

**LOMA RICA-BROWNS VALLEY
COMMUNITY SERVICES DISTRICT,
CALIFORNIA**

**Draft Report
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**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
JUNE 30, 2021, AND 2022**

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Annual Financial Report
For the Years Ended June 30, 2021, and 2022

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INTRODUCTORY SECTION

- **List of Officials**

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT

List of Officials

For the Years Ended June 30, 2021, and 2022

Board of Directors

Cathy Kattuah

Chairperson

Kim Biggs

Vice Chairperson

Les Kinkle

Director

Gary Yarborough

Director

William High

Director

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Loma Rica-Browns Valley Community Services District
Loma Rica, California

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Loma Rica-Browns Valley Community Services District, California (District), as of and for the years ended June 30, 2021, and June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statement referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2021, and June 30, 2022, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Governmental Funds

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the District as of June 30, 2021, and June 30, 2022, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has not maintained detailed records of capital assets, accumulated depreciation, and current year depreciation. Capital assets are recorded in the accompanying financial statements at \$2,173,532 and \$2,138,094 for the fiscal years ending June 30, 2021, and June 30, 2022, respectively. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities of the District has not been determined.

To the Board of Directors
Loma Rica-Browns Valley Community Services District
Loma Rica, California

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

To the Board of Directors
Loma Rica-Browns Valley Community Services District
Loma Rica, California

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Board of Directors
Loma Rica-Browns Valley Community Services District
Loma Rica, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated XXX, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Smith & Newell CPAs
Yuba City, California
XXX, 2025

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Basic Financial Statements

- **Government-Wide Financial Statements**

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2021 and 2022

	Total Governmental Activities	
	2021	2022
ASSETS		
Cash and investments	\$ 1,614,378	\$ 2,478,971
Receivables:		
Accounts	-	24,221
Interest	2,698	4,568
Intergovernmental	-	50,000
Capital assets:		
Non-depreciable	339,452	339,452
Depreciable, net	1,834,080	1,798,642
Total capital assets	2,173,532	2,138,094
Total Assets	3,790,608	4,695,854
LIABILITIES		
Accounts payable	41,645	48,862
Salaries and benefits payable	501	739
Total Liabilities	42,146	49,601
NET POSITION		
Investment in capital assets	2,173,532	2,138,094
Restricted for:		
Capital improvement	204,903	271,159
Unrestricted	1,370,027	2,237,000
Total Net Position	\$ 3,748,462	\$ 4,646,253

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
General government	\$ 355,468	\$ 774,880	\$ 52	\$ 10,958	\$ 430,422
Total Governmental Activities	<u>355,468</u>	<u>774,880</u>	<u>52</u>	<u>10,958</u>	<u>430,422</u>
Total	<u>\$ 355,468</u>	<u>\$ 774,880</u>	<u>\$ 52</u>	<u>\$ 10,958</u>	<u>430,422</u>
General revenues:					
Taxes					
Property taxes					149,949
Interest and investment earnings					10,749
Miscellaneous					5,515
Gain on disposal of capital asset					<u>25,000</u>
Total General Revenues					<u>191,213</u>
Change in Net Position					<u>621,635</u>
Net Position - Beginning					3,107,348
Prior period adjustment					<u>19,479</u>
Net Position - Beginning, Restated					<u>3,126,827</u>
Net Position - Ending					<u>\$ 3,748,462</u>

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
General government	\$ 375,577	\$ 637,990	\$ 48	\$ 55,935	\$ 318,396
Total Governmental Activities	<u>375,577</u>	<u>637,990</u>	<u>48</u>	<u>55,935</u>	<u>318,396</u>
Total	<u>\$ 375,577</u>	<u>\$ 637,990</u>	<u>\$ 48</u>	<u>\$ 55,935</u>	<u>318,396</u>
General revenues:					
Taxes					
					150,162
					414,149
					11,058
					4,026
					<u>579,395</u>
					897,791
					<u>3,748,462</u>
					<u>\$ 4,646,253</u>

