

**GOLDEN WEST COMMUNITY SERVICES DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEARS ENDING**

**JUNE 30, 2018**

**JUNE 30, 2017**

# Golden West Community Services District

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# VAUGHN JOHNSON, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Golden West Community Services District

I have audited the accompanying financial statements of the government activities of Golden West Community Services District (District) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Golden West Community Services District as of June 30, 2018 and 2017, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted 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. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 15-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other information*

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Golden West Community Services District taken as a whole. The accompanying supplemental information of Agreed upon Procedures Report for Appropriations Limit calculation is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Accounting Standards*, I have also issued my report dated January 17, 2019, on my consideration of Golden West Community Services District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

*Vaughn Johnson*

Vaughn Johnson, CPA

Cameron Park, California  
January 17, 2019



**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
BALANCE SHEET AND STATEMENT OF NET POSITION  
JUNE 30, 2018**

	Governmental Fund (General Fund)	Adjustments	Statement of Net Assets (Governmental Activities)
<b>Assets</b>			
Cash with County Treasury	\$ 148,853		\$ 148,853
Capital Assets			-
Land and Land Improvements		\$ 65,000	65,000
Total Assets	<u>\$ 148,853</u>	<u>\$ 65,000</u>	<u>\$ 213,853</u>
<b>Liabilities</b>			
Accounts Payable	1,426		1,426
Total Liabilities	<u>1,426</u>	<u>\$ -</u>	<u>1,426</u>
<b>Fund Balance</b>			
Restricted	147,427	(147,427)	-
Total Fund Balance	<u>147,427</u>	<u>(147,427)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 148,853</u>		
<b>Net Position</b>			
Invested in Capital Assets		65,000	65,000
Restrict for Roads		<u>147,427</u>	<u>147,427</u>
Total Net Position		<u>212,427</u>	<u>212,427</u>
Total Liabilities and Net Position		<u>\$ 65,000</u>	<u>\$ 213,853</u>

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

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
BALANCE SHEET AND STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>Governmental Fund (General Fund)</u>	<u>Adjustments</u>	<u>Statement of Net Assets (Governmental Activities)</u>
<b>Assets</b>			
Cash with County Treasury	\$ 253,676		\$ 253,676
Capital Assets			-
Land and Land Improvements		\$ 65,000	65,000
<b>Total Assets</b>	<u>\$ 253,676</u>	<u>\$ 65,000</u>	<u>\$ 318,676</u>
<b>Liabilities</b>			
Accounts Payable	2,028		2,028
<b>Total Liabilities</b>	<u>2,028</u>	<u>\$ -</u>	<u>2,028</u>
<b>Fund Balance</b>			
Restricted	251,648	(251,648)	-
<b>Total Fund Balance</b>	<u>251,648</u>	<u>(251,648)</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 253,676</u>		
<b>Net Assets</b>			
Invested in Capital Assets		65,000	65,000
Restricted for Roads		251,648	251,648
<b>Total Net Position</b>		<u>316,648</u>	<u>316,648</u>
<b>Total Liabilities and Net Assets</b>		<u>\$ 65,000</u>	<u>\$ 318,676</u>

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

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE TO NET ASSETS OF GOVERNMENTAL  
ACTIVITIES  
JUNE 30,**

	2018	2017
Total Government Fund Balance	\$ 147,427	\$ 251,648
<p>Amounts reported for the governmental activities  in the statement of activities are different because:</p>		
<p>Capital assets used in the government activities  are not financial resources and therefore are not  reported in the funds, net of depreciation allocated.</p>		
	65,000	65,000
Net Position	\$ 212,427	\$ 316,648

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



**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
 STATEMENTS OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE AND STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Property taxes	\$ 77,253		\$ 77,253
Direct assessments	53,936		53,936
Fines, forfeitures and penalties	34		34
Revenue from use of money or property	1,760		1,760
State Homeowners Property Tax Relief	705		705
Miscellaneous Revenues	<u>217</u>		<u>217</u>
<b>TOTAL REVENUES</b>	<b>133,905</b>		<b>133,905</b>
<b>EXPENDITURES</b>			
Services and supplies	<u>238,126</u>		<u>238,126</u>
<b>TOTAL EXPENDITURES</b>	<b>238,126</b>		<b>238,126</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND EXPENDITURES</b>	<b>(104,221)</b>		<b>(104,221)</b>
Fund balances/net assets, beginning	<u>251,648</u>	<u>65,000</u>	<u>316,648</u>
Fund balances/net assets ending	<u><u>\$ 147,427</u></u>	<u><u>65,000</u></u>	<u><u>\$ 212,427</u></u>

