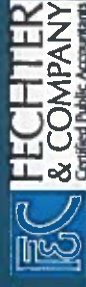


Castroville Community Service District

Presentation on the June 30, 2023
Annual Financial Report

By
Scott A German, CPA

Presented November 21, 2023



Thank-you for allowing us
this opportunity to meet
with you.

What is an Audit?

Our Shared responsibility for accuracy and disclosure

Financial Statement Audit Defined

A Financial Statement audit is defined as an independent examination of the organization's financial statements and discloses by independent auditors with the goal of providing a materially true and fair view of the organization's financial performance.



The auditor is a watchdog not a
bloodhound.
– Lord Justice Topes

Fechter & Company's Responsibility

Our Responsibilities

- We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared, in all material respects, in accordance **Generally**

Accepted Accounting Principles

- Our engagement as auditors and the performance of the audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

*An audit only provides reasonable assurance **NOT** absolute assurance on the accuracy of the financial statements*

Castroville CSD's Responsibility

Management and the Board are responsible for fair and accurate financial reporting and establishing the systems and policies necessary to achieve that goal.

- Specifically Management is responsibilities include:
 - Selection of accounting policies
 - Outlined in Note 1 to Financial Statements
 - Financial Statement presentation and accuracy
 - Selection of estimation methods
 - Pension
 - OPEB
 - Depreciation
 - Compensated absences
 - Implementation of a system of internal controls

Management and the Board have full responsibility for the Financial Statement presentation and accuracy

Required Communications

Difficulties Encountered

None

Corrected Misstatements

None

Disagreements with Management

None

Consultations with Other Accountants

None

Other Findings or Issues

None

Other Matters

None

Management and the Board have full responsibility for the Financial Statement presentation and accuracy

Required Communications

Management and the Board have full responsibility for the Financial Statement presentation and accuracy

By presenting the draft today for your acceptance, we are working together to document fulfillment of your duties and responsibilities.

Overview of the Financial Statements

A snapshot



Independent Auditor's Report

"Clean" Opinion

In our opinion, the financial statements referred to above **present fairly**, in all material respects, the respective financial position of the governmental activities, business-type activities and major funds of Castroville Community Services District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Overview

Three Statements Presented

- **Government Wide**
 - ALL activity for all fund types
- **Governmental Funds**
 - All activity supported primarily by tax revenue
- **Enterprise or Proprietary Funds**
 - Business Type Activities supported by user fees

Statement of Net Position Highlights Government Wide

2023 2022

Cash and Investments

- Cash and equivalents \$ 12,910,498 \$ 11,722,936
- Investments 2,849,330 2,815,115

Total cash and investments increased 8% or \$1,221,777

These assets represent 70% of all assets in 2023

Statement of Net Position Highlights Government Wide

	2023	2022
Other Asset categories		
Net Capital Assets	\$6,423,439	\$ 5,932,099
Receivables (Taxes, Interest, Customer)	215,971	493,347

Statement of Net Position Highlights

Government Wide

	2023	2022
Total liabilities	\$ 654,647	\$ 535,122
• Current liabilities	202,451	319,206
Long-Term		
• Pension	155,829	-
• OPEB	296,367	215,916

Statement of Net Position Highlights Government Wide

	2023	2022
Pension (Liability) Asset	\$(155,829)	\$ 505,306

The \$661,135 change from 2022 relates to the \$705,337 pension expense

Statement of Net Position Highlights Enterprise Funds

	2023	2022
Cash and Investments		
• Cash and equivalents	\$12,268,507	\$ 11,202,428
• Investments	2,849,330	2,815,115

Statement of Activities Highlights Enterprise Funds

	2023	2022
• Operating Income - Water		
• Revenues	\$ 1,443,343	\$ 1,531,749
• Expenses	<u>1,148,621</u>	<u>1,076,099</u>
• Operating income	\$ <u>294,722</u>	\$ <u>455,650</u>

Statement of Activities Highlights Enterprise Funds

	2023	2022
• Operating Income - Sewer		
• Revenues	\$ 498,246	\$ 821,237
• Expenses	<u>785,366</u>	<u>832,120</u>
• Operating loss	(287,120)	(10,883)
• Property taxes	<u>1,174,277</u>	<u>986,026</u>
• Net	\$ 887,157	\$ 975,143
• CIP spending	\$ 290,795	\$ 352,938

Balance Sheet Highlights Governmental Funds

	2023	2022
• Cash and equivalents	\$ 641,991	\$ 520,508
• Liabilities	4,212	-
• Fund Balance	\$ 650,256	\$ 546,009

*These are the Governmental Activities for Castroville Zone 1 and
Moro Cojo Zone 2*

Statement of Revenues & Expenditures Highlights

Governmental Funds

	2023	2022
Revenues		
User fees	\$ 67,265	\$ 67,050
Grants	154,997	-
Expenditures		
Streets, Lights and		
Open Space	40,087	10,661
Recreation	100,000	100,000
Capital outlay	135,642	-
Transfer from		
Enterprise Funds	150,000	145,000

Statement of Revenues & Expenditures Highlights

All Funds

Interesting Items

- Pension/OPEB 100% to Enterprise Funds
 - No employees used to provide government services
 - Current cash flows reported as part of operating expenses
 - “GASB Adjustment” recorded as other income
- Pension Asset from Prior Year, Now a Liability
 - The result of funding vs liability changes.
 - May continue to be volatile for the next few years as the market stabilizes.



Issues to note for next year

- GASB 101 - Compensated Absences not a significant impact to the District



Thank You