

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS**

**and**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2020**

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT**

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June 30, 2020

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Personal Financial Specialist  
Certified Management Accountant

### **Independent Auditor's Report**

Board of Directors  
Anderson Valley Community Services District  
Boonville, CA

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

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, 2020, 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, 2020, 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 10, 2021

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 526,023	\$ 243,103	\$ 769,126
Grants Receivable		23,402	23,402
Accounts Receivable	20	(448)	(428)
Taxes Receivable	30,584		30,584
Prepaid Expenses	3,596	712	4,308
<b>Total Current Assets</b>	<u>560,223</u>	<u>266,769</u>	<u>826,992</u>
Restricted Cash	<u>1,126</u>		<u>1,126</u>
<b>Capital Assets</b>			
Land	225,000	22,226	247,226
Construction in Progress (CIP)		893,131	893,131
Buildings and Improvements	513,598	1,843,745	2,357,343
Vehicles and Equipment	2,136,386		2,136,386
Total	<u>2,649,984</u>	<u>1,843,745</u>	<u>4,493,729</u>
Less: Accumulated Depreciation	<u>(1,123,535)</u>	<u>(927,936)</u>	<u>(2,051,471)</u>
Total	<u>1,526,449</u>	<u>915,809</u>	<u>2,442,258</u>
<b>Total Net Capital Assets</b>	<u>1,751,449</u>	<u>1,831,166</u>	<u>3,582,615</u>
<b>TOTAL ASSETS</b>	<u>2,312,798</u>	<u>2,097,935</u>	<u>4,410,733</u>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Unearned Revenue		39,832	39,832
Accounts Payable	12,523		12,523
Accrued Vacation	4,889		4,889
<b>Total Current Liabilities</b>	<u>17,412</u>	<u>39,832</u>	<u>57,244</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	1,751,449	1,831,166	3,582,615
Restricted	1,126		1,126
Unrestricted	<u>542,811</u>	<u>226,937</u>	<u>769,748</u>
<b>TOTAL NET POSITION</b>	<u>\$2,295,386</u>	<u>\$2,058,103</u>	<u>\$4,353,489</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, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Fire Service Tax	Charges for Services	Grants and Contributions	
<b>Governmental Activities</b>					
Fire Department	\$ 403,344	\$ 147,592	\$ 92,949	\$ 230,796	\$ 67,993
Community Services	80,046		2,710		(77,336)
Recreation/Teen Center	2,657				(2,657)
Depreciation	128,833				(128,833)
<b>Total Governmental Activities</b>	<b>614,880</b>	<b>147,592</b>	<b>95,659</b>	<b>230,796</b>	<b>(140,833)</b>
<b>Business-Type Activities</b>					
EMS / Ambulance	191,952		132,728	175,455	116,231
Airport	90,116		2,293	22,409	(65,414)
Water and Sewer	7,312			237,639	230,327
<b>Total Business-Type Activities</b>	<b>289,380</b>	<b>0</b>	<b>135,021</b>	<b>435,503</b>	<b>281,144</b>
<b>Total</b>	<b>\$ 904,260</b>	<b>\$ 147,592</b>	<b>\$ 230,680</b>	<b>\$ 666,299</b>	<b>\$ 140,311</b>
		<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>Changes in Net Position</b>					
Net (Expense) Revenue		\$ (140,833)	\$ 281,144	\$ 140,311	
<b>General Revenues</b>					
Property Taxes		279,903			279,903
Special Assessments		17,382			17,382
Investment Earnings		5,654	1,954		7,608
Other Income		1	2,694		2,695
<b>Total General Revenues</b>		<b>302,940</b>	<b>4,648</b>		<b>307,588</b>
<b>Change in Net Position</b>		<b>162,107</b>	<b>285,792</b>		<b>447,899</b>
Interfund Transfers		83,910	(83,910)		
<b>Net Position - Beginning</b>		<b>2,049,369</b>	<b>1,856,221</b>		<b>3,905,590</b>
<b>Net Position - Ending</b>		<b>\$ 2,295,386</b>	<b>\$ 2,058,103</b>		<b>\$ 4,353,489</b>

