

**CLEAR CREEK**  
**COMMUNITY SERVICES DISTRICT**

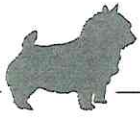
---

**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**for the year ended June 30, 2018**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

## TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Changes in Net Position	4
Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund	5
Statements of Cash Flows – Enterprise Fund	6-7
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances - Fire	8
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Fire	9
Notes to Financial Statements	10-17
Supplemental Information:	
Principal Officials	19



Robert W. Johnson  
*an accountancy corporation*

6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohsoncpagroup@gmail.com | 916.723.2555  
www.bob-johnson-cpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clear Creek Community  
Services District  
Westwood, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the enterprise activities and the governmental activities of Clear Creek Community Services District, as of and for the year ended June 30, 2018, as listed in the table of contents, and the related notes to the financial statements.

**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**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise activities and governmental activities of Clear Creek Community Services District as of June 30, 2018, and the results of its operations and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

### **Other-Matters**

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Robert W. Johnson, An Accountant*

Citrus Heights, California  
June 7, 2019



LIABILITIES	Governmental Fund			Enterprise Fund	Total
	General Fund	Fire Adjustments	Statement of Net Position	Water	
Current liabilities:					
Accounts payable	\$ 2,227	\$ -	\$ 2,227	\$ 1,522	\$ 3,749
Accrued payroll taxes	281	-	281	620	901
Customer prepayments	-	-	-	2,575	2,575
Total current liabilities	<u>2,508</u>	<u>-</u>	<u>2,508</u>	<u>4,717</u>	<u>7,225</u>
Fund balance/net position					
Fund balances (Note 5):					
Restricted	-	-	-		
Committed					
Unassigned	<u>55,855</u>	<u>( 55,855)</u>	<u>-</u>		
Total fund balances	<u>55,855</u>	<u>( 55,855)</u>	<u>-</u>		
Total liabilities and fund balances	<u>\$ 58,363</u>				
Net position (Note 5):					
Net investment in capital assets		52,355	52,355	113,281	165,636
Restricted		-	-	-	-
Unrestricted		<u>55,855</u>	<u>55,855</u>	<u>64,129</u>	<u>119,984</u>
Total net position		<u>108,210</u>	<u>108,210</u>	<u>177,410</u>	<u>285,620</u>
		<u>\$ 52,355</u>	<u>\$ 110,718</u>	<u>\$ 182,127</u>	<u>\$ 292,845</u>



Net (Expense) Revenue and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$( 42,206)		\$( 42,206)
( 42,206)		( 42,206)
<u>          -</u>	\$( <u>      1,603</u> )	( <u>      1,603</u> )
<u>          -</u>	( <u>      1,603</u> )	( <u>      1,603</u> )
( 42,206)	( <u>      1,603</u> )	( <u>  43,809</u> )
16,963	-	16,963
725	842	1,567
<u>22,233</u>	<u>          -</u>	<u>22,233</u>
<u>39,921</u>	<u>      842</u>	<u>40,763</u>
( 2,285)	( 761)	( 3,046)
<u>110,495</u>	<u>178,171</u>	<u>288,666</u>
<u>\$ 108,210</u>	<u>\$ 177,410</u>	<u>\$ 285,620</u>



CLEAR CREEK COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
ENTERPRISE FUND  
for the year ended June 30, 2018

Operating revenues:		
Water fees		\$ 65,586
Other		<u>1,244</u>
Total operating revenues		66,830
Operating expenses:		
Salaries and benefits	\$ 38,601	
Professional services	6,670	
Special department expense	1,714	
Maintenance and supplies	3,985	
Insurance	2,033	
Office and rent	3,444	
Transportation	172	
Utilities and communication	4,293	
Conferences and training	1,026	
Depreciation	<u>6,495</u>	
Total operating expenses		<u>68,433</u>
Operating income (loss)		( 1,603)
Non-operating revenues (expenses):		
Interest income		<u>842</u>
Income (loss) before contributions		( 761)
Capital contributions		<u>-</u>
Changes in net position		( 761)
Total position:		
Beginning		<u>178,171</u>
Ending		<u>\$ 177,410</u>

See notes to financial statements

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
STATEMENT OF CASH FLOWS – ENTERPRISE FUND  
for the year ended June 30, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 72,859
Payments to suppliers	( 21,670)
Payment to employees	<u>( 38,601)</u>
Net cash provided by operating activities	12,588
Cash flows from investing activities:	
Interest income	<u>842</u>
Net increase in cash and cash equivalents	13,430
Cash at beginning of year	<u>53,402</u>
Cash at end of year	<u>\$ 66,832</u>

See notes to financial statements

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
STATEMENT OF CASH FLOWS – ENTERPRISE FUND, continued  
for the year ended June 30, 2018

Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating loss		\$( 1,603)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	\$ 6,495	
Changes in operating assets and liabilities:		
Receivables	6,029	
Accounts payable	279	
Accrued liabilities	620	
Advance payments	<u>768</u>	
		<u>14,191</u>
Net cash provided by operating activities		<u>\$ 12,588</u>

See notes to financial statements

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
FIRE DEPARTMENT  
for the year ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 37,771	\$ -	\$ 37,771
Support services	-	-	-
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>4,435</u>	<u>4,435</u>
Total program expenditures/ expenses	<u>37,771</u>	<u>4,435</u>	<u>42,206</u>
Program revenues:			
Charges for services	<u>-</u>	<u>-</u>	<u>-</u>
General revenues:			
Property taxes	16,963	-	16,963
Special tax	22,233	-	22,233
Interest	<u>725</u>	<u>-</u>	<u>725</u>
	<u>39,921</u>	<u>-</u>	<u>39,921</u>
Excess revenues (expenditures)/ changes in net position	2,150	( 4,435)	( 2,285)
Beginning fund balances/ net position	<u>53,705</u>	<u>56,790</u>	<u>110,495</u>
Ending fund balances/ net position	<u>\$ 55,855</u>	<u>\$ 52,355</u>	<u>\$ 108,210</u>