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

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
 STATEMENTS OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE AND STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Property taxes	\$ 70,901		\$ 70,901
Direct assessments	54,353		54,353
Fines, forfeitures and penalties	468		468
Homeowner prop tax relief	679		679
Revenue from use of money or property	<u>1,573</u>		<u>1,573</u>
<b>TOTAL REVENUES</b>	<b>127,974</b>		<b>127,974</b>
<b>EXPENDITURES</b>			
Services and supplies	<u>162,298</u>		<u>162,298</u>
<b>TOTAL EXPENDITURES</b>	<b>162,298</b>		<b>162,298</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND EXPENDITURES</b>	<b>(34,324)</b>		<b>(34,324)</b>
Fund balances/net assets, beginning	<u>285,972</u>	<u>65,000</u>	<u>350,972</u>
Fund balances/net assets ending	<u><u>\$ 251,648</u></u>	<u><u>65,000</u></u>	<u><u>\$ 316,648</u></u>

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

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE TO STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30,**

	2018	2017
Net Change in Governmental Fund Balance	\$ (104,221)	\$ (34,324)
<p>Amounts reported in the statement of activities are different because:</p> <p style="padding-left: 40px;">Payments for the prepaid items are fully recognized as an expenditure in the year of payment in the governmental funds under the nonallocation method however, in the statement of activities, they are recognized as an expenditure in the year that is expected to benefit from the payment.</p>		
Change in Net Assets	\$ (104,221)	\$ (34,324)

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

# GOLDEN WEST COMMUNITY SERVICES DISTRICT NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **A. Reporting Entity**

The Golden West Community Services District (District) is a legal subdivision of the State of California, organized in 1984 for the purpose of road maintenance services and enforcement of covenants, conditions, and restrictions (CC&R).

The District was formed pursuant to Community Service District Law to provide road maintenance services and CC&R enforcement to an approximate 3,276-acre area located on both sides of Highway 49, three miles south of Pleasant Valley Road, in the El Dorado area.

### **B. Basis of Presentation**

#### *Government-Wide Financial Statements*

The statement of net position and the statement of activities report information about the primary government (the District). Using the economic resources measurement focus and the accrual basis of accounting, these statements report all the assets, liabilities, revenues, expenses, gains and losses of the District. These statements include the financial activities of the overall government, except fiduciary activities.

The statement of activities presents a comparison between direct expenses and program revenues for the District's single governmental activities. Since all of the District's expenses are specifically associated with their single program or function (public ways and facilities) these expenses are clearly identifiable to that particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the District's public ways and facilities. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

#### *Fund Financial Statements*

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column. All remaining governmental funds, if any, are separately aggregated and reported as non-major funds. The District utilizes a single governmental fund, the General Fund, to account for all revenues and expenditures necessary to carry out its single governmental activity.

The District's basic financial statements have been presented in columnar format whereby both the government-wide and Fund Financial Statements have been presented in separate columns with an additional column showing any adjustments necessary to reflect the differences in the respective basis of accounting.

The District does not have any non-major governmental, fiduciary or proprietary funds.

### **C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the flow of economic resources measurement focus and accrual basis of accounting.

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District does not give (or receive) equal value in exchange, includes property and sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The measurable criterion requires that revenue be subject to reasonable estimation and the availability criterion refers to the District's ability to spend the resources related to recognition of revenue. The availability criterion requires that resources can only be recorded as revenue, if those resources are expected to be collected or otherwise realized in time to pay liabilities reported by the District within 30 days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

***D. Budgetary Data Control***

Pursuant to section 53901 of the California Government Code, the District is required to file annual budgets with the El Dorado County Auditor-Controller's Office. The District complied with this requirement each fiscal year in the audit period.

The District's annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures.

***E. Capital Assets and Depreciation***

While the District has not adopted capitalization and depreciation policies; Capital assets are recorded at historical cost and donated capital assets are valued at their estimated fair market value on the date of donation.

The District owns approximately 21 acres of donated land acquired from Golden West Property Owners Association in 1986. The intended use of the land when the subdivision was formed was to be beach front+access to a lake that would have been formed as the result of the Nashville Dam. Since the Nashville Dam was never put into place, the need for community access to the lakefront property no longer exists. The land's estimated fair value at the time of donation is \$65,000.

***F. Use of Estimates***

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reported period. Actual results could differ from these estimates and the differences may be material.

