



FECHTER & COMPANY
Certified Public Accountants



CASTROVILLE COMMUNITY SERVICES DISTRICT

Presentation of the Financial Statement Audit
June 30, 2025

Presented to:
Castroville Community Service District Board
December 16, 2025



Required Communications



We are required by our professional standards to communicate our mutual responsibilities, our scope and timing and our observations arising from the audit.

First, what is an audit?

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






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



Required Communications
 Management is responsible for fair and accurate financial reporting and establishing the systems and policies necessary to achieve that goal.

- Management's responsibilities include:
 - Selection of appropriate accounting policies
 - Financial Statement presentation and accuracy
 - Implementation of a system of internal controls



Required Communications
 Accounting policies are determined by management, defining how the financial statement numbers are calculated and presented.

- District Accounting Policies Summarized in Note 1
 - Financial statement presentation
 - Various policies
 - Capitalization
 - Cash classification
 - Equity Classifications
 - Selection of estimation methods
 - Pension
 - OPEB
 - Depreciation
 - Compensated absences



Required Communications
Our Responsibilities

- We are responsible for **forming and expressing an opinion** about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared, in all material respects, in accordance with the applicable financial reporting framework.
- Engaging us as you auditors and the performance of the audit of the financial statements **does not relieve management or those charged with governance of their responsibilities.**

Required Communications

- Difficulties Encountered
 - None
- Disagreements with Management
 - None



Required Communications

Corrected Misstatements:

- Recorded additional expense accruals
- Compensated absences

Mechanical Entries:

- Capital assets
- GASB 75 annual adjustment for OPEB
- GASB 68 annual adjustment for Pension.

Required Communications

Consultations with Other Accountants



- None

Other Findings or Issues

- None



Other Matters

- None



Annual Financial Report Overview
Independent Auditor's Report
 "Clean" opinion
 Explains the basis for our opinion and our respective responsibilities
 No opinion is provided on the Supplementary Information

- Managements Discussion and Analysis
- Budget vs Actual



Annual Financial Report Overview
Financial Statements Presented
 Statement of Net Position - Page 16
 The statement of net position is the District's version of a balance sheet, showing in simple terms what the government owns (like cash, buildings, and equipment) and what it owes (like loans and unpaid bills) at a specific point in time.

- Includes all of the District
- Includes all long-term assets and liabilities

Statement of Net Position



| | Governmental | Business Type | Total |
|-------------------|--------------|---------------|--------------|
| Total assets | \$1,362,990 | \$25,876,957 | \$27,239,947 |
| Total Liabilities | 205,765 | 525,018 | 730,783 |
| Net Position | 1,157,225 | 25,424,264 | 26,581,489 |

Annual Financial Report Overview
Financial Statements Presented



Statement of Activities - Page 17

The statement of activities for a government entity is a financial report that explains, in a single place, how much it cost to provide all government services during the year and where the money came from to pay for those services

Statement of Activities

| | |
|-----------------------------------|---------------------|
| Net loss Government activities | \$ (200,110) |
| Net loss business type activities | (554,993) |
| General revenue | 3,040,676 |
| Increase in net position | \$ 2,285,573 |






Annual Financial Report Overview
Financial Statements Presented

Balance Sheet – Governmental Funds (Page 18)

Includes ONLY governmental activities (No Sewer, Water, Moss Landing)



Shows, at a specific point in time, what the District has (like cash and receivables) and what it owes (like bills to be paid) for its different funds.

Annual Financial Report Overview
Financial Statements Presented

Statement of Revenue & Expenditures– Governmental Funds (Page 20)
Includes ONLY governmental activities (No Sewer, Water, Moss Landing)

Displays the two **government** funds, each major fund in its own column, so you can see the details for each one.






Annual Financial Report Overview
Financial Statements Presented

Statement of Net Position - Enterprise Funds (Page 22)
• ONLY Water and Sewer

Statement of Revenues, Expenditures, and Changes in Net Position - Enterprise Funds (Page 23)
• ONLY Water and Sewer



Statement of Cash Flows - Enterprise Funds (Page 24)
• ONLY Water and Sewer

Annual Financial Report Overview
Net Position and Fund Balance

Net Position and Fund Balance may provide an indication of stability over time.

