

Anderson Valley Community Services District

FINANCIAL STATEMENTS

**AUDIT REPORT
June 30, 2022
and**

June 30, 2023



November 27, 2023

Anderson Valley Community Services District

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of Anderson Valley Community Services District as of and for the years-ended June 30, 2022 and June 30, 2023, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Anderson Valley Community Services District as of June 30, 2022 and June 30, 2023, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the 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.

Responsibilities of Management for the Financial Statements

The District's 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, 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 The 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 GAAS 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 GAAS, 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.

Other Matters

The District has not presented Management's Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require 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 financial statements in an appropriate operational, economic, or historical context.

PNPCPA

Anderson Valley Community Services District

**Audit Report
June 30, 2022 and June 30, 2023**

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Anderson Valley Community Services District

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activites</u>	<u>Total</u>
<u>ASSETS & DEFERRED OUTFLOWS</u>			
<u>Current Assets:</u>			
Cash	828,415	298,188	\$ 1,126,603
Pre-paid Expenses	54,139	9,813	63,952
Accounts Receivable	14,128	143,205	157,333
	<hr/>	<hr/>	<hr/>
Total Current Assets	896,682	451,206	1,347,888
<u>Fixed Assets:</u>			
CIP	-	972,281	972,281
Land	225,000	22,226	247,226
Buildings and Improvements	513,598	1,843,745	2,357,343
Equipment	2,251,895	-	2,251,895
Less: Accumulated Depreciation	(1,256,651)	(999,968)	(2,256,619)
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Total Fixed Assets	1,733,842	1,838,284	3,572,126
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TOTAL ASSETS & DEFERRED OUTFLOWS	2,630,524	2,289,490	4,920,014
<u>LIABILITIES & DEFERRED INFLOWS</u>			
<u>Current Liabilities:</u>			
Unearned Revenue	-	10,100	10,100
Accounts Payable & Accrued Liabilities	69,535	8,199	77,734
Accrued Vacation	4,889	-	4,889
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	74,424	18,299	92,723
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	74,424	18,299	92,723
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND DEFERRED INFLOW	74,424	18,299	92,723
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,733,842	1,828,184	3,562,026
Restricted	-	-	-
Unrestricted	822,258	443,007	1,265,265
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 2,556,100	\$ 2,271,191	\$ 4,827,291
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The accompanying notes are an integral part of these financial statements.

Anderson Valley Community Services District

Statement of Net Position

June 30, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activites</u>	<u>Total</u>
<u>ASSETS & DEFERRED OUTFLOWS</u>			
<u>Current Assets:</u>			
Cash	\$ 684,379	\$ 443,228	\$ 1,127,607
Pre-paid Expenses	-	1,490	1,490
Accounts Receivable	896	272,769	273,665
Total Current Assets	<u>685,275</u>	<u>717,487</u>	<u>1,402,762</u>
<u>Fixed Assets:</u>			
CIP	149,964	1,063,733	1,213,697
Land	225,000	22,226	247,226
Buildings and Improvements	612,391	1,843,745	2,456,136
Equipment	2,575,181	-	2,575,181
Less: Accumulated Depreciation	<u>(1,403,566)</u>	<u>(1,072,000)</u>	<u>(2,475,566)</u>
Total Fixed Assets	<u>2,158,970</u>	<u>1,857,704</u>	<u>4,016,674</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>2,844,245</u>	<u>2,575,191</u>	<u>5,419,436</u>
<u>LIABILITIES & DEFERRED INFLOWS</u>			
<u>Current Liabilities:</u>			
Unearned Revenue	-	43,345	43,345
Accounts Payable & Accrued Liabilities	-	29,336	29,336
Accrued Vacation	724	-	724
Total Current Liabilities	<u>724</u>	<u>72,681</u>	<u>73,405</u>
TOTAL LIABILITIES	<u>724</u>	<u>72,681</u>	<u>73,405</u>
TOTAL LIABILITIES AND DEFERRED INFLOW	<u>724</u>	<u>72,681</u>	<u>73,405</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,158,970	1,857,704	4,016,674
Restricted	-	-	-
Unrestricted	<u>684,551</u>	<u>644,806</u>	<u>1,329,357</u>
TOTAL NET POSITION	<u>\$ 2,843,521</u>	<u>\$ 2,502,510</u>	<u>\$ 5,346,031</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, 2022

