

**COPPER VALLEY
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS
Modified Cash Basis**

FISCAL YEAR ENDED JUNE 30, 2023

DRAFT

COPPER VALLEY COMMUNITY SERVICES DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Copper Valley Community Services District
Copperopolis, California

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Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Copper Valley Community Services District as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively make up the basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position-modified cash basis, of Copper Valley Community Services District as of June 30, 2023, and the changes in financial position-modified cash basis, of those activities and funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Copper Valley Community Services District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Copper Valley Community Services 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 Copper Valley Community Services 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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Required Supplementary Information

The Copper Valley Community Services District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

The required supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison for the General fund on page 17 is 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 (GASB), 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 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.

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Larry Bain, CPA
An Accounting Corporation
February 19, 2024

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Statement of Net Position
Modified Cash Basis
June 30, 2023**

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and investments	\$ 1,510,254
Restricted cash	212,373
Total current assets	<u>1,722,627</u>
Capital Assets:	
Easements	10,344,000
Equipment	531,242
Buildings	145,569
Infrastructure-Roads	4,377,023
Less: accumulated depreciation	<u>(1,694,140)</u>
Total capital assets-net	<u>13,703,694</u>
Total assets	<u>15,426,321</u>
Liabilities	
Current Liabilities	
Current portion of long-term debt	<u>161,587</u>
Long Term Liabilities	
Long-term portion of installment debt	1,551,762
Long-term portion of capital lease	-
Total long-term liabilities	<u>1,551,762</u>
Total liabilities	<u>1,713,349</u>
Net Position	
Net investment in capital assets	11,990,345
Restricted debt proceeds	212,373
Unrestricted	<u>1,662,586</u>
Total net position	<u>\$ 13,865,304</u>

The notes to the modified cash basis financial statements are an integral part of this statement

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Statement of Activities
Modified Cash Basis
For the Fiscal Year Ended June 30, 2023**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital grants and contributions</u>	<u>Total</u>
Governmental Activities:				
Community service	\$ 1,099,145	\$ 1,404,970	\$ -	\$ 305,825
Interest expense	<u>44,996</u>			<u>(44,996)</u>
Total Governmental activities	<u>\$ 1,144,141</u>	<u>\$ 1,404,970</u>	<u>\$ -</u>	<u>\$ 260,829</u>
General Revenues:				
Investment income				21,663
Sale of assets				-
Other				<u>21,548</u>
Total general revenues				<u>43,211</u>
Change in net position				304,040
Net position - beginning				<u>13,561,264</u>
Net position - ending				<u>\$ 13,865,304</u>

The notes to the modified cash basis financial statements are an integral part of this statement

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Balance Sheet
Governmental Funds
Modified Cash Basis
June 30, 2023**

	General Fund	Totals Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 1,510,254	\$ 1,510,254
Restricted cash	212,373	212,373
Total assets	<u>\$ 1,722,627</u>	<u>\$ 1,722,627</u>
Fund Balance		
Restricted debt proceeds	\$ 212,373	\$ 212,373
Unassigned	1,510,254	1,510,254
Total fund balance	<u>\$ 1,722,627</u>	<u>\$ 1,722,627</u>

The notes to the modified cash basis financial statements are an integral part of this statement

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Balance Sheet,
To The Statement of Net Position
Modified Cash Basis
June 30, 2023**

Fund balances of governmental funds	\$ 1,722,627
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	13,486,293
Long term debt is not due and payable in the current period and therefore is not reported in the funds	<u>(1,560,684)</u>
Net position of governmental activities	<u>\$ 13,648,236</u>

The notes to the modified cash basis financial statements are an integral part of this statement

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Modified Cash Basis
For the Fiscal Year Ended June 30, 2023**

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Use of money and property	\$ 21,663	\$ 21,663
Special assessment	1,404,970	1,404,970
Other	22,683	22,683
Total revenues	<u>1,449,316</u>	<u>1,449,316</u>
Expenditures		
Current:		
Community services	1,024,231	1,024,231
Debt		
Principal	164,494	164,494
Interest	44,996	44,996
Capital expense	82,913	82,913
Total expenditures	<u>1,316,634</u>	<u>1,316,634</u>
Excess (deficit) of revenues over expenditures before other financing sources	<u>132,682</u>	<u>132,682</u>
Other financing sources-sale of assets	<u>8,000</u>	<u>8,000</u>
Net change in fund balances	<u>140,682</u>	<u>140,682</u>
Fund balance, beginning of fiscal year	<u>1,581,945</u>	<u>1,581,945</u>
Fund balance, end of fiscal year	<u>\$ 1,722,627</u>	<u>\$ 1,722,627</u>

