special election on March 10, 1970, authorizing formation of the District. Services provided by the District include fire protection, recreation, street lighting, and the operation of the Boonville airport. The District also provides ambulance – EMS services, and is working with grants to provide water and sewer services in the near future. The District provides services in and around the Highway 128 corridor between the towns of Yorkville and Navarro.

a. Reporting Entity

The reporting entity consists of the District as the primary government. Criteria used in determining the scope of the reporting entity includes financial interdependency, selection of governing authority, designation of management, legal separation, and accountability for fiscal matters. The District is governed by an elected five-member Board of Directors which maintains the District's highest level of decision-making authority.

b. Government-Wide Financial Statements

The government-wide financial statements (the statement of net position and statement of activities) report information about the District as a whole and include all funds of the District. These statements distinguish between governmental activities, which normally are financed by taxes and other non-exchange revenues; and business-type activities, which are financed in whole or in part by fees charged to external parties for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) charges for services rendered, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District are prepared in conformity with accounting principles generally accepted in the United States of America, as defined by the Government Accounting Standards Board (GASB), the independent and ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The District's reporting entity applies all relevant GASB pronouncements.

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

JUNE 30, 2021

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are provided for governmental and proprietary funds.

Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Grants, taxes, and accounts receivable associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available when the District receives the cash.

Proprietary Fund

Enterprise funds (proprietary fund type) financial statements are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds enable the District to determine the extent to which user charges are covering costs of providing the services.

d. Budgetary Accounting

An annual budget is adopted by the District on a non-GAAP basis for all governmental funds. The budget is used for operating management and internal accounting control, and may be revised during the year for unanticipated revenues or expenditures.

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

JUNE 30, 2021

e. Cash

Cash consists of amounts on deposit with financial institutions, and with the county treasury. Cash and cash equivalents are considered to be cash-on-hand, highly liquid demand deposits, and short-term investments with maturities of three months or less.

f. Prepaid Expenses

Prepaid expenses reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

g. Receivables and Revenues

Management considers all receivables to be fully collectible, and no allowance for doubtful accounts has been recorded. If receivables do become uncollectible they are charged against operations when the amounts become determinable.

The District, by special election, is authorized to impose a special tax for fire protection and prevention. The tax is based on the type of use of the property, and is levied annually, collected by the county, and recognized as revenue by the District upon receipt or accrual.

General property tax revenue represents the portion of ad valorem taxes received as determined by their allocation factor. The tax revenue is available for general district use. Tax allocation factors represent each agency's pro rata share of the total ad valorem taxes collected countywide. This allocation is calculated by the county under provisions of Proposition 13, as revised by Assembly Bill 8, by adjustment of "base year" total taxes received, and is modified annually by an adjustment for:

- Increases and decreases in "full cash value" of property within the District's boundaries,
- Increases and decreases resulting from boundary annexations,
- State mandated property tax shifts to fund education.

The County of Mendocino collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to adjustments for voter-approved debt. Property taxes are levied March 1, are due on November 1 and March 1, and become delinquent on December 10 and April 10. The District receives special taxes pursuant to an arrangement with the County known as the "Teeter Plan", whereby the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the District. The District recognizes property tax revenues to the extent of each year's tax allocation received or to be received within 60 days after the end of each fiscal year.

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

JUNE 30, 2021

h. Capital Assets

Capital assets are stated at historical cost and reported in the government-wide financial statements. In the governmental fund financial statements, capital assets purchased or donated to the District during the fiscal year are reported as expenditures. In proprietary funds they are capitalized and depreciated.

Donated assets are recorded at fair value on the date donated. Major improvements and additions are charged to the related capital asset accounts. Improvements and additions which do not significantly improve or extend the life of the asset are charged against earnings in the period incurred.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 30
Land Improvements	10 - 15
Fire Engines	7 - 20
Vehicles	7 - 10
Equipment	5 - 15

i. Net Position and Fund Balance

The differences between fund assets and liabilities is called "net position" in the government-wide and proprietary fund financial statements, and "fund balance" in the governmental fund financial statements.

Government-wide and proprietary fund financial statements have the following categories of net position:

- **Net investment in capital assets**, represents capital assets net of accumulated depreciation, reduced by the outstanding principal balances of debt attributable to the acquisition construction, or improvement of those assets.
- **Restricted net position**, includes amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contracts, or through enabling legislation.