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses/Expenditures</u>	<u>Charges for Services</u>	<u>Grants/Donations</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
Primary government						
Governmental Activities						
Fire Service	510,056	\$ 330,134	\$ 34,857	\$ (145,065)	\$ -	\$ (145,065)
CSD	86,460	-	-	(86,460)	-	(86,460)
Recreation	16,897	-	418	(16,479)	-	(16,479)
Depreciation	124,123	-	-	(124,123)	-	(124,123)
Total governmental activities	<u>737,536</u>	<u>330,134</u>	<u>35,275</u>	<u>(372,127)</u>	<u>-</u>	<u>(372,127)</u>
Business-type activities						
Water	-	-	83,131	-	83,131	83,131
EMS	203,177	179,450	141,697	-	117,970	117,970
Air	126,374	6,198	17,384	-	(102,792)	(102,792)
Total business-type activities	<u>329,551</u>	<u>185,648</u>	<u>242,212</u>	<u>-</u>	<u>98,309</u>	<u>98,309</u>
Total primary government	<u><u>1,067,087</u></u>	<u><u>515,782</u></u>	<u><u>277,487</u></u>	<u><u>(372,127)</u></u>	<u><u>98,309</u></u>	<u><u>(273,818)</u></u>

General revenues:

Taxes:

Property taxes, levied for general purposes	497,594	-	497,594
Unrestricted investment earnings	4,033	708	4,741
Total general revenues, special items	<u>501,627</u>	<u>708</u>	<u>502,335</u>

Change in net position 129,500 99,018 228,518

Net Position - beginning 2,426,600 2,172,173 4,598,773

Net Position - ending \$ 2,556,100 \$ 2,271,191 \$ 4,827,291

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, 2023

	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses/Expenditures</u>	<u>Charges for Services</u>	<u>Grants/Donations</u>	<u>Primary Government</u>		
<u>Functions/Programs</u>				<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government						
Governmental Activities						
Fire Service	486,003	\$ 177,744	\$ 156,721	\$ (151,538)	\$ -	\$ (151,538)
CSD	83,996	-	1,128	(82,868)	-	(82,868)
Recreation	11,083	-	198,328	187,245	-	187,245
Depreciation	146,915	-	-	(146,915)	-	(146,915)
Total governmental activities	<u>727,997</u>	<u>177,744</u>	<u>356,177</u>	<u>(194,076)</u>	<u>-</u>	<u>(194,076)</u>
Business-type activities						
Water	269	-	93,047	-	92,778	92,778
EMS	258,879	364,132	100,302	-	205,555	205,555
Air	80,385	2,875	10,000	-	(67,510)	(67,510)
Total business-type activities	<u>339,533</u>	<u>367,007</u>	<u>203,349</u>	<u>-</u>	<u>230,823</u>	<u>230,823</u>
Total primary government	<u>1,067,530</u>	<u>544,751</u>	<u>559,526</u>	<u>(194,076)</u>	<u>230,823</u>	<u>36,747</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	476,867	-	476,867
Unrestricted investment earnings	4,630	496	5,126
Total general revenues, special items	<u>481,497</u>	<u>496</u>	<u>481,993</u>

Change in net position 287,421 231,320 518,741

Net Position - beginning 2,556,100 2,271,191 4,827,291

Net Position - ending \$ 2,843,521 \$ 2,502,510 \$ 5,346,031

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

Anderson Valley Community Services District

**Statement of Revenues, Expenses & Change in Net Position
For the Year Ended
June 30, 2022
Proprietary Funds**

	<u>EMS</u>	<u>Air</u>	<u>Water/Sewer</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 179,450	\$ 6,198	\$ -
Operating Grants	141,697	17,384	-
Total Operating Revenues	<u>321,147</u>	<u>23,582</u>	<u>-</u>
<u>OPERATING EXPENSES</u>			
Wages & Employee benefits	139,418	-	-
Professional Fees	5,352	-	-
Insurance	12,375	3,165	-
Admin	3,000	500	-
Repairs & Maintenance	6,554	1,135	-
Supplies	36,478	43,263	-
Depreciation	-	78,311	-
TOTAL OPERATING EXPENSES	<u>203,177</u>	<u>126,374</u>	<u>-</u>
<u>NON-OPERATING REVENUES/EXPENSES</u>			
Interest Expense	-	-	-
Interest Income	485	223	-
Capital Grants	-	-	83,131
Taxes and Intergovernmental	-	-	-
Total Non-Operating Revenues/Expenses	<u>485</u>	<u>223</u>	<u>83,131</u>
<u>NET CHANGE IN NET POSITION</u>	<u>118,455</u>	<u>(102,569)</u>	<u>83,131</u>