The notes to the modified cash basis financial statements are an integral part of this statement

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
Modified Cash Basis
June 30, 2023**

Net change in fund balances - total governmental funds	\$ 140,682
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>	
Capital outlay	82,913
Depreciation expense	(296,753)
Accumulated depreciation remaining on sold assets	(3,561)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	164,494
Change in net position of governmental activities	<u><u>\$ 87,775</u></u>

The notes to the modified cash basis financial statements are an integral part of this statement

COPPER VALLEY COMMUNITY SERVICES DISTRICT

Notes to the Modified Cash Basis Financial Statements June 30, 2023

Note 1: Summary of Significant Accounting Policies

The Saddle Creek Community Services District was formed on August 18, 1995, by resolution of the Board of Supervisors of Calaveras County and approved by the Local Agency Formation Commission. During the 2019-20 fiscal year the name of the District was changed to Copper Valley Community Services District. The purpose of the District is to maintain Copper Valley Community Services District owned facilities and easements including sidewalks, storm drains, landscaping, lighting, parks, security, weed and mosquito abatement, road improvement and maintenance, reserves, and administration. The District is a separate legal entity of the County of Calaveras and operates pursuant to Government Code Section 61600.

The District receives assessments levied upon property located within the District by the County of Calaveras. The District's Board of Directors determines the assessments and the assessments are collected by the tax collector of the County.

The accounting policies of the District are prepared on the modified cash basis of accounting. This basis of accounting is other than generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Based on the aforementioned oversight criteria, there are no component units in accordance with Governmental Accounting Standards Board Statement No. 61.

B. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following are some of the ways that the modified cash basis of accounting differs from accounting principles generally accepted in the United States of America.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

COPPER VALLEY COMMUNITY SERVICES DISTRICT

Notes to the Modified Cash Basis Financial Statements June 30, 2023

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. Property taxes are considered available if they are collected within sixty-days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

The Copper Valley Community Services District recognizes revenues when they are received by the District. The modified cash basis of accounting recognizes all expenditures when they are paid. Accrued assets and liabilities are presented if they are material to the financial statements.

Consequently, the District has not recognized receivables or accounts payable to vendors and their related effects on earnings in the accompanying financial statements. The District does recognize capital assets and long-term debt in the government-wide financial statements in accordance with GASB 34.

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following are the District's governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2023**

Note 1: Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Fund Equity

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

H. Property Assessments

The Board of Directors sets fees for the operation of the District, which are collected by the County of Calaveras and remitted to the District. The 2022/23 fiscal year assessments as approved by Measure A are as follows:

Improved lots	\$1,995.71 per residential lot
Large undeveloped properties	\$843.72 per acre or portion thereof
Sports club property	\$752.37 per acre or portion thereof
Golf course property	\$74,837 per parcel

I. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include easements, buildings, roads and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements using mid- year convention, on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	20 years
Other improvements	35 years
Equipment and machinery	5 to 20 years
Infrastructure	50 years

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2023**

Note 2: Cash and Investments

Cash at June 30, 2023 consisted of the following:

General checking	\$	204,598
CA CLASS		1,338,663
LAIF		107,567
Cash with county		<u>71,799</u>
Total	\$	<u><u>1,722,627</u></u>

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for the Copper Valley Community Services District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk, credit risk and concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment maturity:

<u>Investment type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>	
		<u>12 Months or Less</u>	<u>13-48 Months</u>
Calaveras County*	\$ 71,799	\$ 71,799	\$ -
California CLASS*	1,338,663	1,338,663	
Local Agency Investment Fund*	107,567	107,567	
Totals	<u>\$ 1,518,029</u>	<u>\$ 1,518,029</u>	<u>\$ -</u>

* Not subject to categorization

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to three levels of custodial credit risk within the following categories:

Category 1 - insured or registered, with securities held by District or its agent in the District's name.

COPPER VALLEY COMMUNITY SERVICES DISTRICT

Notes to the Modified Cash Basis Financial Statements June 30, 2023

Note 2: Cash and Investments (continued)

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2023, the District's deposits balance, including certificates of deposit, was \$204,761 and the carrying amount was \$204,598. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, all was covered by the Federal Depository Insurance or by collateral held in the pledging bank's trust department in the District's name.