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

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2020

	<u>Fire Department</u>	<u>Community Services</u>	<u>Recreation/ Teen Center</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash	\$ 408,316	\$ 87,387	\$ 30,320	\$ 526,023
Taxes Receivable	30,584			30,584
Accounts Receivable	20			20
Prepaid Expenses	3,596			3,596
Restricted Cash		1,126		1,126
<b>TOTAL ASSETS</b>	<b><u>\$ 442,516</u></b>	<b><u>\$ 88,513</u></b>	<b><u>\$ 30,320</u></b>	<b><u>\$ 561,349</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 12,523	\$ -	\$ -	\$ 12,523
Accrued Vacation	4,889			4,889
<b>TOTAL LIABILITIES</b>	<b><u>17,412</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>17,412</u></b>
<b>FUND BALANCE</b>				
Restricted For:				
Community Rewards and Trust Fund		1,126		1,126
Nonspendable	3,596			3,596
Assigned	378,592	78,453	26,140	483,185
Unassigned	42,916	8,934	4,180	56,030
<b>TOTAL FUND BALANCE</b>	<b><u>425,104</u></b>	<b><u>88,513</u></b>	<b><u>30,320</u></b>	<b><u>543,937</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 442,516</u></b>	<b><u>\$ 88,513</u></b>	<b><u>\$ 30,320</u></b>	<b><u>\$ 561,349</u></b>

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, 2020

	Fire Department	Community Services	Recreation/ Teen Center	Total Governmental Funds
<b>Revenues</b>				
Fire Service Tax	\$147,592	\$ -	\$ -	\$ 147,592
Property Tax	203,401	76,502		279,903
Special Assessments	17,382			17,382
Donations	180,468			180,468
Grant Income	20,000			20,000
Charges for Services	92,949			92,949
Fundraising - Net			1,018	1,018
Fund Administrative Fees		2,710		2,710
Other Income		1		1
Interest	3,981	1,187	486	5,654
<b>Total Revenues</b>	<b>665,773</b>	<b>80,400</b>	<b>1,504</b>	<b>747,677</b>
<b>Expenditures</b>				
Salaries and Wages	163,944	47,434		211,378
Payroll Taxes and Benefits	36,097	8,810		44,907
Administrative Fees	2,952	3,567		6,519
Audit Fees		6,300		6,300
Cleaning Service	3,000			3,000
Clothing and Personal	12,226			12,226
Communications	30,059			30,059
Household Expense	3,860			3,860
Insurance	14,072			14,072
Insurance - Workmen's Comp	14,174			14,174
LAFCO Fee		940		940
Lighting District		3,229		3,229
Medical Exams	1,715			1,715
Memberships and Subscriptions	1,912	1,955		3,867
Office Expense	5,407	3,177		8,584
Professional Services	756	4,132		4,888
Program Expenses			1,184	1,184
Repairs and Maintenance	36,326		1,473	37,799
Supplies	18,064			18,064
Telephone and Cellular	3,327	357		3,684
Training	4,682			4,682
Transportation and Travel	16,819	145		16,964
Utilities	4,642			4,642
Fixed Assets	358,201			358,201
<b>Total Expenditures</b>	<b>732,235</b>	<b>80,046</b>	<b>2,657</b>	<b>814,938</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(66,462)</b>	<b>354</b>	<b>(1,153)</b>	<b>(67,261)</b>
Interfund Transfers	87,168	(3,258)		83,910
<b>Fund Balance - Beginning</b>	<b>404,398</b>	<b>91,417</b>	<b>31,473</b>	<b>527,288</b>
<b>Fund Balance - Ending</b>	<b>\$425,104</b>	<b>\$ 88,513</b>	<b>\$ 30,320</b>	<b>\$ 543,937</b>

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



**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
June 30, 2020

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<b>Excess of Revenues over Expenditures - Governmental Fund</b>	<b>\$ (67,261)</b>
Current year capital asset purchases reported as expenditures in the governmental fund financial statements are capitalized and depreciated over their estimated useful lives in the government-wide financial statements.	358,201
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of current year's depreciation is to decrease net position.	<u>(128,833)</u>
<b>Change in Net Assets - Governmental Activities, Statement of Activities</b>	<b><u><u>\$ 162,107</u></u></b>

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

**ANDERSON VALLEY COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2020

	<u>EMS / Ambulance</u>	<u>Airport</u>	<u>Water &amp; Sewer</u>	<u>Total Proprietary Funds</u>
<b><u>ASSETS</u></b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 191,561	\$ 51,542	\$ -	\$ 243,103
Grants Receivable	20,000		3,402	23,402
Accounts Receivable	(448)			(448)
Prepaid Expenses		712		712
<b>Total Current Assets</b>	<u>211,113</u>	<u>52,254</u>	<u>3,402</u>	<u>266,769</u>
<b>Capital Assets</b>				
Land		22,226		22,226
CIP - Engineering Fees		122,890	770,241	893,131
Buildings and Improvements		1,843,745		1,843,745
Less: Accumulated Depreciation		(927,936)		(927,936)
Total	<u>0</u>	<u>915,809</u>	<u>0</u>	<u>915,809</u>
<b>Total Net Capital Assets</b>	<u>0</u>	<u>1,060,925</u>	<u>770,241</u>	<u>1,831,166</u>
<b>TOTAL ASSETS</b>	<u>211,113</u>	<u>1,113,179</u>	<u>773,643</u>	<u>2,097,935</u>
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities</b>				
Unearned Revenue	<u>39,832</u>			<u>39,832</u>
<b><u>NET POSITION</u></b>				
Net Investment in Capital Assets		1,060,925	773,643	1,834,568
Unrestricted	<u>171,281</u>	<u>52,254</u>	<u>0</u>	<u>223,535</u>
<b>TOTAL NET POSITION</b>	<u>\$ 171,281</u>	<u>\$ 1,113,179</u>	<u>\$ 773,643</u>	<u>\$ 2,058,103</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, 2020