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Basic Financial Statements

- **Fund Financial Statements**

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021 and 2022

	2021		Totals
	General Fund	Mitigation Fees	
ASSETS			
Cash and investments	\$ 1,409,801	\$ 204,577	\$ 1,614,378
Receivables:			
Accounts	-	-	-
Interest	2,372	326	2,698
Intergovernmental	-	-	-
Total Assets	<u>\$ 1,412,173</u>	<u>\$ 204,903</u>	<u>\$ 1,617,076</u>
LIABILITIES			
Accounts payable	\$ 41,645	\$ -	\$ 41,645
Salaries and benefits payable	501	-	501
Total Liabilities	<u>42,146</u>	<u>-</u>	<u>42,146</u>
FUND BALANCES			
Restricted	-	204,903	204,903
Committed	1,177,009	-	1,177,009
Unassigned	193,018	-	193,018
Total Fund Balances	<u>1,370,027</u>	<u>204,903</u>	<u>1,574,930</u>
Total Liabilities and Fund Balances	<u>\$ 1,412,173</u>	<u>\$ 204,903</u>	<u>\$ 1,617,076</u>

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2022		
General Fund	Mitigation Fees	Totals
\$ 2,208,278	\$ 270,693	\$ 2,478,971
24,221	-	24,221
4,102	466	4,568
50,000	-	50,000
<u>\$ 2,286,601</u>	<u>\$ 271,159</u>	<u>\$ 2,557,760</u>
\$ 48,862	\$ -	\$ 48,862
739	-	739
<u>49,601</u>	<u>-</u>	<u>49,601</u>
-	271,159	271,159
1,177,009	-	1,177,009
1,059,991	-	1,059,991
<u>2,237,000</u>	<u>271,159</u>	<u>2,508,159</u>
<u>\$ 2,286,601</u>	<u>\$ 271,159</u>	<u>\$ 2,557,760</u>

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2021 and 2022

	2021	2022
Total Fund Balances - Total Governmental Funds	\$ 1,574,930	\$ 2,508,159
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet.	2,173,532	2,138,094
Net Position of Governmental Activities	\$ 3,748,462	\$ 4,646,253

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Years Ended June 30, 2021 and 2022

	2021		Totals
	General Fund	Mitigation Fees	
REVENUES			
Taxes and assessments	\$ 298,091	\$ -	\$ 298,091
Use of money	8,295	2,454	10,749
Intergovernmental revenue	11,010	-	11,010
Charges for services	565,822	60,916	626,738
Other revenue	30,515	-	30,515
Total Revenues	913,733	63,370	977,103
EXPENDITURES			
Current general government:			
Salaries and benefits	13,866	-	13,866
Services and supplies	218,269	-	218,269
Capital outlay	132,213	163,716	295,929
Total Expenditures	364,348	163,716	528,064
Net Change in Fund Balances	549,385	(100,346)	449,039
Fund Balances - Beginning	820,642	305,249	1,125,891
Fund Balances - Ending	\$ 1,370,027	\$ 204,903	\$ 1,574,930

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2022		
General Fund	Mitigation Fees	Totals
\$ 711,668	\$ -	\$ 711,668
9,817	1,241	11,058
55,983	-	55,983
425,618	65,015	490,633
4,026	-	4,026
<u>1,207,112</u>	<u>66,256</u>	<u>1,273,368</u>
16,286	-	16,286
231,505	-	231,505
92,348	-	92,348
<u>340,139</u>	<u>-</u>	<u>340,139</u>
866,973	66,256	933,229
<u>1,370,027</u>	<u>204,903</u>	<u>1,574,930</u>
<u>\$ 2,237,000</u>	<u>\$ 271,159</u>	<u>\$ 2,508,159</u>

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of the Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Years Ended June 30, 2021 and 2022

	2021	2022
Net Change in Fund Balances - Total Governmental Funds	\$ 449,039	\$ 933,229
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital outlay	295,929	92,348
Less current year depreciation	(123,333)	(127,786)
Change in Net Position of Governmental Activities	\$ 621,635	\$ 897,791

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements For the Years Ended June 30, 2021, and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Loma Rica-Browns Valley Community Services District (District) was established in 1985 to provide fire protection services in the Loma Rica-Browns Valley area of Yuba County, California. Revenues are derived primarily from property taxes, a special assessment on improved parcels within the District and the countywide tax levy.

