



BELL CANYON COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS


JUNE 30, 2023




BELL CANYON COMMUNITY SERVICES DISTRICT
TABLE OF CONTENTS

	PAGE
BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Governmental Fund Financial Statements:	
Balance Sheet	10
Statement of Revenues, Expenditures and Changes in Fund Balances	11
Notes to Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	18
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	
	19



 3880 Lemon St., Ste. 300
Riverside, CA 92501

 P.O. Box 1529
Riverside, CA 92502-1529

 951-241-7800

 www.eadiepaynellp.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Bell Canyon Community Services District
Bell Canyon, California

Opinions

We have audited the financial statements of the governmental activities and major fund of Bell Canyon Community Services District (District), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 and budgetary comparison information on page 18 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. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 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 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.

Eadie and Payne, LLP

Riverside, California
December 20, 2023

Management's Discussion and Analysis

As management of the Bell Canyon Community Services District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights

- On June 30, 2023, District assets exceeded its liabilities by \$1,964,695 (net position). This amount consists of \$14,911 of net investment in capital assets and the rest is unrestricted.
- The District's net position increased by \$14,575 during the fiscal year. Revenues increased by \$89,249 compared to June 30, 2022. Expenses increased by \$121,021 compared to June 30, 2022. The increase in expenses was mainly due to increase in general government, solid waste disposal fees and maintenance expenses during the fiscal year ended June 30, 2023.
- On June 30, 2023, the District's fund balance is \$1,949,784. Of this amount, \$7,520 is nonspendable and the rest is unassigned.
- The District's fund balance increased by \$7,682 during the fiscal year. Revenues and other sources increased by \$89,249 compared to June 30, 2022. Expenditures increased by \$131,614 compared to June 30, 2022.
- Actual revenues were higher than budgeted due to increase in property tax revenue. Actual expenditures were less than budgeted mainly due to decrease in outside services, payroll expenses and professional services that offset the increase in capital outlay.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1) Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of net position also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The statement of activities presents information showing how the District's net position changed during the fiscal year. All the current year's revenues and expenses, regardless of when cash is received or paid, are accounted for in the statement of activities. This statement measures the success of the District's activities over the past year and can be used to determine whether the District has successfully recovered all its costs. This statement also measures profitability and credit worthiness.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses governmental funds to report its activities. The District's governmental fund financial statements include the balance sheet and the statement of revenues, expenditures and changes in fund balance.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

The District maintains one governmental fund – the General Fund. The District adopts an annual appropriated budget for its General Fund, and a budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

3) Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items.

Government-Wide Financial Analysis

One of the most important questions asked about the District's finances is, "Is the District, as a whole, better off or worse off as a result of this year's activities?" The statement of net position and the statement of activities report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and the changes therein. One can think of the District's net position – the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

Summarized Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets			
Current assets	\$ 1,985,464	\$ 1,976,755	\$ 8,709
Noncurrent assets	<u>14,911</u>	<u>8,018</u>	<u>6,893</u>
Total Assets	<u>2,000,375</u>	<u>1,984,773</u>	<u>15,602</u>
Liabilities			
Current liabilities	<u>35,680</u>	<u>34,653</u>	<u>1,027</u>
Total Liabilities	<u>35,680</u>	<u>34,653</u>	<u>1,027</u>
Net position			
Net investment in capital assets	14,911	8,018	6,893
Unrestricted	<u>1,949,784</u>	<u>1,942,102</u>	<u>7,682</u>
Total Net Position	<u>\$ 1,964,695</u>	<u>\$ 1,950,120</u>	<u>\$ 14,575</u>