See notes to financial statements

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FIRE DEPARTMENT  
for the year ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Revenues:			
Property taxes	\$ 17,335	\$ 16,963	\$( 372)
Special tax	19,500	22,233	2,733
Interest	<u>200</u>	<u>725</u>	<u>525</u>
	<u>37,035</u>	<u>39,921</u>	<u>2,886</u>
Expenditures:			
Salaries and wages	16,000	16,023	( 23)
Benefits	1,450	506	944
Insurance	7,000	5,965	1,035
Clothing	5,000	506	4,494
Office expenses	200	99	101
Communications	1,500	1,197	303
Repairs and maintenance - e.q.	2,000	4,140	( 2,140)
- County vehicles	3,000	-	3,000
- buildings	1,500	-	1,500
Memberships	300	294	6
Travel	1,000	282	718
Professional	5,170	5,161	9
Utilities	3,500	3,096	404
Publications	80	139	( 59)
Special dept. expense	1,500	-	1,500
Operating transfers	4,000	-	4,000
Training	2,000	363	1,637
Contingencies	2,000	-	2,000
Capital outlay - equipment	2,000	-	2,000
- bldgs.	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u>60,200</u>	<u>37,771</u>	<u>22,429</u>
Excess of revenues (expenditures)	<u>\$( 23,165)</u>	<u>\$ 2,150</u>	<u>\$ 25,315</u>

See notes to financial statements

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS

1. Organization:

Clear Creek Community Services District (the "District") was formed in 1968 and provides water and fire protection services to residents of the District. The District's financial and administrative functions are governed by a five member Board of Directors elected by the voting population within the District. The District's mission is to provide safe, affordable and reliable drinking water and responsive fire service.

2. Summary of Significant Accounting Policies:

The basic financial statements of Clear Creek Community Services District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The two funds in these financial statements are grouped as follows:

Enterprise Funds

The Enterprise Fund is used to account for water operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Governmental Fund

The governmental fund is used to account for all financial resources of the fire department. This fund is also used to establish accounting control and accountability for fixed assets of the aforementioned activity.

Fixed Assets

Fixed assets are stated at cost or estimated historical cost.

Depreciation of those assets is computed by the use of the straight-line method over the estimated useful lives.

Maintenance, repairs and renewals of a minor nature are charged to expense as incurred. Major repairs or renewals and betterments which extend the useful life are capitalized. Upon sale or retirement, cost and accumulated depreciation are eliminated from the accounts and any gain or loss on disposal is included in the statement of income and changes in retained earnings.

Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using the current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) as changes in net current assets.

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period they become measurable and available. The District considers revenues as available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues considered susceptible to accrual include property taxes, interest and certain other intergovernmental revenues. Expenditures are recognized in the accounting period in which the liability is incurred.

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Basis of Accounting, continued

Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the period earned and expenses are recognized in the period incurred. Under this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) as changes in net total assets.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead; other expenses are nonoperating.

Statement of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents.

Cash and Investments

The District maintains cash balances with the Treasurer of Lassen County in an interest-bearing pooled investment account. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are secured by federal depository insurance.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis.



CLEAR CREEK COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

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 expenses during the reporting period. Actual results may differ from those estimates.

Property Taxes

The District receives property taxes from Lassen County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – 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 this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Fund Balance

Fund balance is classified in the following categories:

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Unassigned – includes fund balance which has not been classified within the above mentioned categories.

3. Cash and Investments:

The District had the following unrestricted cash balances at June 30, 2018:

	<u>Fire</u>	<u>Water</u>
Cash with County	\$ <u>58,363</u>	\$ <u>66,832</u>

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

4. Capital Assets:

Changes in enterprise capital assets for the year ended June 30, 2018 are as follows:

<u>Water</u>	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2018</u>
Equipment & system improvements	\$ <u>248,768</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>248,768</u>

Changes in governmental capital assets for the year ended June 30, 2018 are as follows:

<u>Fire</u>	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance</u> <u>6/30/2018</u>
Building & equipment	\$ <u>153,719</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>153,719</u>

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

5. Net Position/Fund Balance:

Net position at June 30, 2018 is analyzed as follows:

	<u>Governmental Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Net investment in capital assets	\$ 52,355	\$ 113,281	\$ 165,636
Unrestricted:			
Undesignated	<u>55,855</u>	<u>64,129</u>	<u>119,984</u>
Total net position	<u>\$ 108,210</u>	<u>\$ 177,410</u>	<u>\$ 285,620</u>
General fund (Fire):			
Total fund balances consists of:			
Restricted:	\$ -		\$ -
Unassigned:	<u>55,855</u>		<u>55,855</u>
	<u>\$ 55,855</u>		<u>\$ 55,855</u>

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

6. Risk of Loss:

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2018 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

7. Subsequent Events:

Management has evaluated subsequent events through June 7, 2019, the date these June 30, 2018 financial statements were available to be issued.

SUPPLEMENTAL DATA

CLEAR CREEK COMMUNITY SERVICES DISTRICT  
PRINCIPAL OFFICIALS  
June 30, 2018

Board of Directors:

Raechelle Glover	President
Catharine Hunter	
Judy Cooper	
Wayne Lewis	

Operations:

Nicolette Moroney	General Manager
John Hunter	Fire Chief
John Hackett	Water Master