The California Cooperative Liquid Assets Securities System, doing business as the California CLASS, is a California joint powers authority created pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (commencing with Section 6500), known as the Joint Exercise of Powers Act (Act) and the JPA Agreement referenced below. The Act provides that two or more public agencies (as defined herein, Public Agencies) that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power and create a joint powers authority separate from such Public Agencies to exercise such common power and to act as administrator of the agreement. Under this authority, California CLASS was created pursuant to a Joint Exercise of Powers Agreement (JPA Agreement) dated as of June 6, 2022, between the Founding Participants (as defined in the JPA Agreement), with the pool commencing operations on July 1, 2022. The purpose of the California CLASS is to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale and perform governmental functions more efficiently through the California CLASS Investment Program. California CLASS presently offers shares in one portfolio, California CLASS Prime. California CLASS Prime operates like a money market mutual fund with each share valued at \$1.00. California CLASS is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC" Topic 946). California CLASS Prime is rated AAAM by S&P Global Ratings as of March 31, 2023.

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2023**

Note 2: Cash and Investments (continued)

E. Investments in Government Pools

LAIF is included in the State’s Pooled Money Investment Account. The total amount invested by all public agencies in the State’s Pooled Money Investment Account approximates \$176.44 billion. Of the \$176.44 billion managed by the State Treasurer, 100% is invested in non-derivative financial products and 2.78% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute.

The District maintains a cash account with the Calaveras County Treasurer in an investment pool. The District’s funds are managed in accordance with the investment policy of the County Treasury. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding the categorization of investments and investment risk can be found in the County’s financial statements. The Calaveras County’s financial statements may be obtained by contacting the County of Calaveras Auditor-Controller’s office at 891 Mountain Ranch Road, San Andreas, CA 95249.

Note 3: Property Plant and Equipment

Activity for the assets capitalized by the District is summarized below:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets, not being depreciated				
Easements	\$ 10,344,000	\$ -	\$ -	\$ 10,344,000
Capital assets, being depreciated				
Equipment	531,242	72,713	(34,733)	569,222
Buildings	145,569	10,200		155,769
Roads	4,377,023			4,377,023
Total capital assets, being depreciated	5,053,834	82,913	(34,733)	5,102,014
Less accumulated depreciation for:				
Equipment	(402,791)	(39,651)	31,172	(411,270)
Buildings	(36,504)	(8,237)		(44,741)
Roads	(1,254,845)	(248,865)		(1,503,710)
Total accumulated depreciation	(1,694,140)	(296,753)	31,172	(1,959,721)
Total capital assets, being depreciated, net	3,359,694	(213,840)	(3,561)	3,142,293
Total governmental activities, capital assets, net	\$ 13,703,694	\$ (213,840)	\$ (3,561)	\$ 13,486,293

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2023**

Note 4: Long-Term Liabilities

A summary of the changes in the District's long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2023:

Governmental Activities	Balance			Balance June 30, 2023	Due within one year
	July 1, 2022	Additions	Retirements		
Installment Loan A	\$ 454,562	\$ -	\$ (71,369)	\$ 383,193	\$ 73,070
Installment Loan B	1,251,567		(81,297)	1,170,270	83,548
Capital lease	19,049		(11,829)	7,220	7,220
Total	<u>\$ 1,725,178</u>	<u>\$ -</u>	<u>\$ (164,495)</u>	<u>\$ 1,560,683</u>	<u>\$ 163,838</u>

Capital Lease

On February 1, 2019, the District Board of Directors authorized the financing and purchase of a compact utility tractor. The cost of the equipment was \$54,970. The District 60 monthly payments of \$1,051.30 include the vehicle cost and finance charges with the interest rate set at 5.75%. The following is the remaining amortization schedule at June 30, 2023 of principal and interest payments:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 7,220	\$ 139	\$ 7,359
Totals	<u>\$ 7,220</u>	<u>\$ 139</u>	<u>\$ 7,359</u>

Installment Loan A

On May 4th 2020 the District entered into an installment sale agreement with municipal finance corporation whereas the District borrowed \$592,352 at an interest rate of 2.37% for the purpose of refinancing the 2018 installment debt that was used to fund construction projects within the District boundaries. The installment sale agreement was subsequently assigned to First Foundation Bank. The accrued interest of \$5,780 and cost of issuance of \$8,500 were rolled into the new installment debt. The loan is secured by a pledge of voter-approved special taxes. The repayment term is 16 semi-annual payments of \$40,861 starting on November 4, 2020 with the final payment on May 4, 2028 as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 73,070	\$ 8,652	\$ 81,722
2025	74,813	6,909	81,722
2026	76,596	5,126	81,722
2027	78,422	3,300	81,722
2028	80,292	1,430	81,722
Totals	<u>\$ 383,193</u>	<u>\$ 25,417</u>	<u>\$ 408,610</u>