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

Anderson Valley Community Services District

**Statement of Revenues, Expenses & Change in Net Position
For the Year Ended
June 30, 2023
Proprietary Funds**

	<u>EMS</u>	<u>Air</u>	<u>Water/Sewer</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 364,132	\$ 2,875	\$ -
Operating Grants	100,302	10,000	-
Total Operating Revenues	<u>464,434</u>	<u>12,875</u>	<u>-</u>
<u>OPERATING EXPENSES</u>			
Wages & Employee benefits	158,393	-	-
Professional Fees	7,445	-	-
Insurance	12,896	3,841	-
Admin	6,000	500	269
Repairs & Maintenance	6,998	4,013	-
Supplies	67,147	-	-
Depreciation	-	72,031	-
TOTAL OPERATING EXPENSES	<u>258,879</u>	<u>80,385</u>	<u>269</u>
<u>NON-OPERATING REVENUES/EXPENSES</u>			
Interest Expense	-	-	-
Interest Income	477	19	-
Capital Grants	-	-	93,047
Taxes and Intergovernmental	-	-	-
Total Non-Operating Revenues/Expenses	<u>477</u>	<u>19</u>	<u>93,047</u>
<u>NET CHANGE IN NET POSITION</u>	<u>206,032</u>	<u>(67,491)</u>	<u>92,778</u>

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

Anderson Valley Community Services District
Statement of Cash Flows
For the Year-Ended
June 30, 2022

Enterprise Funds

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Cash Received from Charges for Service	\$ 195,996
Cash Received from Operating Grants	159,081
Deduct: Cash paid for Operating Expenses	<u>(332,523)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>22,554</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital expenditures	(51,308)
Capital Grants	<u>83,131</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>31,823</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Property Tax Receipts	<u>-</u>
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest	<u>708</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>708</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>55,085</u>
<u>CASH, BEGINNING OF YEAR</u>	<u>243,103</u>
<u>CASH, END OF YEAR</u>	<u><u>\$ 298,188</u></u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>	
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income (Loss)	<u>\$ 15,178</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Add back depreciation	<u>78,311</u>
(Increase) Decrease in Operating Accounts Receivable	(67,963)
(Increase) Decrease in Prepaid	(902)
Increase (Decrease) in Accounts Payable	<u>(2,070)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 22,554</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Anderson Valley Community Services District
Statement of Cash Flows
For the Year-Ended
June 30, 2023

Enterprise Funds

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Charges for Service	\$ 309,474
Cash Received from Operating Grants	110,302
Deduct: Cash paid for Operating Expenses	<u>(276,828)</u>

NET CASH FLOWS FROM OPERATING ACTIVITIES 142,948

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital expenditures	(91,452)
Capital Grants	<u>93,047</u>

NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES 1,595

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property Tax Receipts	<u>-</u>
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NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES -

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	<u>497</u>
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NET CASH FLOWS FROM INVESTING ACTIVITIES 497

NET INCREASE (DECREASE) IN CASH 145,040

CASH, BEGINNING OF YEAR 298,188

CASH, END OF YEAR \$ 443,228

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss) \$ 137,776

Adjustments to reconcile operating income to net cash provided by operating activities

Add back depreciation 72,031

(Increase) Decrease in Operating Accounts Receivable (129,564)

(Increase) Decrease in Prepaid 124

Increase (Decrease) in Accounts Payable 62,581

Net Cash Provided by Operating Activities \$ 142,948

The accompanying notes to the financial statements are an integral part of this statement.

Anderson Valley CSD

**Balance Sheet
June 30, 2022**

<u>ASSETS & DEFERRED OUTFLOWS</u>	<u>Fire</u>	<u>CSD</u>	<u>Recreation/Te en Center</u>
<u>Current Assets:</u>			
Cash	731,987	75,870	20,558
Prepaid Expenses	-	-	-
Accounts Receivable	14,128	-	-
	<hr/>	<hr/>	<hr/>
Total Current Assets	746,115	75,870	20,558
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS & DEFERRED OUTFLOWS	746,115	75,870	20,558
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES & DEFERRED INFLOWS</u>			
<u>Current Liabilities:</u>			
Accounts Payable & Accrued Liabilities	15,396	-	-
Accrued Vacation	-	-	-
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	15,396	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	15,396	-	-
	<hr/>	<hr/>	<hr/>
<u>Fund Balance</u>			
Restricted	-	-	-
Unspendable	-	-	-
Unrestricted	730,719	75,870	20,558
	<hr/>	<hr/>	<hr/>
<u>TOTAL FUND BALANCE</u>	\$ 730,719	\$ 75,870	\$ 20,558
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The accompanying notes are an integral part of these financial statements.