Summarized Statements of Activities

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Expenses			
General government	\$ 195,704	\$ 142,044	\$ 53,660
Solid waste disposal fees	493,522	462,892	30,630
Other expenses	<u>50,281</u>	<u>13,550</u>	<u>36,731</u>
Total Expenses	<u>739,507</u>	<u>618,486</u>	<u>121,021</u>
General Revenues			
Property taxes	731,618	659,671	71,947
Other revenues	<u>22,464</u>	<u>5,162</u>	<u>17,302</u>
Total General Revenues	<u>754,082</u>	<u>664,833</u>	<u>89,249</u>
Change in net position	<u>14,575</u>	<u>46,347</u>	<u>(31,772)</u>
Net Position at Beginning of Year	<u>1,950,120</u>	<u>1,903,773</u>	<u>46,347</u>
Net Position at End of Year	<u>\$ 1,964,695</u>	<u>\$ 1,950,120</u>	<u>\$ 14,575</u>

Analysis of variations between original and final budget amounts

The District adopts its budget in accordance with California law. It is District policy to modify the budget as needed. No significant budget transfers were made during the year ended June 30, 2023. Budget variances are reviewed by District management on an ongoing basis as part of the financial management of the District.

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues			
Property taxes	\$ 705,141	731,618	\$ 26,477
Interest income	5,095	19,261	14,166
Other income	3,183	3,203	20
Total Revenues	713,419	754,082	40,663
Expenditures			
Residential trash - solid waste	494,000	493,522	478
Restroom maintenance	6,636	6,636	-
Recreational Activities	40,500	39,945	555
General and administrative	214,395	206,297	8,098
Total Expenditures	755,531	746,400	9,131
Excess of Revenues Over (Under) Expenditures	(42,112)	7,682	49,794
Changes in Fund Balances	\$ (42,112)	\$ 7,682	\$ 49,794

Capital Assets

The District's investment in capital assets consist of \$40,528 for equipment, with accumulated depreciation of \$25,617 as of June 30, 2023.

Economic Factors and Next Year's Rates

While the District has the authority to levy an assessment on all property and homeowners within Bell Canyon, it has not exercised that authority, and has no plans to do so in the foreseeable future.

The District's sole source of revenue is a percentage of the property taxes levied on homes and property within the District. This amount varies from year to year based upon the assessed valuation of said properties, and the applicable percentage as determined by the County of Ventura. These factors were considered in preparing the District's budget for the 2024 fiscal year. It is anticipated that positive unrestricted net position will avoid the need to raise taxes or charges during the next fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bell Canyon Community Service District – Treasurer, 30 Hackamore Lane, Suite 2B, Bell Canyon, CA 91307.

BELL CANYON COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION

June 30, 2023

Assets

Cash and cash equivalents	\$ 1,953,505
Accounts and other receivables, net	24,439
Prepaid expenses	7,520
Capital assets being depreciated, net	<u>14,911</u>
Total Assets	<u>2,000,375</u>

Liabilities

Accounts payables and accrued expenses	<u>35,680</u>
--	---------------

Net Position

Net investment in capital assets	14,911
Unrestricted	<u>1,949,784</u>
Total Net Position	<u><u>\$ 1,964,695</u></u>

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

BELL CANYON COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Expenses

General government	\$ 195,704
Solid waste disposal fees	493,522
Recreational activities	39,945
Maintenance expenses	6,636
Depreciation expense	3,700
Total Expenses	<u>739,507</u>

General Revenues

Property taxes	731,618
Interest income	19,261
Other income	3,203
Total General Revenues	<u>754,082</u>
Change in Net Position	<u>14,575</u>

Net Position at Beginning of Year	<u>1,950,120</u>
--	------------------

Net Position at End of Year	<u><u>\$ 1,964,695</u></u>
------------------------------------	----------------------------

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

BELL CANYON COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Assets

Cash and cash equivalents	\$ 1,953,505
Accounts and other receivables, net	24,439
Prepaid expenses	<u>7,520</u>
Total Assets	<u>\$ 1,985,464</u>

Liabilities and Fund Balances

Liabilities

Accounts payables and accrued expenses	<u>\$ 35,680</u>
--	------------------

Fund Balance

Nonspendable	7,520
Unassigned	<u>1,942,264</u>
Total Fund Balance	<u>1,949,784</u>
Total Liabilities and Fund Balance	<u>\$ 1,985,464</u>

Reconciliation of Fund Balance to Net Position
Reported on the Statement of Net Position