The County of Yuba collects fees for new construction within the District (mitigation fees), and deposits these fees into the District's fund account at the County. These funds are used to offset the increased capital costs associated with development.

The District is administered by a Board of Directors that act as the authoritative and legislative body of the District. None of the Board members receive compensation for serving on the Board.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all the activities of the District. These statements include the financial activities of the overall District. These statements report the governmental activities of the District, which are normally supported by taxes and assessments. The District had no business-type activities at June 30, 2021, and 2022.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements of the District are organized into three funds, which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. The funds of the District are organized into the governmental category and are treated as major funds.

The District reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District.
- The Mitigation Fees fund is a special revenue fund used to account for all revenues and expenditures related to mitigation fees. Funding comes primarily from mitigation fees collected and interest earnings.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, assessments, grants, entitlements, and donations. Under the accrual basis, revenue from property and sales tax and assessments is recognized in the fiscal year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes, certain state and federal grants, charges for services, and use of money and property are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgements are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under leases are reported as other financing sources.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT

**Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

The District pools all cash and investments, other than cash in a checking account, with the County of Yuba. The Yuba County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The District's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in the financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal years ended June 30, 2021 and June 30, 2022, the Yuba County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

F. Receivables

Receivables consist mainly of refunds, interest earnings and intergovernmental funding. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Inventory

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

H. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5-12 years
Vehicles	5-12 years
Structures and improvements	12-40 years

The District does not have a formal capitalization policy that addresses capitalization thresholds or useful lives.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences, Pension Benefits, and Other Postemployment Benefits

The District does not provide compensated absences, pension benefits, or other postemployment benefits.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021, and 2022, the District did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. At June 30, 2021, and 2022, the District did not have any deferred inflows of resources.

K. Property Tax

Yuba County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Yuba up to 1 percent of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas.

The valuation/lien date for all taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property taxes are due on March 1, and become delinquent if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the "Teeter Plan". Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

L. Special Tax Revenue

The District levies benefit assessments on the property owners within the District boundaries. The benefit assessments are collected along with property taxes by the County of Yuba.

Yuba County assesses properties, bills, collects, and distributes the assessments to the District.

Assessments are due in two installments (secured roll) on November 1 and March 12 and become delinquent after December 10 and April 10, respectively.

The benefit assessment is a special tax of \$0.06 per square foot of residential and commercial structures up to an annual cap or maximum of \$200 per assessed structure.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide Statement of Activities.

Reimbursements occur when the funds responsible for particular expenditures repay the funds that initially paid for them. Such reimbursements are reflected as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund.

All other interfund transactions are treated as transfers.

N. Estimates

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

O. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 84, Fiduciary Activities. This statement enhances consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

Statement No. 87, Leases. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

For the Years Ended June 30, 2021, and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Implementation of Governmental Accounting Standards Board (GASB) Statements (Continued)

Statement No. 90, Majority Equity Interests. This statement improves financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

Statement No. 92, Omnibus 2020. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address implications of GASB Statement No. 53 and GASB Statement No. 87 and other accounting and financial reporting implications that result from the replacement of an IBOR.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

P. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT

**Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Future Accounting Pronouncements (Continued)

Statement No. 102 “Certain Risk Disclosures” The requirements of this statement are effective for fiscal years beginning after June 15, 2024. (FY 24/25)

Statement No. 103 “Financial Reporting Model Improvements” The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 104 “Disclosure of Certain Capital Assets” The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the District reports these changes as restatements of beginning net position. During the year ended June 30, 2021, a prior period adjustment was made to correct accumulated depreciation for depreciation expenses related to construction in progress in the prior year.

