

ALPAUGH COMMUNITY SERVICES DISTRICT

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-13
Other Independent Auditor's Report	
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 <i>Government</i> <i>Auditing Standards</i>	14-15

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alpaugh Community Services District
Alpaugh, California

We have audited the accompanying financial statements of the business-type activities of Alpaugh Community Services District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Alpaugh Community Services 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

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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 qualified audit opinion.

Basis for Qualified Opinion

We were unable to confirm the cost of the land obtained through the dissolution of the Tulare County Waterworks #1 through supporting documentation and were unable to satisfy ourselves about fixed assets through alternative procedures.

Qualified Opinion

In our opinion, except for the effect for the possible effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate audit procedures to fixed assets as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Alpaugh Community Services District, as of June 30, 2021, and the changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis (MD&A)* 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 this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022, on our consideration of the Alpaugh Community Services 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 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 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 Alpaugh Community Services District's internal control over financial reporting and compliance.

Pine, Pedroncelli & Aguilar, Inc
Visalia, California
March 3, 2022

**ALPAUGH COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

Cash and Cash Equivalents	\$ 584,418
Accounts Receivable	69,149
Grant Receivable	138,263
Capital Assets:	
Nondepreciable	8,100
Depreciable, Net	<u>7,270,333</u>
Total Assets	<u>8,070,263</u>

DEFERRED OUTFLOWS OF RESOURCES

Prepaid Expenses	<u>3,308</u>
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LIABILITIES

Accounts Payable	99,576
Payroll Liabilities	5,466
SBA Paycheck Protection Program Loan	<u>33,495</u>
Total Liabilities	<u>138,537</u>

DEFERRED INFLOWS OF RESOURCES

Customer Deposits	<u>6,768</u>
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NET POSITION

Net Investment in Capital Assets	7,278,433
Unrestricted, Unreserved	<u>649,833</u>
TOTAL NET POSITION	<u><u>\$ 7,928,266</u></u>

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

**ALPAUGH COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Operating Revenues:	
Charge for Services	\$ <u>458,363</u>
Total Operating Revenues	<u>458,363</u>
Operating Expenses:	
Payroll Expense	99,817
Employee Benefits	15,882
Utilities and Telephone	76,860
Legal and Professional	106,170
Supplies	33,944
Repairs and Maintenance	17,650
Permits, Licenses and Fees	3,226
Insurance	11,406
Office	19,360
Staff Training and Travel	1,070
Depreciation	<u>304,312</u>
Total Operating Expenses	<u>689,697</u>
Operating Loss	<u>(231,334)</u>
Non-Operating Revenues:	
Intergovernmental Revenue	708,607
Property Taxes	8,017
Investment Income	<u>2,510</u>
Non-Operating Revenues	<u>719,134</u>
Change in Net Position	487,800
NET POSITION, Beginning of the Year	<u>7,440,466</u>
NET POSITION, End of the Year	\$ <u><u>7,928,266</u></u>

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

**ALPAUGH COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Position	\$ 487,800
Adjustments to Reconcile Change in Net Position to Net Cash	
Flows from Operating Activities:	
Depreciation	304,312
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(20,193)
Grants Receivable	75,294
Prepaid Expenses	194
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(125,010)
Payroll Liabilities	26
Customer Deposits	<u>1,825</u>
Net Cash Provided by Operating Activities	<u>724,248</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of Capital Assets	<u>(683,303)</u>
Net Cash Used by Investing Activities	<u>(683,303)</u>

Net Increase in Cash	40,945
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Cash - Beginning of Period	<u>543,473</u>
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CASH - END OF PERIOD	\$ <u>584,418</u>
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**SUPPLEMENTAL DISCLOSURES OF
CASH FLOW INFORMATION**

Non-Cash Financing Activity:

Cost of Property and Equipment Acquisitions	\$ 683,303
Less Financed Acquisitions	<u>-</u>
Net Cash Paid for Property and Equipment	<u>\$ 683,303</u>

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

**ALPAUGH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

1. Summary of Significant Accounting Policies

Organization of the District

Alpaugh Community Services District (the District) is a California Special District organized to maintain a water system that provides safe, potable water at the lowest rates to the residents of Alpaugh. It was formed on November 6, 2012 pursuant to the ballot measure which was passed to dissolve the Tulare County Waterworks #1 and the formation of the Alpaugh Community Services District.