***G. Accounting Records***

Accounting records for the District are maintained by the El Dorado County Auditor-Controller's Office. Controls are in place to ensure that all transactions are initiated, approved, and coded by the District's management prior to implementation by El Dorado County Auditor-Controller staff.

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

***H. Tax Levied and Special Assessments***

The District's principal source of revenue is the District's share of local property taxes (ad valorem on real property) and voter-approved special taxes. Voter-approved special taxes are assessed and collected by El Dorado County at the same time and on the same rolls as local property taxes. Taxes are levied on July 1 each year on taxable real and personal property which is situated in the District as of proceeding January 1 (lien date). A supplemental tax may be levied when property changes hands or new construction is completed.

Property taxes are payable in two installments due November 1 and February 1, and become delinquent on December 10 and April 10 for each respective installment. Taxes on unsecured property (personal property and leasehold) are due January 1 of each year based on the preceding fiscal year's secured tax rate and become delinquent on August 31.

Local property taxes are allocated on the Teeter Plan which results in the District receiving the cash equivalent of the taxes for that year regardless of their collection status. In addition to local property taxes, the District receives a voter approved direct assessment tax (special tax) of \$120 per parcel. The District receives these taxes as they are collected.

***I. Constitutional and Statutory Provisions Affecting The District***

Article XIII B of the California State Constitution requires that the District's Board pass, by resolution, their annual appropriation spending limit. Article XIII B, as subsequently amended by proposition 111, limits the annual appropriations (spending ability) of the District to the level of appropriations for the prior fiscal year adjusted for the changes in the cost of living and in population (economic factors). The District also may establish or change the appropriations limit beyond these economic factors by election, subject to, and in conformity with constitutional and statutory voting requirements. The duration of any such change is determined by the said electors, but in no event can it exceed four years. The appropriations of the District, subject to Article XIII B limitations, are the proceeds of taxes including, but not limited to, property taxes, special taxes for general governmental purposes or maintenance, and interest earned from the fore mentioned proceeds of taxes.

On November 5, 1996 the voters of the State of California Approved Proposition 218, properly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIII C and XIII D, which contains a number of provisions that affect the ability of local agencies, including the District, to levy and collect both existing and future taxes, assessments, fees and charges. Article XIII C stipulates that the District must obtain voter approval of any increase in taxes and Article XIII D establishes the specific procedures and requirements that must be followed to obtain voter approval for any special taxes.

The combined effect of the above mentioned Articles of the State Constitution legally set limits on the District's ability to increase and spend tax revenues. Specifically, the District does not have the legal power to raise taxes without voter approval. In addition, the District is limited in its ability to legally encumber and spend the tax revenues by means of the appropriations spending limit. Such limit is automatically increased annually by economic factors independent of the District Management's control. In addition, the District may increase its spending limit by obtaining voter approval and any such voter approved spending limit or increase has a statute of limitations of not more than four years

During the audit period the District did not increase its voter-approved taxes or did it increase its spending appropriations beyond the allowable economic factors.

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**J. Implementation of Governmental Accounting Standards Board Statements**

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The provisions of the following Governmental Accounting Standards Board (GASB) Statements have been implemented by the District for the years ended June 30, 2018:

*GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions;* establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**NOTE 2. CREDIT RISK, CARRYING VALUE AND MARKET VALE OF CASH WITH COUNTY TREASURY**

Cash consisted of Cash in County Treasury in El Dorado County. The District maintains all of its cash and investments with the El Dorado County Treasurer in an investment pool. The County of El Dorado is an external investment pool for the Commission and the Commission is considered an involuntary participant. The Commission does not own any specific identifiable investments in the pool. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. 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 El Dorado's financial statements may be obtained by contacting the County of El Dorado's Auditor-Controller's office. The County maintains written investment policies which address a wide variety of investment practices, including primary investments objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. All cash deposits at the County conform to the California Government Code Section 53646 and are fully collateralized by governmental securities pledged for the purpose of Public Deposit Collateral.

Required disclosures for the Commission's deposit and investment risks at June 30, 2018, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value. The fair value of cash was not available at the time of this report; therefore no adjustment was made for GASB 31 compliance.

**NOTE 3. SUMMARY OF CAPITAL ASSETS**

The schedule of capital assets is as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>June 30, 2016</u>			<u>June 30, 2018</u>
<b>Government Activities</b>				
Capital assets, not being depreciated				
Land and land improvements	\$ <u>65,000</u>			\$ <u>65,000</u>
Total capital assets not being depreciated	\$ <u>65,000</u>			\$ <u>65,000</u>

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4. LONG TERM LIABILITIES**

The District did not have any long-term liabilities during the audit period.