	EMS / Ambulance	Airport	Water & Sewer	Total Proprietary Funds
<b><u>Operating Revenues</u></b>				
State CAAP Grant	\$ -	\$ 10,000	\$ -	\$ 10,000
ALS Grant	66,000			66,000
Grant Income	109,455	12,409		121,864
Charges for Services	91,841	2,293		94,134
Membership Income	40,887			40,887
Sales and Other Income	2,694			2,694
<b>Total Operating Revenues</b>	<b>310,877</b>	<b>24,702</b>	<b>0</b>	<b>335,579</b>
<b><u>Operating Expenses</u></b>				
Payroll and Benefits	131,252		2,217	133,469
Accounting and Billing	4,950			4,950
Ambulance Membership	1,313			1,313
Communications	3,792			3,792
Education and Training	857			857
Fuel Expense	2,672			2,672
Fund Administrative Fees		2,710		2,710
GEMT-QA Fee	2,555			2,555
Household Expenses	379			379
Insurance	12,229	3,165		15,394
Maintenance and Repairs	4,085	5,285		9,370
Medical Exams and Certifications	3,829			3,829
Medical Supplies	13,934			13,934
Office Expenses	2,589	246	318	3,153
Professional Fees			4,777	4,777
Rents and Leases	6,000	399		6,399
Telephone and Cellular	1,516			1,516
Depreciation		78,311		78,311
<b>Total Operating Expenses</b>	<b>191,952</b>	<b>90,116</b>	<b>7,312</b>	<b>289,380</b>
<b>Operating Income (Loss)</b>	<b>118,925</b>	<b>(65,414)</b>	<b>(7,312)</b>	<b>46,199</b>
<b><u>Nonoperating Revenues</u></b>				
Capital Grants			237,639	237,639
Interest Income	1,666	288		1,954
<b>Change in Net Position</b>	<b>120,591</b>	<b>(65,126)</b>	<b>230,327</b>	<b>285,792</b>
Interfund Transfers	(87,168)		3,258	(83,910)
<b>Net Position - Beginning</b>	<b>137,858</b>	<b>1,178,305</b>	<b>540,058</b>	<b>1,856,221</b>
<b>Net Position - Ending</b>	<b>\$ 171,281</b>	<b>\$ 1,113,179</b>	<b>\$ 773,643</b>	<b>\$ 2,058,103</b>

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, 2020

<b><u>Operating Activities</u></b>	<b>EMS / Ambulance</b>	<b>Airport</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
Cash Received from Operating Grants	\$ 171,455	\$ 22,409	\$ -	\$ 193,864
Cash Received for Services and Misc.	178,115	7,259		185,374
Cash Payments for Goods and Services	(61,303)	(11,027)	(5,095)	(77,425)
Cash Payments to / for Employees	(131,252)		(2,217)	(133,469)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>157,015</b>	<b>18,641</b>	<b>(7,312)</b>	<b>168,344</b>
<b><u>Capital and Related Financing Activities</u></b>				
Capital Grants Received			234,237	234,237
Capital Expenditures		(12,290)	(226,925)	(239,215)
Interfund Transfer	(87,168)			(87,168)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(87,168)</b>	<b>(12,290)</b>	<b>7,312</b>	<b>(92,146)</b>
Investment Income Received	1,666	288		1,954
<b>Net Increase (Decrease) in Cash</b>	<b>71,513</b>	<b>6,639</b>	<b>0</b>	<b>78,152</b>
<b>Cash - Beginning of Year</b>	<b>120,048</b>	<b>44,903</b>	<b>0</b>	<b>164,951</b>
<b>Cash - End of Year</b>	<b>\$ 191,561</b>	<b>\$ 51,542</b>	<b>\$ -</b>	<b>\$ 243,103</b>
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</u></b>				
Operating Income (Loss)	\$ 118,925	\$ (65,414)	\$ (7,312)	\$ 46,199
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation		78,311		78,311
(Increase) Decrease in Grants Receivable	(4,000)			(4,000)
(Increase) Decrease in Accounts Receivable	24,036	4,966		29,002
(Increase) Decrease in Prepaid Expenses	323	778		1,101
Increase (Decrease) in Accounts Payable	(926)			(926)
Increase (Decrease) in Unearned Revenue	18,657			18,657
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 157,015</b>	<b>\$ 18,641</b>	<b>\$ (7,312)</b>	<b>\$ 168,344</b>