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2023**

Note 4: Long-Term Liabilities (Continued)

Installment Loan B

On May 4th 2020 the District entered into an installment sale agreement with municipal finance corporation whereas the District borrowed \$1,407,648 at an interest rate of 2.75% for the purpose of funding construction projects within the District boundaries. The installment sale agreement was subsequently assigned to First Foundation Bank. The cost of issuance of \$25,000 was rolled into the installment debt. The loan is secured by a pledge of voter-approved special taxes. The repayment term is 30 semi-annual payments of \$57,580 starting on November 4, 2020 with the final payment on May 4, 2035 as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 83,548	\$ 31,612	\$ 115,160
2025	85,862	29,298	115,160
2026	88,239	26,921	115,160
2027	90,682	24,478	115,160
2028	93,193	24,478	117,671
2029-2033	506,133	83,304	589,437
2034-2035	222,613	16,037	238,650
Totals	<u>\$ 1,170,270</u>	<u>\$ 236,128</u>	<u>\$ 1,406,398</u>

Note 5: 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; and natural disasters. The District purchases commercial insurance to cover the risk of loss. The general liability and the director and officers' liability coverage are limited to \$1,000,000 each. The District pays an annual premium to Special Districts Risk Management Authority for its general liability and workers compensation insurance. The District also has a \$100,000 dishonesty bond to provide protection from potential losses due to embezzlement by employees.

Note 6: Gann Limit

Proceeds-all sources 2022/23	\$ 1,449,316
GANN limit for 2022/23	1,678,857
Amount (under)/over limit	<u>\$ (229,541)</u>

Note 7: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Notes to the Modified Cash Basis Financial Statements
June 30, 2023**

Note 8: Commitments and Contingencies

Grants

Grants are subject to audit to determine compliance with their requirements. District officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the District. The District is unaware of any pending litigation or other contingencies which would have a material effect on the financial condition or liquidity of the District.

Line of Credit

The District has open lines of credit with various vendors for purchase of supplies and a Visa credit card issued by UMPQUA Bank with a credit limit of \$50,000.

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Required Supplementary Information
Budgetary Comparison Schedule-General Fund
Modified Cash Basis
For The Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Special assessments	\$ 1,419,162	\$ 1,419,162	\$ 1,404,970	\$ (14,192)
Use of money and property	600	600	21,663	21,063
Other	24,800	24,800	22,683	(2,117)
	<u>1,444,562</u>	<u>1,444,562</u>	<u>1,449,316</u>	<u>4,754</u>
Total revenues				
Expenditures				
Salaries and benefits	646,500	646,500	660,464	(13,964)
Services and supplies	418,900	418,900	326,022	92,878
Principal Expense	164,494	164,494	164,494	-
Interest expense	45,004	45,004	44,996	8
Capital expense	163,200	163,200	120,658	42,542
	<u>1,438,098</u>	<u>1,438,098</u>	<u>1,316,634</u>	<u>121,464</u>
Total expenditures				
Excess (deficit) of revenues over expenditures before other financing sources	<u>6,464</u>	<u>6,464</u>	<u>132,682</u>	<u>126,218</u>
Other financing sources-sale of assets			<u>8,000</u>	<u>8,000</u>
Net change in fund balances	<u>\$ 6,464</u>	<u>\$ 6,464</u>	<u>140,682</u>	<u>\$ 134,218</u>
Fund balance, beginning of fiscal year			<u>1,581,945</u>	
Fund balance, end of fiscal year			<u>\$ 1,722,627</u>	

The note to the required supplementary information is an integral part of this schedule

COPPER VALLEY COMMUNITY SERVICES DISTRICT

**Note to the Required Supplementary Information
June 30, 2023**

Note 1: Budgets and Budgetary Accounting

As required by State law, the District is required to prepare and legally adopt a final operating budget. Public hearings are required to be conducted on the proposed and final budget to review all appropriations and the sources of financing.

The budget for the general fund is required to be adopted on the modified cash basis of accounting. The budget for the general fund is the only legally adopted budgets.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at year end.