

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

BASIC FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017



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**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Madera County

Report on the Financial Statements

We have audited the accompanying financial statements of Service Area 16 - Sumner Hill (District), a component unit of the County of Madera, California as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of America. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider 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 financial position of the Service Area 16 - Sumner Hill as of June 30, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 6 to the financial statements, prior period adjustments were recorded for the corrections of errors in the prior year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted 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 this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2019 on our consideration of the District's internal control over financial reporting and 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 the District's 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.



CliftonLarsonAllen LLP

Roseville, California
June 21, 2019

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017**

	2018	2017
Assets		
Current assets		
Cash	\$ 188,345	\$ 149,461
Accounts receivable	11,282	4,421
Interest receivable	823	424
Due from County of Madera	57	--
Total current assets	200,507	154,306
Noncurrent assets		
Land	3,600	3,600
Infrastructure	718,876	718,876
Accumulated Depreciation	(475,577)	(461,407)
Total noncurrent assets	246,899	261,069
Total assets	447,406	415,375
Liabilities		
Current liabilities		
Accounts payable	4,536	6,755
Interest payable	3,641	1,501
Deposits from others	600	450
Due to County of Madera	123,158	70,308
Unearned revenue	5,044	981
Total current liabilities	136,979	79,995
Non-Current liabilities		
Advances from County of Madera	220,259	100,259
Total non-current liabilities	220,259	100,259
Total liabilities	357,238	180,254
Net Position		
Net investment in capital assets	246,899	261,069
Unrestricted	(156,731)	(25,948)
Total net position	\$ 90,168	\$ 235,121

See accompanying Notes to Basic Financial Statements.

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
Operating Revenues:		
Charges for services	\$ 165,290	\$ 165,463
Other revenues	700	375
Total operating revenues	165,990	165,838
Operating Expenses:		
Services and supplies	42,662	16,355
Repairs and maintenance	215,497	124,697
Insurance	1,515	1,447
Utilities	37,396	34,568
Depreciation	14,170	14,169
Total operating expenses	311,240	191,236
Operating income (loss)	(145,250)	(25,398)
Nonoperating Revenue:		
Interest income	2,437	1,316
Interest and fiscal charges	(2,140)	(1,501)
Total nonoperating revenue	297	(185)
Change in net position	(144,953)	(25,583)
Net position - beginning of year, restated	235,121	260,704
Net position - end of year	\$ 90,168	\$ 235,121

See accompanying Notes to Basic Financial Statements.

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
Cash Flows From Operating Activities:		
Receipts from customers	\$ 163,285	\$ 165,809
Payments to suppliers	(246,439)	(126,491)
Net Cash Provided (Used) by Operating Activities	(83,154)	39,318
Cash Flows From Noncapital Financing Activities:		
Advance from County of Madera	120,000	15,000
Net Cash Provided by Noncapital Financing Activities	120,000	15,000
Cash Flows From Investing Activities:		
Interest received	2,038	1,114
Net Cash Provided by Investing Activities	2,038	1,114
Net Increase in Cash and Cash Equivalents	38,884	55,432
Cash and Cash Equivalents, Beginning of Year	149,461	94,029
Cash and Cash Equivalents, End of Year	\$ 188,345	\$ 149,461
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (145,250)	\$ (25,398)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	14,170	14,169
Changes in assets and liabilities:		
Decrease/(increase) in accounts receivable	(6,861)	3,082
Decrease/(increase) in due from County of Madera	(57)	--
Increase/(decrease) in accounts payable	(2,219)	1,350
Increase/(decrease) in due to County of Madera	52,850	49,226
Increase/(decrease) in deposits from others	150	150
Increase/(decrease) in unearned revenues	4,063	(3,261)
Net Cash Provided (Used) by Operating Activities	\$ (83,154)	\$ 39,318

See accompanying Notes to Basic Financial Statements.

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **SA 16 - Sumner Hill** (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. 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.

A. Reporting Entity

The District provides residential water service and a community sewer leach field to a small residential community. The District is located off County Road 204 at Killarney Drive in Madera County. The District was formed on November 15, 1983 by Board Resolution 84-13.

The Sumner Hill Water System provides residential water service to 39 improved units and 10 standby units. The service area also provides a community sewer leach field to 39 improved units and 10 standby units. The water and sewer rates were last set on May 13, 2014 by Resolution 2014-070, which created a tiered structure and include an annual Consumer Price Index adjustment. The following table shows the rates in effect during fiscal years ended June 30, 2018 and 2017.