Fund Balance	\$ 1,949,784
Capital assets used in governmental activities that are not current financial resources and, therefore, are not reported in the fund	<u>14,911</u>
Net Position	<u>\$ 1,964,695</u>

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

BELL CANYON COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Revenues

Property taxes	\$ 731,618
Interest income	19,261
Other income	<u>3,203</u>
Total Revenues	<u>754,082</u>

Expenditures

General and administrative	195,704
Solid waste disposal fees	493,522
Recreational activities	39,945
Maintenance expenses	6,636
Capital outlay	<u>10,593</u>
Total Expenditures	<u>746,400</u>

Excess of Revenues Over Expenditures	<u>7,682</u>
---	--------------

Change in Fund Balance	<u>7,682</u>
-------------------------------	--------------

Fund Balance, Beginning of Year	<u>1,942,102</u>
--	------------------

Fund Balance, End of Year	<u><u>\$ 1,949,784</u></u>
----------------------------------	----------------------------

Reconciliation to Statement of Activities

Change in fund balances	\$ 7,682
Capital outlays are reported as expenditures in the statement of governmental revenues, expenditures, and changes in fund balances; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. Upon disposition applicable gains (losses) are recorded:	
Capital outlay	10,593
Depreciation expense	<u>(3,700)</u>
Change in Net Position	<u><u>\$ 14,575</u></u>

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

BELL CANYON COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Bell Canyon Community Services District (District) is an independent, multi-service district formed in 1984, which currently provides enhanced traffic patrol, recreational services, and solid waste collection and recycling. Services granted but not currently being provided are paramedic services (which are not provided by the County of Ventura), roving patrol services and graffiti abatement. The District serves an area of approximately 1,700 acres with an estimated population of 2,700. The District was formed under the Community Services District Law (Government Code, Section 61000, et seq.) to provide a local public agency for the Bell Canyon community adjacent to the Los Angeles County boundary. The District serves a private, gated community that is geographically isolated from other communities within Ventura County. The District is governed by a five member Board of Directors, elected at-large to overlapping four year terms by the voters within the District boundaries. The District relies on property tax for all operating revenue; it does not charge any fees.

The District's reporting entity includes all significant operation and revenue sources which the District Board of Directors exercises oversight responsibility. Oversight responsibility is determined on the basis of selection of the governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

Government-Wide and Fund Financial Statements

The government-wide financial statements (e.g., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the reporting entity. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the District does not have proprietary or fiduciary fund types.

BELL CANYON COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance. An accompanying schedule is presented to reconcile and explain differences in net position as presented in these statements to the net position presented in the government-wide financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District has one major governmental fund – the general fund. The general fund is used for all the general revenues and accounts for all financial resources of the District.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

Property Taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

BELL CANYON COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

No allowance for uncollectibles were recorded at June 30, 2023, based on management's expectation that all accounts receivable will be collected.

Capital Assets

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with have an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation in accordance with GASB Statement No. 72.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed.

Depreciable capital assets of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-10

Fund Equity

The fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable Fund Balance:* Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact. Due to the nature or form of the resources, they generally cannot be expected to be converted into cash.
- *Restricted Fund Balance:* Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provision or enabling legislation.

BELL CANYON COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued)

- *Committed Fund Balance:* Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Directors). The formal action must occur prior to the end of the reporting period; however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board.
- *Assigned Fund Balance:* Amounts are constrained by the District's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority.
- *Unassigned Fund Balance:* The unassigned fund balance has net resources in excess of what can properly be classified in one of the four categories already described.

When both restricted and unrestricted resources are available for use when expenditure is incurred, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. It is the District's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position Flow Assumption

In the Government-Wide Financial Statements, net position is classified in the following categories:

- *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.
- *Restricted Net Position* is restricted by external creditors, grantors, contributors, laws or regulations of other governments.
- *Unrestricted Net Position* is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

BELL CANYON COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position Flow Assumption (continued)

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date, but before financial statements are available to be issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The District's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before the financial statements were available to be issued. The District has evaluated subsequent events through December 20, 2023, which is the date the financial statements were available to be issued.