- Net position includes all long-term assets and liabilities. **Most "Business" Like**
- Fund balance focuses on current resources and liabilities.

**Statement of Net Position Highlights
Cash and Investments**

| | 2025 | 2024 | 2023 |
|--------------------------|----------------------|----------------------|---------------------|
| Cash and equivalents | \$ 8,230,196 | \$ 7,120,201 | \$ 12,910,498 |
| Investments | | | |
| Zone 1 – Governmental | \$ 54,766 | \$ 52,207 | \$ - |
| Zone 2 - Governmental | 285,393 | 272,061 | - |
| Zone 1 – Water | 3,173,609 | 3,025,354 | - |
| Zone 1 & 2 Sewer | 6,724,340 | 6,383,949 | 2,849,330 |
| Zone 3 Sewer | 1,151,479 | 1,097,687 | - |
| Total Investments | \$ 11,389,587 | \$ 10,831,258 | \$ 2,849,330 |

**Statement of Net Position Highlights
Cash and Investments**



| | 2025 | 2024 | 2023 |
|------------------------|--------------|--------------|--------------|
| Cash and Investments | \$19,619,783 | \$17,951,459 | \$15,759,828 |
| % of Total Assets | 72.0% | 72.4% | 70.0% |
| Change from Prior Year | 9.29% | 13.9% | 8.4% |

**Statement of Net Position Highlights
Other Assets**

| | 2025 | 2024 | 2023 |
|--------------------|--------------|--------------|--------------|
| Net Capital Assets | \$ 7,229,236 | \$ 6,478,922 | \$ 6,423,439 |
| Receivables | 268,000 | 255,507 | 215,971 |
| Other assets | 45,529 | 48,992 | 45,403 |

Statement of Net Position Highlights
Liabilities

| | 2025 | 2024 | 2023 |
|---------------------|------------|------------|------------|
| Current Liabilities | \$ 403,458 | \$ 338,127 | \$ 202,451 |
| Pension | 240,085 | 176,050 | 155,829 |
| OPEB | 70,438 | 113,507 | 296,367 |

Statement of Activities Highlights
Revenues

| | 2025 | 2024 | 2023 |
|----------------------------|-----------|-----------|-----------|
| Street lights & Open Space | \$ 66,480 | \$ 78,144 | \$ 67,265 |
| Water | 1,396,615 | 1,397,556 | 1,368,682 |
| Sewer | 244,977 | 235,598 | 235,981 |
| Moss Landing | 191,948 | 189,613 | 191,793 |




Statement of Activities Highlights
General Revenues

| | 2025 | 2024 | 2023 |
|----------------|--------------|--------------|--------------|
| Property taxes | \$ 1,771,063 | \$ 1,534,377 | \$ 1,174,277 |
| Interest | 850,229 | 747,563 | 300,503 |




Statement of Activities Highlights

Expenses

| | 2025 | 2024 | 2023 |
|----------------------------|-----------|-----------|-----------|
| Street lights & Open Space | \$ 47,590 | \$ 56,640 | \$ 41,381 |
| Water | 1,394,993 | 1,218,320 | 1,466,022 |
| Sewer | 796,070 | 782,013 | 940,637 |
| Moss Landing | 197,470 | 221,335 | 236,254 |

Statement of Activities Highlights

Special Issues

| | 2025 | 2024 | 2023 |
|------------------------|------------|------------|------------|
| Recreation contract | \$ 219,000 | \$ 110,000 | \$ 100,000 |
| Other | 419,384 | 150,016 | 230,130 |
| Caltrans Overhead Sign | 353,880 | | |
| DWR Prop1A grant | 35,945 | | |

Annual Financial Report Overview



Notes To Financial Statements

- Summary of Accounting Policies approved by the Board
- Further explanation and details of balances and policies

Compliance and Control Issues

Good controls in place

The Board's continuing effective oversight plays an integral role in the District's control environment



Thank you

It was a pleasure working with your staff