Reporting Entity

The District's basic financial statements include the accounts of all of its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Basis of Accounting

The District, as an enterprise fund, accounts for its operations in a manner similar to private business enterprises. The intent of the governing body is that the costs (including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of enterprise fund measurement is based upon determination of operating income, changes in net assets, financial position, and cash flows. The District's enterprise fund financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The District's operating revenues are those that result from providing services and producing and delivering goods, and include all other revenues that do not result from transactions defined by GASB Statement No. 9 as capital and related financing, non-capital financing, or investing activities.

**ALPAUGH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Under the provision of Governmental Accounting Standards Board (GASB) Pronouncement No. 20, the District has elected to follow all GASB pronouncements and Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except for those that conflict with GASB pronouncements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

By state law, the District's governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised by the District's governing board during the year to give consideration to unanticipated income and expenditures.

Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank accounts and deposits with the County of Tulare (County).

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 either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Tulare County Treasury indicates that the amount was less than 1% for the year ended June 30, 2021.

In addition to the cash balance maintained in the Tulare County Treasury, the District maintains cash balance in one other financial institution whose balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The amount on deposit exceeded the \$250,000 insured limit by approximately \$174,211 at June 30, 2021.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

ALPAUGH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Property and equipment are reported at actual cost or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received. Maintenance and repairs are charged to expenses as incurred and improvements and renewals are capitalized.

Depreciation is calculated on the straight-line method over estimated useful lives which range from 5 to 40 years.

Net Position

Net position comprise the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

Net Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of the net position that does not meet the definition of "restricted" or "net investment in capital assets".

Accounts Receivable

The District deems all accounts receivable collectible; accordingly, no allowance for doubtful accounts is reported. If amounts become uncollectible, they will be charged to operations when the determination is made.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collected December 10 through April 10. Unsecured property taxes are payable in one installment on or before August 31.

The County of Tulare bills and collects the taxes for the District. Property tax revenues are recognized by the District when received, except at year-end, an accrual is made when property taxes are received soon enough thereafter to pay liabilities of the current period.

Management's Review

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 3, 2022, the date the financial statements were available to be issued.

**ALPAUGH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

2. Cash and Investments

Cash and investments as of June 30, 2021 is classified in the accompanying financial statements as follows:

Deposits:	
Cash on Hand and in Banks	\$ 412,509
Pooled Funds:	
Cash in County Treasury Investment Fund	<u>171,909</u>
Total Cash and Investments	<u>\$ 584,418</u>

The District's cash in the Tulare County Treasury is pooled with other entities and invested in several types of investments. The total of Tulare County Investments as of June 30, 2021 was as follows:

<u>Credit Rating</u>	<u>Book Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 170,619,982	8%
A-1+ /A-1 (Short-Term Rating)	366,321,235	17%
A-2 (Short-Term Rating)	14,964,271	1%
AA	1,056,644,117	49%
A	234,306,888	11%
BBB**	19,004,104	1%
Not Rated***	103,290,580	5%
Cash ****	<u>178,337,544</u>	<u>8%</u>
Total	<u>\$ 2,143,488,721</u>	<u>100%</u>

** Securities rated in the BBB category by S&P are rated A- or the equivalent or better by at least one NRSRO or were rated A- or the equivalent or better by at least one NRSRO at time of purchase.

*** The portion of the portfolio that is invested in LAIF, the State of California pooled investment fund, is not rated. The remaining portion not rated comprises individual securities with ratings of A- or the equivalent or better by at least one NRSRO.

**** Fully collateralized in accordance with California government code.

Investments Authorized by District's Investment Policy

The District's Investment Policy only authorizes investment in the local government investment pool administered by the County of Tulare, California. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

ALPAUGH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

2. Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year-end, the weighted average maturity of the investments contained in the County of Tulare investment pool is approximately 628 days.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment.