	Governmental Activities
Net Position, June 30, 2020 as previously reported	\$ 3,107,348
Correction of accumulated depreciation	<u>19,479</u>
Total Adjustments	<u>19,479</u>
Net Position, July 1, 2021 as restated	<u><u>\$ 3,126,827</u></u>

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the District’s cash and investments consisted of the following:

Cash:	
Deposits (less outstanding checks)	<u>\$ 7,442</u>
Total Cash	<u>7,442</u>
Investments:	
Yuba County Treasurer’s Pool	<u>1,606,936</u>
Total Investments	<u>1,606,936</u>
Total Cash and Investments	<u><u>\$ 1,614,378</u></u>

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2022, the District’s cash and investments consisted of the following:

Cash:		
Deposits (less outstanding checks)	\$	2,408
Total Cash		2,408
Investments:		
Yuba County Treasurer’s Pool		2,476,563
Total Investments		2,476,563
Total Cash and Investments	\$	2,478,971

B. Cash

At June 30, 2021, the carrying amount of the District’s cash deposits (including amounts in a checking account) was \$7,442 and the bank balance was \$7,555. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

At June 30, 2022, the carrying amount of the District’s cash deposits (including amounts in a checking account) was \$2,408 and the bank balance was \$4,316. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District’s investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of public funds.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments

The District does not have a formal investment policy. At June 30, 2021, and 2022, all investments of the District were in the County of Yuba investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Bonds issued by a Local Agency
- Treasury Obligations
- State of California Obligations
- State and Local Obligations from the other 49 States
- Obligations of California Local Agency
- Obligations issued by Federal Agencies and U.S. Government-Sponsored Enterprises
- Bankers' Acceptances
- Commercial Paper
- Negotiable CDs
- Repurchase Agreements
- Reverse Repurchase Agreements
- Medium-Term Notes
- Mutual Funds
- Investments as permitted by Provisions in Agreements of Indebtedness
- Asset-Secured Indebtedness
- Collateralized Mortgage Obligations
- Joint Powers Authority
- Contracted Non-Negotiable Time Deposits
- Deposited Pooled Small CDs

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2021, the District had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	\$ -	\$ -	\$ -
Investments in External Investment Pool				
Yuba County Treasurer's Pool	<u>1,606,936</u>			
Total Investments	<u>\$ 1,606,936</u>			

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

At June 30, 2022, the District had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
Yuba County Treasurer's Pool	<u>2,476,563</u>			
Total Investments	<u>\$ 2,476,563</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2021, and 2022, the District's investments were all held in the County of Yuba investment pool, which are not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies to direct investments in markable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the District are in the Yuba County investment pool which contains a diversification of investments.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investments in External Investment Pools

The Yuba County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Yuba County Pooled Investment Fund are highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Yuba's financial statements may be obtained by contacting the County of Yuba Auditor-Controller's office at 915 8th Street, Suite 105, Marysville, CA 95901.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Retirements	Adjustments	Balance June 30, 2021
Capital Assets, Not Being Depreciated					
Land	\$ 175,736	\$ -	\$ -	\$ -	\$ 175,736
Construction in progress	824,142	271,840	-	(932,266)	163,716
Total Capital Assets, Not Being Depreciated	999,878	271,840	-	(932,266)	339,452
Capital Assets, Being Depreciated					
Buildings and improvements	653,233	2,700	-	932,266	1,588,199
Equipment	605,532	1,022	-	-	606,554
Vehicles	1,288,748	20,367	(277,608)	-	1,031,507
Total Capital Assets, Being Depreciated	2,547,513	24,089	(277,608)	932,266	3,226,260
Less Accumulated Depreciation For:					
Buildings and improvements	(153,462)	(39,083)	-	19,479	(173,066)
Equipment	(379,625)	(30,126)	-	-	(409,751)
Vehicles	(1,032,847)	(54,124)	277,608	-	(809,363)
Total Accumulated Depreciation	(1,565,934)	(123,333)	277,608	19,479	(1,392,180)
Total Capital Assets, Depreciated, Net	981,579	(99,244)	-	951,745	1,834,080
Total Capital Assets, Net	\$ 1,981,457	\$ 172,596	\$ -	\$ 19,479	\$ 2,173,532