	2018	2017
Monthly Water Rates - Active Units		
Up to 10,000 cubic feet (cf)	\$ 134.07	\$ 130.29
10,0001 cf -20,000 cf (Rate per cf)	\$ 0.03	\$ 0.03
20,000 cf and greater (Rate per cf)	\$ 0.06	\$ 0.06
Monthly Water Rates- Standby Units	\$ 37.50	\$ 37.50
Accumulated Capital Outlay (ACO) Monthly Charge - All Units	\$ 85.00	\$ 85.00
Monthly Sewer Rates - All Units	\$ 35.28	\$ 34.29

The Board of Supervisors is the governing body of the District. The District is considered a blended component unit of the County of Madera and is reported as an enterprise fund in the County of Madera financial statements. The financial statements included in this report are intended to present the financial position and results of operations of only the District. They are not intended to present the financial position or results of operations of the County of Madera taken as a whole.

B. Basis of Presentation and Method of Accounting

Proprietary fund financial statements include a Statement of Net Position and a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The District accounts for its activities as a single enterprise fund. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and

**SERVICE AREA 16 – SUMNER HILL
 (A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018 AND 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The principal operating revenues of the District are charges for services. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. Operating expenses for the District include the costs of sales and services, administrative expenses, and depreciation on capital assets. All other expenses are reported as non-operating expenses.

C. Cash and Investments

Cash and investments shown in the Statement of Net Position represent the District's share of the County of Madera's cash and investment pool. Interest earnings from this pool are transferred to the District on a quarterly basis based on the District's average daily balance. The County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

D. Receivables

Receivables consist of fees charged for water and sewer services and interest from the County of Madera. The Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads and similar items), are reported in the Statement of Net Position. Capital assets are defined by the District as assets with a cost of more than \$5,000 for machinery and equipment and \$10,000 for the other categories of capital assets with an estimated useful life of more than one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated acquisition value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

<u>Depreciable Asset</u>	<u>Estimated Life</u>
Infrastructure	20-50 years
Water and Sewer Systems	16-65 years
Structures and Improvements	30-50 years
Equipment	3-20 years

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Interest accrued during capital assets construction, if any, is capitalized as part of the asset cost.

F. Net Position

Net position is classified in the following three components:

- Net investment in capital assets – This category 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 the balance in this category.
- Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This category represents all other net position of the District, that does not meet the definition of “net investment in capital assets” or “restricted net position.”

When both restricted and unrestricted resources are available for use, unrestricted resources are used only after the restricted resources are depleted.

G. Use of Estimates

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

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2018 and at June 30, 2017 are classified in the financial statements as follows:

	2018	2017
Cash and Investments held in County Treasury	\$ 188,345	\$ 149,461

Risk Disclosure

Required disclosures for the District's deposit and investment risks for the cash held in the County of Madera Treasury at June 30, 2018, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	1.78 years average maturity (2018) 2.27 years average maturity (2017)

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County of Madera's Comprehensive Annual Financial Report and may be obtained by contacting the County Auditor-Controller's Office at 200 W. 4th Street – Madera, CA 93637.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The District's cash investments in the County of Madera Investment Pool are carried at fair value. County of Madera invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, County of Madera Investment Pool is not an investment type that can be categorized in any particular level in the fair value hierarchy.

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 3,600	\$ --	\$ --	\$ 3,600
Total capital assets, not being depreciated	3,600	--	--	3,600
Capital assets, being depreciated:				
Water & sewer systems	718,876	--	--	718,876
Total capital assets, being depreciated	718,876	--	--	718,876
Less accumulated depreciation for:				
Water & sewer systems	(461,407)	(14,170)	--	(475,577)
Total accumulated depreciation	(461,407)	(14,170)	--	(475,577)
Total capital assets, being depreciated, net	257,469	(14,170)	--	243,299
Total capital assets, net	<u>\$ 261,069</u>	<u>\$ (14,170)</u>	<u>\$ --</u>	<u>\$ 246,899</u>

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016, restated	Additions	Retirements	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 3,600	\$ --	\$ --	\$ 3,600
Total capital assets, not being depreciated	3,600	--	--	3,600
Capital assets, being depreciated:				
Water & sewer systems	718,876	--	--	718,876
Total capital assets, being depreciated	718,876	--	--	718,876
Less accumulated depreciation for:				
Water & sewer systems	(447,238)	(14,169)	--	(461,407)
Total accumulated depreciation	(447,238)	(14,169)	--	(461,407)
Total capital assets, being depreciated, net	271,638	(14,169)	--	257,469
Total capital assets, net	<u>\$ 275,238</u>	<u>\$ (14,169)</u>	<u>\$ --</u>	<u>\$ 261,069</u>

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4: RELATED PARTY TRANSACTIONS

The District contracts with the County of Madera to provide certain services to the District. The District's accounting and clerical functions are performed by County personnel. The County of Madera charges the District for administrative costs incurred. The following amounts were due to the County of Madera for the year ended June 30, 2018 and 2017.