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

JUNE 30, 2021

- **Unrestricted net position**, represents resources available for transactions relating to the general operations of the District which is neither net investment in capital assets or restricted.

In accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental fund financial statements have the following categories of fund balance:

- **Restricted fund balance** includes amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contract, or through enabling legislation.
- **Nonspendable fund balance** includes amounts that cannot be spent, either because they are in a nonspendable form, or because they are legally or contractually required to be maintained.
- **Assigned fund balance** includes amounts that are intended to be spent for specific purposes but do not meet the criteria to be classified as restricted. Intent can be expressed by the District's governing body or by an official or body to which the governing body delegates authority.
- **Unassigned fund balance** represents the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by assigned and unassigned resources as they are needed.

j. Compensated Absences

Vested vacation is recorded as an expense and liability as the benefits accrue. No liability is recorded for nonvesting accumulating rights to receive sick pay or compensated time off.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

JUNE 30, 2021

NOTE 2. CASH

Cash consists of amounts on deposit in financial institutions and with the county treasurer. Individual accounts with financial institutions that have balances of less than \$250,000 are fully insured by the Federal Deposit Insurance Corporation (FDIC). Any remaining amounts are collateralized, as required by the California Government Code, by the pledging institution with assets held in a common pool for the District and other governmental agencies.

Amounts on deposit with the county treasurer are pooled money investment accounts and are accessible by warrants issued by the county. The funds deposited are invested in accordance with Sections 53601 and 53635 of the California Government Code which specify the authorized investments which an investment pool can purchase.

Cash consists of the following at June 30, 2021:

Deposits in Financial Institutions	\$ 251,373
Cash in County Treasury	681,837
Petty Cash	393
Total	<u>\$ 933,603</u>
Restricted Cash	<u>\$ 1,127</u>

NOTE 3. CAPITAL ASSETS

Following is a summary of changes in capital assets for the year ended June 30, 2021:

Capital Assets:	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 247,226	\$ -	\$ -	\$ 247,226
Construction in Progress	893,131	150,732	122,890	920,973
Buildings and Improvements	2,357,343	131,997		2,489,340
Vehicles and Equipment	<u>2,136,386</u>	<u>116,953</u>		<u>2,253,339</u>
Total	4,493,729	248,950		4,742,679
Less Accumulated Depreciation	<u>(2,051,471)</u>	<u>(215,802)</u>		<u>(2,271,369)</u>
Total	<u>2,442,258</u>			<u>2,471,310</u>
Total Net Capital Assets	<u>\$ 3,582,615</u>			<u>\$ 3,639,509</u>

Construction in Progress consists of engineering fees for the water / sewer projects of \$920,973. Total engineering fees for a new airport layout plan of \$122,890 have been capitalized.

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

JUNE 30, 2021

NOTE 4. HEALTHCARE REIMBURSEMENT PLAN

The District has a Healthcare Reimbursement Plan (the Plan) that allows eligible employees to obtain reimbursement of specified medical care expenses on a nontaxable basis. The Plan has been established under Section 105 of the Internal Revenue Code. The Plan provides reimbursements up to an annual maximum dollar amount for the coverage period, which is the Plan year. Total expenses under this plan were \$28,157.

NOTE 5. RETIREMENT PLAN

The District has established a SIMPLE (Savings Incentive Match Plan for Employees) IRA retirement plan for eligible employees. A SIMPLE IRA is a written salary reduction agreement that lets eligible employees elect to have the employer make payments as elective contributions to a SIMPLE IRA of the employee. The employer is required to make contributions to its employees' SIMPLE IRAs either matching contributions of up to three percent of compensation or as nonelective contributions. The employee's right to matching contributions are fully vested at all times. An employee must be eligible to participate in any calendar year if he or she received at least \$5,000 of compensation from the employer during any of the two preceding calendar years, and is reasonably expected to receive \$5,000 in compensation during the current calendar year.

Total employer contributions to the SIMPLE IRA for the fiscal year ended June 30, 2021 were \$15,423.