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022

NOTE 4: CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Capital Assets, Not Being Depreciated				
Land	\$ 175,736	\$ -	\$ -	\$ 175,736
Construction in progress	163,716	-	-	163,716
Total Capital Assets, Not Being Depreciated	339,452	-	-	339,452
Capital Assets, Being Depreciated				
Buildings and improvements	1,588,199	78,055	-	1,666,254
Equipment	606,554	-	-	606,554
Vehicles	1,031,507	14,293	-	1,045,800
Total Capital Assets, Being Depreciated	3,226,260	92,348	-	3,318,608
Less Accumulated Depreciation For:				
Buildings and improvements	(173,066)	(42,916)	-	(215,982)
Equipment	(409,751)	(29,555)	-	(439,306)
Vehicles	(809,363)	(55,315)	-	(864,678)
Total Accumulated Depreciation	(1,392,180)	(127,786)	-	(1,519,966)
Total Capital Assets, Depreciated, Net	1,834,080	(35,438)	-	1,798,642
Total Capital Assets, Net	\$ 2,173,532	(\$ 35,438)	\$ -	\$ 2,138,094

Depreciation

Depreciation expense was charged to governmental functions as follows:

	June 30, 2021	June 30, 2022
General government	\$ 123,333	\$ 127,786
Total Depreciation Expense	\$ 123,333	\$ 127,786

NOTE 5: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

For the Years Ended June 30, 2021, and 2022

NOTE 5: NET POSITION (CONTINUED)

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 6: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resources providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the District’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amount restricted, committed, or assigned to those purposes

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT

**Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022**

NOTE 6: FUND BALANCES (CONTINUED)

The fund balances for the governmental funds as of June 30, 2021, were distributed as follows:

	<u>General</u>	<u>Mitigation Fees</u>	<u>Total</u>
Restricted for:			
Capital improvements	\$ -	\$ 204,903	\$ 204,903
Subtotal	<u>-</u>	<u>204,903</u>	<u>204,903</u>
Committed for:			
General reserve	11,471	-	11,471
Engine 61 replacement	128,963	-	128,963
Engine 62 replacement	28,951	-	28,951
Engine 63 replacement	61,042	-	61,042
Attack vehicle replacement	30,366	-	30,366
Equipment reserve	9,054	-	9,054
Station reserve	<u>907,162</u>	<u>-</u>	<u>907,162</u>
Subtotal	<u>1,177,009</u>	<u>-</u>	<u>1,177,009</u>
Unassigned	<u>193,018</u>	<u>-</u>	<u>193,018</u>
Total	<u>\$ 1,370,027</u>	<u>\$ 204,903</u>	<u>\$ 1,574,930</u>

The fund balances for the governmental funds as of June 30, 2022, were distributed as follows:

	<u>General</u>	<u>Mitigation Fees</u>	<u>Total</u>
Restricted for:			
Capital improvements	\$ -	\$ 271,159	\$ 271,159
Subtotal	<u>-</u>	<u>271,159</u>	<u>686,222</u>
Committed for:			
General reserve	11,471	-	11,471
Engine 61 replacement	128,963	-	128,963
Engine 62 replacement	28,951	-	28,951
Engine 63 replacement	61,042	-	61,042
Attack vehicle replacement	30,366	-	30,366
Equipment reserve	9,054	-	9,054
Station reserve	<u>907,162</u>	<u>-</u>	<u>907,162</u>
Subtotal	<u>1,177,009</u>	<u>-</u>	<u>1,177,009</u>
Unassigned	<u>1,059,991</u>	<u>-</u>	<u>1,059,991</u>
Total	<u>\$ 2,237,000</u>	<u>\$ 271,159</u>	<u>\$ 2,508,159</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT

**Notes to Basic Financial Statements
For the Years Ended June 30, 2021, and 2022**

NOTE 6: FUND BALANCES (CONTINUED)