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Amounts due to County of Madera	\$ 70,308	\$ 123,158	\$ (70,308)	\$ 123,158
	<u>\$ 70,308</u>	<u>\$ 123,158</u>	<u>\$ (70,308)</u>	<u>\$ 123,158</u>

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Amounts due to County of Madera	\$ 56,341	\$ 70,308	\$ (56,341)	\$ 70,308
	<u>\$ 56,341</u>	<u>\$ 70,308</u>	<u>\$ (56,341)</u>	<u>\$ 70,308</u>

NOTE 5: ADVANCES FROM COUNTY OF MADERA

The following is a summary of the advances from the County of Madera for the year-ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Advances from County of Madera	\$ 65,000	\$ 120,000	\$ -	\$ 185,000
Advances from County of Madera	35,259			35,259
	<u>\$ 100,259</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 220,259</u>

The following is a summary of the advances from the County of Madera for the year-ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Advances from County of Madera	\$ 50,000	\$ 15,000	\$ -	\$ 65,000
Advances from County of Madera	-	35,259		35,259
	<u>\$ 50,000</u>	<u>\$ 50,259</u>	<u>\$ -</u>	<u>\$ 100,259</u>

The District obtained a \$50,000 loan from the County of Madera on June 26, 2016 to help fund the District's operation. The loan is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points as soon as funds are available from the District. Interest will be accrued on the unpaid principal balance until loan is paid in full.

**SERVICE AREA 16 – SUMNER HILL
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 5: ADVANCES FROM COUNTY OF MADERA

The District obtained a \$15,000 loan from the County of Madera on June 20, 2017 to help fund the District’s operation. The loan is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points as soon as funds are available from the District. Interest will be accrued on the unpaid principal balance until loan is paid in full.

The District obtained a \$120,000 loan from the County of Madera on June 29, 2018 to help fund the District’s operation. The loan is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points as soon as funds are available from the District. Interest will be accrued on the unpaid principal balance until loan is paid in full.

The District has been advanced funds from the County in the amount of \$35,259. The advance is unsecured, noninterest bearing, and is due on demand. The County does not anticipate demanding repayment in the next fiscal year; therefore, the balance has been shown as a noncurrent liability on the statement of net position.

The District intends to pay back these advances through future cash flow at the current established rate, however, future rate increases may be necessary in order to fulfill the obligation.

NOTE 6: RESTATEMENT OF NET POSITION

Adjustments resulting from errors or a change to comply with the provisions of new accounting standards are treated as adjustment to prior periods. The following restatements were made during the end year ended June 30, 2017:

Net position at July 1, as previously stated	\$	480,462
Land, land under roads and infrastructure adjustments		(281,489)
Sewer system adjustments		61,731
Net position at July 1, 2016, as restated	<u>\$</u>	<u>260,704</u>

Land and other assets owned by private parties or another County District were incorrectly reported as assets of the District in prior years. In addition, certain sewer system assets were not reported as assets of the District in prior years.

NOTE 7: INSURANCE AND RISK OF LOSS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the District does not have employees, it is not exposed to injuries to employees. The District’s officers are officials of the County, and therefore coverage for general liability and errors and omissions is provided under the County’s program. This program is self-insured to a level of \$100,000, after which excess coverage is obtained through participation in the CSAC Excess Insurance Authority (EIA). Disclosure of complete information on risk management can be found in the County of Madera Comprehensive Annual Financial Report.

OTHER REPORT



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**INDEPENDENT AUDITORS' REPORTS 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**

Board of Supervisors
Madera County

We have audited, in accordance with the 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, the financial statements of Service Area 16 - Sumner Hill (District) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 21, 2019.

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) to determine the 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 may exist that have not been identified.

Board of Supervisors
Madera County

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 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.



CliftonLarsonAllen LLP

Roseville, California
June 21, 2019