Anderson Valley CSD

**Balance Sheet
June 30, 2023**

<u>ASSETS & DEFERRED OUTFLOWS</u>	<u>Fire</u>	<u>CSD</u>	<u>Recreation/Te en Center</u>
<u>Current Assets:</u>			
Cash	\$ 541,805	\$ 81,576	\$ 60,998
Accounts Receivable	896	-	-
Total Current Assets	<u>542,701</u>	<u>81,576</u>	<u>60,998</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>542,701</u>	<u>81,576</u>	<u>60,998</u>
 <u>LIABILITIES & DEFERRED INFLOWS</u>			
<u>Current Liabilities:</u>			
Accounts Payable & Accrued Liabilities	-	-	-
Accrued Vacation	-	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Fund Balance</u>			
Restricted	-	-	-
Unspendable	-	-	-
Unrestricted	<u>542,701</u>	<u>81,576</u>	<u>60,998</u>
<u>TOTAL FUND BALANCE</u>	<u>\$ 542,701</u>	<u>\$ 81,576</u>	<u>\$ 60,998</u>

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

Anderson Valley Community Services District

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2022**

<u>Expenditures</u>	<u>Fire</u>	<u>CSD</u>	<u>Recreation/Te en Center</u>
Wages & Employee benefits	\$ 319,671	\$ 62,497	\$ -
Capital Expenditure	69,110	-	400
Principle	-	-	-
Admin	3,101	-	-
Insurance	23,865	1,500	-
Utilities	7,311	-	-
Services & Supplies	124,444	6,335	407
Repairs	42,395	-	2,050
Professional Fees	80	16,128	14,040
Total Operating Expenditures	589,977	86,460	16,897
<u>Revenues</u>			
Charges for Service/Rent	247,011	-	-
Donations & Grants	34,857	-	418
Investment earnings	3,367	485	181
Misc Income	49,986	-	-
Taxes and Intergovernmental	413,421	81,262	2,911
TOTAL OPERATING Revenues	748,642	81,747	3,510
<u>NET CHANGE IN FUND BALANCE</u>	158,665	(4,713)	(13,387)
<u>FUND BALANCE - BEGINNING</u>	572,054	80,583	33,945
<u>FUND BALANCE - END</u>	\$ 730,719	\$ 75,870	\$ 20,558

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

Anderson Valley Community Services District

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2023**

<u>Expenditures</u>	<u>Fire</u>	<u>CSD</u>	<u>Recreation/Te en Center</u>
Wages & Employee benefits	\$ 336,569	\$ 60,681	\$ 969
Capital Expenditure	391,251	-	131,340
Principle	-	-	-
Admin	8,760	-	-
Insurance	25,793	750	-
Utilities	7,271	-	133
Services & Supplies	120,175	18,157	7,629
Repairs	26,638	-	846
Professional Fees	15	576	19,737
	<hr/>	<hr/>	<hr/>
Total Operating Expenditures	916,472	80,164	160,654
	<hr/>	<hr/>	<hr/>
<u>Revenues</u>			
Charges for Service/Rent	177,744	-	-
Donations & Grants	156,721	1,128	198,328
Investment earnings	4,135	477	18
Taxes and Intergovernmental	389,854	84,265	2,748
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TOTAL OPERATING Revenues	728,454	85,870	201,094
	<hr/>	<hr/>	<hr/>
<u>NET CHANGE IN FUND BALANCE</u>	(188,018)	5,706	40,440
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE - BEGINNING</u>	730,719	75,870	20,558
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<u>FUND BALANCE - END</u>	\$ 542,701	\$ 81,576	\$ 60,998
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The accompanying notes are an integral part of these financial statements.

Anderson Valley Community Services District
Notes to Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of the Reporting Entity

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.