Fund Balance Policy

The Board of Directors has not established a fund balance policy by passage of an ordinance or resolution. Fund balance, which is committed or assigned for a specific purpose, is typically done through adoption of the budget and subsequent budget amendments.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases coverage from a commercial carrier. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2022, through XXX, 2025, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 296,560	\$ 296,560	\$ 298,091	\$ 1,531
Use of money	18,000	18,000	8,295	(9,705)
Intergovernmental revenue	5,000	5,000	11,010	6,010
Charges for services	42,000	42,000	565,822	523,822
Other revenue	-	-	30,515	30,515
Total Revenues	<u>361,560</u>	<u>361,560</u>	<u>913,733</u>	<u>552,173</u>
EXPENDITURES				
Current general government:				
Salaries and benefits	16,800	16,800	13,866	2,934
Service and supplies	330,933	330,933	218,269	112,664
Capital outlay	13,827	13,827	132,213	(118,386)
Total Expenditures	<u>361,560</u>	<u>361,560</u>	<u>364,348</u>	<u>(2,788)</u>
Net Change in Fund Balances	-	-	549,385	549,385
Fund Balances - Beginning	<u>820,642</u>	<u>820,642</u>	<u>820,642</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 820,642</u>	<u>\$ 820,642</u>	<u>\$ 1,370,027</u>	<u>\$ 549,385</u>

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Mitigation Fees
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money	\$ -	\$ -	\$ 2,454	\$ 2,454
Charges for services	-	-	60,916	60,916
Total Revenues	<u>-</u>	<u>-</u>	<u>63,370</u>	<u>63,370</u>
EXPENDITURES				
Capital outlay	-	-	163,716	(163,716)
Total Expenditures	<u>-</u>	<u>-</u>	<u>163,716</u>	<u>(163,716)</u>
Net Change in Fund Balances	-	-	(100,346)	(100,346)
Fund Balances - Beginning	<u>305,249</u>	<u>305,249</u>	<u>305,249</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 305,249</u>	<u>\$ 305,249</u>	<u>\$ 204,903</u>	<u>\$ (100,346)</u>

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 296,560	\$ 193,000	\$ 711,668	\$ 518,668
Use of money	10,000	10,145	9,817	(328)
Intergovernmental revenue	-	4,000	55,983	51,983
Charges for services	42,000	4,000	425,618	421,618
Other revenue	-	32,410	4,026	(28,384)
Total Revenues	<u>348,560</u>	<u>243,555</u>	<u>1,207,112</u>	<u>963,557</u>
EXPENDITURES				
Current general government:				
Salaries and benefits	17,000	17,000	16,286	714
Service and supplies	323,453	323,453	231,505	91,948
Capital outlay	8,107	8,107	92,348	(84,241)
Total Expenditures	<u>348,560</u>	<u>348,560</u>	<u>340,139</u>	<u>8,421</u>
Net Change in Fund Balances	-	(105,005)	866,973	971,978
Fund Balances - Beginning	<u>1,370,027</u>	<u>1,370,027</u>	<u>1,370,027</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,370,027</u>	<u>\$ 1,265,022</u>	<u>\$ 2,237,000</u>	<u>\$ 971,978</u>

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Years Ended June 30, 2021, and 2022

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for the General fund. The District did not adopt a budget for the Mitigation Fees fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (2) Prior to January 1, the budget is adopted by motion.
- (3) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations to the District. The Board may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2021, the District incurred expenditures in excess of appropriations as follows:

	Appropriations	Expenditures	Excess of Expenditures Over Appropriations
General Fund	\$ 361,560	\$ 364,348	\$ 2,788
Mitigation Fees	-	163,716	163,716

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OTHER REPORT AND SCHEDULES

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Schedule of Prior Year Findings and Recommendations**
- **Management's Corrective Action Plan**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Loma Rica-Browns Valley Community Services District
Loma Rica, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Loma Rica-Browns Valley Community Services District, California (District) as of and for the years ended June 30, 2021, and June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated XXX, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2022-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2022-002 through 2022-009 to be significant deficiencies.

To the Board of Directors
Loma Rica-Browns Valley Community Services District
Loma Rica, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying management's corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith & Newell CPAs
Yuba City, California
XXX, 2025

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-001 Capital Assets (Material Weakness)

Criteria

Good internal controls over capital assets requires that the District record and maintain a depreciation schedule that includes updated amounts for accumulated depreciation and current year depreciation expense for all capital assets owned by the District.

Condition

The District had not updated its depreciation schedule for fiscal years ending June 30, 2021, and June 30, 2022. We also noted that the District does not have a formal capitalization policy.

Cause

The District has not maintained a depreciation schedule which includes additions, retirements, accumulated depreciation and current year depreciation expense.