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

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

**JUNE 30, 2020**

**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, 2020**

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, 2020**

**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, 2020**

**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, 2020**

- **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, 2020**

**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, 2020:

Deposits in Financial Institutions	\$ 92,839
Cash in County Treasury	675,999
Petty Cash	<u>288</u>
Total	<u>\$ 769,126</u>
Restricted Cash	<u>\$ 1,126</u>

**NOTE 3. CAPITAL ASSETS**

Following is a summary of changes in capital assets for the year ended June 30, 2020:

Capital Assets:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 247,226	\$ -	\$ -	\$ 247,226
Construction in Progress	694,863	198,268		893,131
Buildings and Improvements	2,357,343			2,357,343
Vehicles and Equipment	<u>1,778,185</u>	<u>358,201</u>		<u>2,136,386</u>
Total	4,135,528	358,201		4,493,729
Less Accumulated Depreciation	<u>(1,844,327)</u>	<u>(207,144)</u>		<u>(2,051,471)</u>
Total	<u>2,291,201</u>			<u>2,442,258</u>
Total Net Capital Assets	<u>\$ 3,233,290</u>			<u>\$ 3,582,615</u>

Construction in Progress consists of engineering fees for the water / sewer projects of \$770,241, and engineering fees for a new airport layout plan of \$122,890. Total final cost of the airport layout plan is estimated at \$125,000.

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

**JUNE 30, 2020**

**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 \$21,433.

**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, 2020 were \$14,230.

**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 AVCS D 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, 2020**

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 10, 2021, 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, 2020 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, 2020

<b>Revenues</b>	Original / Final Budget	Fire Department	Community Services	Recreation / Teen Center	Variance
Fire Service Tax	\$ 147,000	\$ 147,592	\$ -	\$ -	\$ 592
Property Tax	280,223	203,401	76,502		(320)
Special Assessments	17,382	17,382			0
Donations	215,400	180,468			(34,932)
Grants	500	20,000			19,500
Charges for Services	88,887	92,949			4,062
Fundraising - Net	1,150			1,018	(132)
Fund Admin Fees			2,710		2,710
Other Income			1		1
Interest	5,300	3,981	1,187	486	354
<b>Total Revenues</b>	<b>755,842</b>	<b>665,773</b>	<b>80,400</b>	<b>1,504</b>	<b>(8,165)</b>
<b>Expenditures</b>					
Transfer (From) To Reserves	(51,085)				(51,085)
Contingency	18,000				18,000
Salaries and Wages	168,881	163,944	47,434		(42,497)
Payroll Taxes and Benefits	42,170	36,097	8,810		(2,737)
Administrative Fees	8,200	2,952	3,567		1,681
Audit Fees	6,300		6,300		0
Cleaning Service	3,565	3,000			565
Clothing and Personal	31,000	12,226			18,774
Communications	10,025	30,059			(20,034)
Household Expense	2,500	3,860			(1,360)
Insurance	18,184	14,072			4,112
Insurance - Workmen's Comp	24,967	14,174			10,793
LAFCO Fees	998		940		58
Lighting District	3,650		3,229		421
Medical Exams		1,715			(1,715)
Memberships	3,812	1,912	1,955		(55)
Office Expense	8,110	5,407	3,177		(474)
Professional Fees	5,325	756	4,132		437
Program Expenses	1,900			1,184	716
Rents and Leases	1,000				1,000
Repairs and Maintenance	24,500	36,326		1,473	(13,299)
Supplies	2,000	18,064			(16,064)
Telephone and Cellular	5,440	3,327	357		1,756
Training	7,400	4,682			2,718
Transportation and Travel	19,000	16,819	145		2,036
Utilities	5,000	4,642			358
Fixed Assets	385,000	358,201			26,799
<b>Total Expenditures</b>	<b>755,842</b>	<b>732,235</b>	<b>80,046</b>	<b>2,657</b>	<b>(59,096)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ (66,462)</b>	<b>\$ 354</b>	<b>\$ (1,153)</b>	<b>\$ (67,261)</b>

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