The District is a governed entity administered by a Board of Directors (Board) that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members who are elected by voters living within the District's boundaries. Elections are held within the Board to appoint the President. The President's responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission, or business organization; and exercise supervision over the business of the District, its officers, and its employees.

The accompanying general-purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, revenues, expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. These

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statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as operating revenues for the District are reported as charges for services.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities demonstrating the degree to which the direct expenses of a given project are offset by project revenues. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function or segment. Operating revenues include (1) charges paid by the recipients of services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes are presented instead as non-operating revenues.

Enterprise Funds – The enterprise funds are used to account for all the financial resources of the District. The enterprise net assets is available to the District for any purpose, provided it is expended or transferred according to the general laws of California and the bylaws of the District. The District maintains separate funds for Water, and Sewer.

Governmental Fund – The governmental funds is used to account for all financial resources of the fire department, parks department and light department.

Exchange and Non-Exchange Transactions of Revenues – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving value in return, include taxes and donations. Revenues are recognized when susceptible to accrual, when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

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Expenses - On an accrual basis of accounting, expenses are recognized at the time they are incurred.

E. Funds on Deposit, County and Bank

The District is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. cash balances held in banks and revolving funds are insured to \$250,000 by the FDIC. The remaining balance is fully insured and collateralized.

Interest rate risk. - The District policy is to find highest investment return with maximum security that meets daily cash flow demands.

Credit risk. - The District policy is to use only US treasury bills, registered state warrants or notes or bonds issued by the state of California, bonds notes warrants issued by a local agency within California, obligations issued by the Federal government, prime commercial paper from corporations with assets greater than 500 million with the highest ranking by Moody's or S&P not to exceed 15% for up to 180 days and up to 30% if the average maturity does not exceed 31 days, Bankers acceptance with a term not exceed 270 days up to 40% with not more than 30% in a single commercial bank, 30% of funds in certificates of deposit, repurchase/reverse purchase agreements given that agreement shall be no less than 102% of market value, medium term notes not to exceed 5 years of us corporations rate "A" or better by Mood's or S&P with no more than 30%, shares of beneficial interested issued by a diversified management company up to 15%, mortgage pass through security that are rated "AA" or better up to 30% and bonds issued by the Herlong Public Utility District, collateralized bank deposits, funds held under the terms of a trust indenture or other contract agreement, or any other investment authorized by Government Code. The District is prohibited from investing in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investments that may result in a zero interest accrual if held to maturity.

Custodial credit risk. - The District is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. cash balances held in banks and revolving funds are insured to \$250,000 by the FDIC. The remaining balance is fully insured and collateralized.

Concentration of credit risk. - The District policy is to follow prudent diversification strategies.

F. Accounts Receivable

Accounts receivable are recorded at their gross value, where appropriate are reduced by the portion that is considered uncollectable. Accounts receivable consists primarily of service fees that have been billed but not paid as of year-end.

G. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items.

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H. Fixed Assets

Capital assets, which include property, plant, and equipment, infrastructure assets and intangible are reported in the applicable governmental -type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

I. Compensated Absences

The district is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Accounts Payable

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received. Payables are liabilities of the District based upon current year charges for goods or services received but not paid in the current year.

K. Property Taxes

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

L. Net Position

The District's net position represents the difference between its assets and liabilities in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by their source.

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M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: WATER/SEWER PROJECT

The California State Water Board has agreed to provide planning funds as grants 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.

NOTE 3: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the District contracted with SDRMA for liability, property, crime damage, and employee and director insurances.

NOTE 4: USE OF RESTRICTED/UNRESTRICTED NET POSITION

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

NOTE 5: COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

NOTE 6: JOINT POWERS INSURANCE AUTHORITY

The District participates in a joint venture under a joint agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the District and the JPA is such that is not a component unit of the District and the JPA is not a component unit of the District for financial reporting purposes.

The JPA'S purpose is to jointly fund and develop programs to provide comprehensive and economical funding of property, workers compensation and employers liability coverage's for bodily injury by accident or by disease, including resulting from death, arising out of and in the course of an employee's employment with the District. This program is provided through collective self-insurance; the purchase of insurance benefit's; or a combination thereof.

NOTE 7: CONTINGENCIES

As of June 30, 2023, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

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NOTE 9: DATE OF MANAGEMENT'S REVIEW

Subsequent events have been evaluated through **November 27, 2023**, which is the date the financial statements were available to be issued.