Effect

The capital assets are understated on the financial statements as presented to us.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District record and maintain a depreciation schedule, including additions, retirements, accumulated depreciation and current year depreciation expense. We also recommend that the District develop and maintain a formal capitalization policy.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-002 Budget (Significant Deficiency)

Criteria

California Government Code requires that appropriate operating budgets be adopted and amended as needed and that expenditures not exceed the approved budget.

Condition

For the year ended June 30, 2021, we noted the District incurred expenditures in excess of appropriations of \$2,788 in the General fund and \$163,716 in the Mitigation Fees major special revenue fund. We also noted that the District did not adopt budgets for the Mitigation Fees fund for both fiscal years ending June 30, 2021, and June 30, 2022.

Cause

The District did not amend its General fund budget for changes in the estimate of expenditures during the fiscal year ending June 30, 2021. Also, the District was not aware that it needed to adopt a budget for all funds.

Effect

Expenditures exceeded appropriations by \$2,788 in the General fund and by \$163,716 in the Mitigation Fees special revenue fund. In addition, the District does not have an approved budget for the Mitigation Fees fund in accordance with Government Code.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the District take appropriate action to amend the budget. We also recommend that the District prepare and adopt a budget for all funds.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-003 Deficiencies in Control Structure Design (Significant Deficiency)

Criteria

Good internal control requires that adequate controls be incorporated in the internal control structure.

Condition

There is an absence of segregation of duties consistent with control objectives.

Cause

The District has limited office staff.

Effect

The District's internal control procedures do not include appropriate segregation of duties.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that continued effort be made to incorporate good internal control policies into the District's operating procedures.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-004 Reliance on Auditor for Footnote Disclosures (Significant Deficiency)

Criteria

Auditing standards state that the auditor may not be part of an organization's internal control system. Someone in the organization must be knowledgeable in generally accepted accounting standards and capable of preparing full-disclosure financial statements in conformity with generally accepted accounting principles.

Condition

Management relies on the auditor to prepare for approval the footnote disclosures required for the District's financial statements to be in compliance with generally accepted accounting standards.

Cause

The District does not employ an accountant educated or trained in generally accepted accounting principles and does not contract the external accountant to prepare financial statements in conformity with generally accepted accounting principles prior to the annual audit.

Effect

The District must rely on auditor to prepare footnote disclosures.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of prior year finding 20-01.

Recommendation

We recommend that, if it becomes necessary for the District to issue financial statements to third-party users prior to the annual audit, the District consider the cost benefit of contracting an accountant educated or trained in generally accepted accounting principles to compile full disclosure financial statements.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-005 Audit Adjustments (Significant Deficiency)

Criteria

Governmental auditing standards require independent auditors to evaluate all unadjusted misstatements of financial statements. Also, producing timely audited financial statements is more difficult when adjustments are not recorded prior to the start of the annual audit.

Condition

At the time of fieldwork, we noted that the financial statements as presented to us for audit contained misstatements in accounts receivable, due from other governments, accounts payable and revenue/expenditures that required adjustment.

Cause

The District had not reconciled and adjusted accounts as necessary.

Effect

The financial statements as presented to us contained misstatements that required adjustment.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District reconcile all accounts in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-006 Bank Reconciliation (Significant Deficiency)

Criteria

The District is required to reconcile the cash recorded on the general ledger to the cash held in the bank and resolve any differences.

Condition

At the time of fieldwork, we noted that the District had not reconciled the Umpqua Bank account balance to the amount reported in the general ledger for June of 2022.

Cause

The District had not reconciled the cash reported on the general ledger to the bank account.

Effect

Failure to reconcile bank accounts to the general ledger increases the risk of undetected errors or omissions.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District reconcile all bank accounts and resolve any differences to the books of the District.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-007 Payroll Records (Significant Deficiency)

Criteria

Good internal control over payroll records requires that the District maintain complete employee files that include all information related to employment.

Condition

At the time of fieldwork, the District could not locate approved payrate documentation for one employee.

Cause

The District did not maintain employment-related documents for one employee.