**NOTE 5. NET POSITION/FUND BALANCE**

A. Net Position

The government-wide and proprietary fund 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:* This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in governmental activities restricted net position at June 30, 2018, is net position restricted by enabling legislation of \$212,427.
- *Unrestricted Net Position:* This category represents net assets of the District, not restricted for any project or other project.

B. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in those funds. As of June 30, 2018, fund balances for governmental funds comprise the following based on the relative strength of the constraints that control how specific amounts can be spent:

- *Nonspendable Fund Balance:* This category includes 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:* This category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance:* This category includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority (resolution by the District's Board). Commitments may be changed or lifted only by the District's Board taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance:* This category comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. *Intent* is expressed by (a) the District's Board or (b) a body (a budget or finance committee, for example) or official to which the District's Board has delegated the authority to assign amounts to be used for specific purposes.



**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

- *Unassigned Fund Balance:* This category is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification was used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

In circumstances when an expenditure is incurred for purposes for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**NOTE 6. POTENTIAL CONFLICTS OF INTEREST**

Government Code Sections 1090-1099 stipulate certain activities considered to be a conflict of interest if performed by district board members and/or employees in their official capacity. These prohibited activities include:

- The involvement in the disbursement of moneys or payments with vendors in which they have financial interest.
- The disclosure of information that is not a matter of public record, which may result in a financial gain to a district board member, district employee, or another party.

The District's Board members are aware of these Government Code restrictions and, further, assert their avoidance of these activities and any other that might be perceived, by a reasonable person, to be a conflict of interest.

**NOTE 7. INSURANCE COVERAGE**

As of June 30, 2018, the District is a member of the Special District Risk Management Authority, an intergovernmental risk sharing joint powers authority. During its membership in fiscal year 2017-18, the following policies were in effect: general liability, public officials and employee errors, personal liability coverage for board members, employment practices liability, employee benefits liability, employee dishonesty coverage, and auto liability coverage.

**NOTE 8. COMMITMENTS & CONTINGENCIES**

The District has solicited bids and accepted bids subsequent to June 30, 2018.

**NOTE 9. SUBSEQUENT EVENTS**

In preparing the accompanying financial statement, the District management has reviewed all known events that have occurred after June 30, 2018 through January 17, 2019, the date when this financial statement was available to be issued, for inclusion in the financial statement and notes.

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE--  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance as of June 30, 2017	\$ 253,676	\$ 253,676	\$ 251,648	(2,028)
Resources (inflows):				
Taxes				
Property Tax-Current Secured	75,821	75,821	77,253	1,432
Special Tax	54,600	54,600	53,936	(664)
Fines, Forfeitures and Penalties				
Penalties & Cost Delinquent Taxes	-	-	34	34
Revenue From Use of Money or Property				
Revenue-Interest	-	-	1,760	1,760
Intergovernmental Revenues				
State Homeowners Property Tax Relief	-	-	705	705
Miscellaneous income	-	-	217	217
Amounts Available for Appropriation	<u>384,097</u>	<u>384,097</u>	<u>385,553</u>	<u>1,456</u>
Charges to Appropriation (Outflows):				
Services and supplies				
Insurance Premium	1,500	1,500	842	658
Maintenance-Roads	346,872	346,872	220,253	126,619
Maintenance-Supplies	500	500	124	376
Memberships	650	650	587	63
Office Expenses	1,000	1,000	201	799
Professional and Specialized Service	25,000	25,000	13,829	11,171
Agency Administration Fee	105	105	86	19
Legal Services	5,000	5,000		5,000
Publications & Legal Notices	1,100	1,100	247	853
Rent & Lease-Equipment	120	120	112	8
Rent & Lease-Building & Improvements	1,000	1,000	1,140	(140)
Mileage-Employee Private Auto	750	750	705	45
Mileage-Volunteer Private Auto	250	250	-	250
Appropriations for Contingencies		-	-	-
Total Charges for Appropriations	<u>383,847</u>	<u>383,847</u>	<u>238,126</u>	<u>145,721</u>
Budgetary Fund Balance, June 30, 2018	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 147,427</u>	<u>\$ 147,177</u>