2. CASH AND CASH EQUIVALENTS

The District at times maintains deposits with financial institutions in excess of federal depository insurance limits. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the District's cash on deposit or first trust deed mortgage notes with a market value of 150 percent of the deposit as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the District's name and places it ahead of general creditors of the institution.

At June 30, 2023, the carrying amount of the District's deposits were \$1,953,505 and the bank balances were \$1,964,853. The District has cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

BELL CANYON COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

3. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Equipment	\$ 29,935	\$ 10,593	\$ -	\$ 40,528
Less accumulated depreciation for:				
Equipment	(21,917)	(3,700)	-	(25,617)
Total capital assets, being depreciated, net	<u>\$ 8,018</u>	<u>\$ 6,893</u>	<u>\$ -</u>	<u>\$ 14,911</u>

4. GRANT DEED

The District was deeded property known as the “school bus stop” by the County of Ventura on March 21, 2008 to be used for the benefit of the District for a period of at least 25 years. If the property is not used for the benefit of the District for at least 25 years, the property shall revert to County of Ventura. The property has no fair value and as such has not been recorded as capital asset by the District.

5. RISK AND UNCERTAINTIES

Concentrations of Credit Risk

The District’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The District places its cash with high credit worthy institutions. At times, such cash may be in excess of the FDIC insurance limit. The District routinely assesses the financial strength of its customers and, as a consequence, believes that its account receivable credit risk exposure is limited.


Custodial Risk


Custodial risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2023, \$1,464,853.37 was uninsured by FDIC.


BELL CANYON COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2023

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 663,000	\$ 705,141	731,618	\$ 26,477
Interest income	1,500	5,095	19,261	14,166
Other income	3,000	3,183	3,203	20
Total Revenues	667,500	713,419	754,082	40,663
Expenditures				
Residential trash - solid waste	485,000	494,000	493,522	478
Restroom maintenance	8,500	6,636	6,636	-
Recreational activities	85,000	40,500	39,945	555
Security services	5,000	-	-	-
Graffiti abatement services	5,000	-	-	-
Emergency medical services	5,000	-	-	-
Traffic enforcement services	5,000	-	-	-
General and administrative				
Capital Outlay	-	35,000	10,593	24,407
CSD vehicle expenses	2,200	2,259	2,139	120
Clean-up events	2,000	1,928	2,013	(85)
Cost of elections	1,000	2,134	2,131	3
Outside services	5,000	7,263	13,553	(6,290)
Rent	3,000	3,200	3,225	(25)
Payroll expenses	45,100	39,463	41,175	(1,712)
Professional services	60,500	102,030	110,778	(8,748)
Dues	2,000	2,205	2,355	(150)
Taxes and admin fees - Ventura	7,700	8,200	8,443	(243)
LAFCo fee	350	350	0	350
Telephone and internet	300	890	830	60
Office supplies and printing	1,000	2,827	2,581	246
Insurance	7,000	6,032	6,032	-
Meetings	1,200	500	336	164
Latent powers application	5,000	-	-	-
Miscellaneous	-	114	113	1
Total Expenditures	741,850	755,531	746,400	9,131
Excess of Revenues				
Over (Under) Expenditures	(74,350)	(42,112)	7,682	49,794
Changes in Fund Balances	\$ (74,350)	\$ (42,112)	7,682	\$ 49,794
Fund Balance, Beginning of Year			1,942,102	
Fund Balance, End of Year			\$ 1,949,784	



 3880 Lemon St., Ste. 300
Riverside, CA 92501

 P.O. Box 1529
Riverside, CA 92502-1529

 951-241-7800

 www.eadiepaynellp.com

**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 and Management
Bell Canyon Community Services District
Bell Canyon, California

We have audited, 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, and the State Controller's Minimum Audit Requirements for California Special Districts, the financial statements of the governmental activities and major fund of Bell Canyon Community Services District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our reports thereon dated December 20, 2023.

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.

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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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.

Eadie and Payne, LLP

Riverside, California
December 20, 2023