<u>Investment Type</u>	<u>Amount</u>	<u>Maturity Date</u>
County Investment Pool	\$ 171,909	628 days
Total	\$ 171,909	

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Tulare Investment Pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the County contains a limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 10% or more of Tulare County's investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institutions, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Investment in State Investment Pool

The County is a voluntary participant in the State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**ALPAUGH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

2. Cash and Investments (Continued)

The Tulare County Treasurer is authorized to invest in the following:

A listing of the securities owned by Tulare County at June 30, 2021 is shown below:

	Portfolio Composition		% of Portfolio	% Permitted by Policy
	Book Value	Market Value		
U.S. Treasuries	\$ 459,691,212	\$ 469,297,782	21%	100%
Federal Agencies	448,976,994	450,757,579	21%	
Agency Mortgage Backed Securities (MBS)	44,221,792	44,455,110	2%	75%
U.S. Instrumentalities - Supranationals	31,127,994	31,507,476	1%	30%
Negotiable Certificates of Deposit	228,145,231	228,715,867	11%	30%
Corporate Bonds and Notes	288,156,912	293,362,283	13%	30%
Municipal Obligations	61,134,358	61,594,916	3%	30%
Asset Backed Securities	34,784,905	35,076,115	2%	20%
Commercial Paper	191,535,274	191,566,505	9%	40%
Local Agency Investment Fund	74,500,669	74,500,669	3%	\$75 Million
California Asset Management Program	99,674,306	99,674,306	5%	50%
Money Market Funds	3,201,530	3,201,530	<1%	15%
Money Market Accounts	52,833,766	52,833,766	2%	50%
Cash	125,503,778	125,503,778	6%	100%
	<u>\$ 2,143,488,721</u>	<u>\$ 2,162,047,682</u>	<u>100%</u>	

All cash is payable to the District upon demand. Alpaugh Community Services District's portion of pooled funds at June 30, 2021 was \$171,909.

ALPAUGH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

3. Capital Assets

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance 07/01/20	Additions	Deletions	Balance 06/30/21
Nondepreciable Capital Assets:				
Land	\$ 8,100	\$ -	\$ -	\$ 8,100
Construction in Progress	<u>3,951,273</u>	<u>661,220</u>	<u>4,612,493</u>	<u>-</u>
Total Nondepreciable Capital Assets	<u>3,959,373</u>	<u>661,220</u>	<u>4,612,493</u>	<u>8,100</u>
Depreciable Capital Assets:				
Water System Improvements	4,316,998	4,612,493	-	8,929,491
Buildings	32,392	-	-	32,392
Furniture and Equipment	6,609	-	-	6,609
Equipment	67,213	-	-	67,213
Vehicles	<u>20,990</u>	<u>22,083</u>	<u>-</u>	<u>43,073</u>
Total Depreciable Capital Assets	<u>4,444,202</u>	<u>4,634,576</u>	<u>-</u>	<u>9,078,778</u>
Less Accumulated Depreciation				
Water System Improvements	1,398,702	300,440	-	1,699,142
Buildings	10,664	1,620	-	12,284
Furniture and Equipment	6,610	-	-	6,610
Equipment	67,167	44	-	67,211
Vehicles	<u>20,990</u>	<u>2,208</u>	<u>-</u>	<u>23,198</u>
Total Accumulated Depreciation	<u>1,504,133</u>	<u>304,312</u>	<u>-</u>	<u>1,808,445</u>
Net Depreciable Capital Assets	<u>2,940,069</u>	<u>4,330,264</u>	<u>-</u>	<u>7,270,333</u>
Total Capital Assets, Net	<u>\$ 6,899,442</u>	<u>\$ 4,991,484</u>	<u>\$ 4,612,493</u>	<u>\$ 7,278,433</u>

**ALPAUGH COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

4. SBA Paycheck Protection Program Loan

On May 8, 2020, Alpaugh Community Services District was granted a loan (the "loan") from Bank of the West in the amount of \$33,495, pursuant to the U.S. Small Business Administration (the "SBA") Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. For the District, the loan is due on demand.

On August 28, 2021 the District received notice that their application for forgiveness was approved for the principal balance of \$33,495 and accrued interest through August 28, 2021 of \$437 for a total of \$33,932.

5. Risk Management

The District has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; wrongful acts; injuries to employees; and employee health and life. Payments of premiums for these policies are recorded as expenses of the District. Insurance settlements have not exceeded insurance coverage in any of the past three years. There are no significant reductions in coverage compared to the prior years.

OTHER INDEPENDENT AUDITORS' REPORT

**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
Alpaugh Community Services District
Alpaugh, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Alpaugh Community Services District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Alpaugh Community Services District's basic financial statements, and have issued our report thereon dated March 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alpaugh 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alpaugh Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alpaugh 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.

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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alpaugh Community Services 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 determination of financial statement amounts. 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.

Pine, Pedroncelli & Aguilar, Inc
Visalia, California
March 3, 2022