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

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE--  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary Fund Balance as of June 30, 2016	\$ 285,170	\$ 285,170	285,972	802
Resources (inflows):				
Taxes				
Property Tax-Current Secured	67,595	67,595	70,901	3,306
Special Tax	55,080	55,080	54,353	(727)
Fines, Forfeitures and Penalties				
Penalties & Cost Delinquent Taxes	-	-	468	468
Revenue From Use of Money or Property				
Revenue-Interest			1,573	1,573
Intergovernmental Revenues				
State Homeowners Property Tax Relief			679	679
Other Governments				-
Amounts Available for Appropriation	<u>407,845</u>	<u>407,845</u>	<u>413,946</u>	<u>6,101</u>
Charges to Appropriation (Outflows):				
Services and supplies				
Insurance Premium	2,000	2,000	2,371	(371)
Maintenance-Roads	359,890	359,890	127,644	232,246
Maintenance Building-Supplies	200	200	32	168
Memberships	800	800	556	244
Miscellaneous			720	(720)
Office Expenses	1,000	1,000	699	301
Professional and Specialized Service	30,000	30,000	22,758	7,242
Road Maintenance & Construction	500	500		500
Agency Administration Fee	105	105	100	5
Legal Services	10,000	10,000	4,810	5,190
Publications & Legal Notices	500	500	516	(16)
Rent & Lease-Equipment	100	100	102	(2)
Rent & Lease-Building & Improvements	1,000	1,000	960	40
Special Dept Expense	500	500	283	217
Mileage-Employee Private Auto	750	750	705	45
Mileage-Volunteer Private Auto	500	500		500
Utilities			42	(42)
Appropriations for Contingencies		-	-	-
Total Charges for Appropriations	<u>407,845</u>	<u>407,845</u>	<u>162,298</u>	<u>245,547</u>
Budgetary Fund Balance, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,648</u>	<u>\$ 251,648</u>

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

**GOLDEN WEST COMMUNITY SERVICES DISTRICT  
 BUDGETARY COMPARISON  
 FOR THE YEAR ENDED JUNE 30,**

	2018	2017
An explanation of the differences between budgetary inflows and out flows, and GAAP revenues and expenditures:		
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 385,553	\$ 413,946
Difference -- budget to GAAP The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	251,648	285,972
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances governmental funds	\$ 133,905	\$ 127,974
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 238,126	\$ 162,298
Difference -- budget to GAAP -- none	_____	_____
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances governmental funds	\$ 238,126	\$ 162,298

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

# VAUGHN JOHNSON, CPA

## AGREED UPON PROCEDURES REPORT FOR APPROPRIATIONS LIMIT CALCULATION

To: The Board of Directors  
Golden West Community Services District

I have applied the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the Golden West Community Services District, for the years ended June 30, 2018 and 2017. The procedures, which were agreed to by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 Article XIII B of the California Constitution. This report is intended for the information of the management and the Board of Directors. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The procedures performed and my findings were as follows:

1. I obtained the complete Worksheet supporting the computation of the limit and determined that the limit and annual adjustment factors were adopted by resolution of the Board of Directors.
2. For the accompanying Appropriations Limit Worksheets, I added last year's limit to the annual adjustment, and agreed the resulting amount to this year's limit.
3. I agreed the current year information presented in the accompanying Appropriations Limit Worksheet to the appropriate supporting worksheets described in Number 1 above.
4. I agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the Board of Directors.

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, I do not express such an opinion.

Based upon the application of the procedures referred to above, nothing came to my attention that caused me to believe that the accompanying Appropriations Limit Worksheet was not computed in accordance with Article XIII B of the California Constitution. Had I performed additional procedures or had I made an audit of the accompanying Appropriations Limit Worksheet, matters might have come to my attention that would have been reported to you.

*Vaughn Johnson*

Vaughn Johnson, CPA  
January 17, 2019

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**GOLDEN WEST COMMUNITY SERVICES DISTRICT**  
**Appropriations Limit Worksheet**  
**June 30,**

	<u>2018</u>	<u>2017</u>
Appropriations limit beginning of fiscal year	<u>\$335,306</u>	<u>\$316,087</u>
Adjustment factors		
Population growth		
Per capita Personal Income (inflation)		
Total Adjustment	1.0416	1.0608
Annual adjustment in dollars	<u>13,948</u>	<u>19,219</u>
Appropriations limit end of fiscal year	<u><u>\$ 349,254</u></u>	<u><u>\$ 335,306</u></u>

# VAUGHN JOHNSON, CPA

## 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  
Golden West Community Services District

I 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 of the Golden West Community Services District, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Golden West Community Services District's basic financial statements, and have issued my report thereon dated January 17, 2019.

### Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Golden West Community Services District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Golden West Community Services District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Golden West Community Services District's internal control.

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. 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Golden West Community Services District's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

*Vaughn Johnson*

Vaughn Johnson, CPA

Cameron Park, California  
January 17, 2019