NOTE 6. WATER / SEWER PROJECT

The California State Water Board has agreed to provide Planning Funds as grants in the amount of up to five hundred thousand dollars each towards the AVCSO Water System and Clean Wastewater Projects. Total grant funds \$1,000,000. Project Evaluation and Pre-design Engineering shall include: Identify and describe proposed service area alternatives (maximum of three); describe existing private water facilities in area and current water quality problems the projects are intended to resolve; determine water demands for the various user types and project water supply and storage requirements; analyze available water supply options and anticipated treatment requirements and recommend the best option; analyze two distribution system alternatives ("domestic and fire" services with deferred fire storage and hydrants, and complete "domestic and fire" service; identify potential storage sites and storage volumes to be located at each site for the various distribution system alternatives; prepare schematic design exhibits for use in the CEQA documentation process; and prepare summary memo of findings and submit to the CSD, Division of Drinking Water (DDW) and Division of Financial Assistance (DFA) at the State Water Resources Control Board.

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)**

JUNE 30, 2021

The Projects additionally includes: Hydrogeological Investigation; CEQA/NEPA Exemptions; Right-of-Way Negotiations & Right-of-Way Options; Well Testing – Existing Wells; Engineering Reports and Conceptual Design; Water Rate Study; Plans and Specifications; and CEQA/NEPA Contingencies.

Funding has been provided in full or in part through an agreement with the State Water Resources Control Board using funds from Proposition 1. California's Drinking Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.

The above agreements reflect Planning funding only. If AVCS D desires construction funding they must complete the planning process, apply for construction funding, and execute a construction funding agreement. Costs associated with the construction phase of the possible eventual construction projects are not eligible for reimbursement under this Agreement.

NOTE 7. SUBSEQUENT EVENTS

In preparing these financial statements, the District's management has evaluated subsequent events for potential recognition or disclosure through September 30, 2022, the date the financial statements were available to be issued. **COVID-19:** In March 2020, the World Health Organization declared the outbreak of the novel coronavirus, COVID-19, a pandemic. The District does not anticipate a material affect on the financial statements from the restrictions imposed by the pandemic. No additional subsequent events have occurred since June 30, 2021 that would require recognition or disclosure in the financial statements.

ANDERSON VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
BUDGET TO ACTUAL
For The Year Ended June 30, 2021

<u>Revenues</u>	Original / Final Budget	Fire Department	Community Services	Recreation / Teen Center	Variance
Fire Service Tax	\$ 156,000	\$ 155,014	\$ -	\$ -	\$ (986)
Property Tax	290,378	200,822	80,129	5,000	(4,427)
Special Assessments	16,900	16,903			3
Donations	11,600	11,599			(1)
Grants	18,590	25,590			7,000
Charges for Services	519,126	558,977			39,851
Fund Admin Fees	3,500		3,500		0
Other Income	6,301	12,084			5,783
Interest	3,900	2,691	511	186	(512)
Total Revenues	<u>1,026,295</u>	<u>983,680</u>	<u>84,140</u>	<u>5,186</u>	<u>46,711</u>
<u>Expenditures</u>					
Transfer (From) To Reserves	34,342				34,342
Contingency	10,000				10,000
Salaries and Wages	469,081	416,849	48,178		4,054
Payroll Taxes and Benefits	73,052	63,456	9,645		(49)
Administrative Fees	6,700	743	5,548		409
Audit Fees	6,640		6,750		(110)
Cleaning Service	3,500	2,900			600
Clothing and Personal	15,700	13,030			2,670
Communications	55,200	54,345			855
Household Expense	500	276			224
Insurance	23,000	21,619	1,500		(119)
Insurance - Workmen's Comp	22,903	17,269			5,634
LAFCO Fees	1,500		1,478		22
Lighting District	3,550		3,552		(2)
Medical Exams	2,000	2,849			(849)
Memberships	4,550	489	1,953		2,108
Miscellaneous Expense	2,150	3,143			(993)
Office Expense	12,835	11,025	5,473		(3,663)
Professional Fees	17,360	14,515	2,334	813	(302)
Program Expenses	1,650			43	1,607
Repairs and Maintenance	52,430	38,323	2,500	705	10,902
Supplies	33,600	32,256			1,344
Telephone and Cellular	3,700	3,402			298
Training	9,520	6,104	705		2,711
Transportation and Travel	20,700	21,245	134		(679)
Utilities	5,500	5,121			379
Fixed Assets	134,632	126,060			8,572
Total Expenditures	<u>1,026,295</u>	<u>855,019</u>	<u>89,750</u>	<u>1,561</u>	<u>79,965</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 128,661</u>	<u>\$ (5,610)</u>	<u>\$ 3,625</u>	<u>\$ 126,676</u>

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