Effect

We could not verify that an employee was paid in accordance with an approved payrate.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District maintain complete employee files that include payrate information for each employee, as well as any other payroll-related documents.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-008 Fund Balance Policy (Significant Deficiency)

Criteria

Governmental Accounting Standards Board (GASB) Statement No. 54 requires that governmental entities develop and adopt a fund balance policy.

Condition

We noted that the District did not have a fund balance policy.

Cause

The District had not developed and implemented an approved fund balance policy.

Effect

The District is not in compliance with GASB Statement No. 54.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District develop and adopt a fund balance policy in accordance with GASB Statement No. 54.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

2022-009 Lack of Supporting Documentation for Committed Fund Balance (Significant Deficiency)

Criteria

During our review of the fund balance classifications reported in the financial statements, we noted that the District reported a committed fund balance in the amount of \$1,177,009. However, the District was unable to provide sufficient supporting documentation, such as formal Board action, demonstrating that the fund balance was properly committed in accordance with GASB Statement No. 54.

Condition

Per GASB Statement No. 54, fund balance should be reported as committed only by formal action of the government's highest level of decision-making authority prior to the end of the reporting period. This action must be documented.

Cause

The District does not have a formal process in place to document and retain documentation of Board actions related to fund balance commitments.

Effect

Without adequate documentation, the reported committed fund balance may be misstated.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District develop and implement policies to ensure that all fund balance commitments are supported by formal actions (e.g., resolutions or ordinances) approved by the Board of Directors prior to year end. Additionally, these actions should be properly documented and retained to support financial reporting.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Schedule of Prior Year Findings and Recommendations
For the Years Ended June 30, 2021, and 2022

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendation</u>
20-01	<p>Reliance on Auditor for Footnote Disclosures</p> <p>Recommendation</p> <p>We recommend that, if it becomes necessary for the District to issue financial statements to third-party users prior to the annual audit, the District consider the cost benefit of contracting an accountant educated or trained in generally accepted accounting principles to compile full disclosure financial statements.</p> <p>Status</p> <p>Not implemented</p>

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Management's Corrective Action Plan
For the Years Ended June 30, 2021, and 2022

Finding 2022-001 Capital Assets (Material Weakness)

We recommend that the District record and maintain a depreciation schedule, including additions, retirements, accumulated depreciation and current year depreciation expense.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

Finding 2022-002 Budget (Significant Deficiency)

We recommend that the District control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the District take appropriate action to amend the budget. We also recommend that the District prepare and adopt a budget for all funds.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

Finding 2022-003 Deficiencies in Control Structure Design (Significant Deficiency)

We recommend that continued effort be made to incorporate good internal control policies into the District's operating procedures.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Management's Corrective Action Plan
For the Years Ended June 30, 2021, and 2022

Finding 2022-004 Reliance on Auditor for Footnote Disclosures (Significant Deficiency)

We recommend that, if it becomes necessary for the District to issue financial statements to third-party users prior to the annual audit, the District consider the cost benefit of contracting an accountant educated or trained in generally accepted accounting principles to compile full disclosure financial statements.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

Finding 2022-005 Audit Adjustments (Significant Deficiency)

We recommend that the District reconcile all accounts in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

Finding 2022-006 Bank Reconciliation (Significant Deficiency)

We recommend that the District reconcile all bank accounts and resolve any differences to the books of the District.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

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LOMA RICA-BROWNS VALLEY COMMUNITY SERVICES DISTRICT
Management's Corrective Action Plan
For the Years Ended June 30, 2021, and 2022

Finding 2022-007 Payroll Records (Significant Deficiency)

We recommend that the District maintain complete employee files that include payrate information for each employee, as well as any other payroll-related documents.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

Finding 2022-008 Fund Balance Policy (Significant Deficiency)

We recommend that the District develop and adopt a fund balance policy in accordance with GASB Statement No. 54.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

Finding 2022-009 Lack of Supporting Documents for Committed Fund Balance (Significant Deficiency)

We recommend that the District develop and implement policies to ensure that all fund balance commitments are supported by formal actions (e.g., resolutions or ordinances) approved by the Board of Directors prior to year end. Additionally, these actions should be properly documented and retained to support financial reporting.

Management's Response:

Responsible Individual:

Corrective Action Plan:

Anticipated Completion Date:

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