

**HIDDEN VALLEY LAKE  
COMMUNITY SERVICES DISTRICT,  
CALIFORNIA**

**SINGLE AUDIT ACT  
REPORTS AND SCHEDULES  
FOR THE YEAR ENDED  
JUNE 30, 2024**

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**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**

**Single Audit Act**

**For the Year Ended June 30, 2024**

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**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  
Hidden Valley Lake Community Services District  
Hidden Valley Lake, California

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 the business-type activities and each major fund of Hidden Valley Lake Community Services District, California (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2024.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

To the Board of Directors  
Hidden Valley Lake Community Services District  
Hidden Valley Lake, California

### **Report on Compliance and Other Matters**

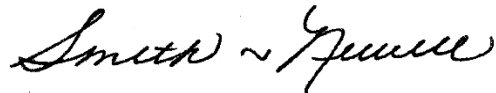
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

### **District's Responses to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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.



Smith & Newell CPAs  
Yuba City, California  
December 3, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Board of Directors  
Hidden Valley Lake Community Services District  
Hidden Valley Lake, California

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Hidden Valley Lake Community Services District, California's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

To the Board of Directors  
Hidden Valley Lake Community Services District  
Hidden Valley Lake, California

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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 generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.



To the Board of Directors  
Hidden Valley Lake Community Services District  
Hidden Valley Lake, California

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

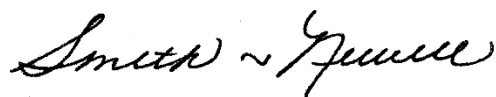
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities and each major fund of Hidden Valley Lake Community Services District, California, (District) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 3, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Smith & Newell CPAs  
Yuba City, California  
December 3, 2024

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**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

<b>Federal Program/Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Homeland Security</b>				
State Emergency Management Agency: Hazard Mitigation Grant	97.039	FEMA-4382-112-DR	\$ -	\$ 1,276,245
Hazard Mitigation Grant	97.039	FEMA-4431-57-DR	-	308,243
Hazard Mitigation Grant	97.039	FEMA-4558-428-DR	-	149,090
Hazard Mitigation Grant	97.039	FEMA-4683-DR-1007	-	22,555
<b>Total U.S. Department of Homeland Security</b>			-	1,756,133
<b>Total</b>			\$ -	\$ 1,756,133

See accompanying Notes to Schedule of Expenditures of Federal Awards

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**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

**1. REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Hidden Valley Lake Community Services District, California (District). The District's reporting entity is defined in Note 1 to the District's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Expenditures of Federal Awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**2. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the District financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements have been included in total federal expenditures.

**3. INDIRECT COST RATE**

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

**5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the District's basic financial statements.

**6. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the District determined that no identifying number is assigned for the program or the District was unable to obtain an identifying number from the pass-through entity.

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**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

<b>Financial Statements</b>	<u>Status</u>
1. Type of auditor's report issued	Unmodified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified and not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	No

**Federal Awards**

1. Internal control over major programs:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified and not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
4. Identification of major programs: 97.039 Hazard Mitigation Grant	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520?	No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Cash Difference and Unrecorded Cash on the District General Ledger	2024-002
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**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

97.039 Hazard Mitigation Grant	2024-001
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**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

**2024-001 (Material Weakness)**

**Name:** Hazard Mitigation Grant  
**CFDA#:** 97.039  
**Federal Grantor:** U.S. Department of Homeland Security  
**Pass-Through Entity:** None  
**Award No.:** Various  
**Year:** 2023-24  
**Compliance Requirement:** Other

**Criteria**

Internal control over the Schedule of Expenditures of Federal Awards (SEFA) requires that the District provide accurate Federal expenditure information timely.

**Condition**

During our testing of major programs, we noted that the SEFA provided by the District at the beginning of audit fieldwork contained errors in the federal expenditures. Expenditures included on the SEFA provided at the beginning of the audit were more than actual expenditures by \$539,592 in the major program listed above.

**Cause**

The District did not provide accurate information to include on the SEFA that was provided to us at the beginning of the audit.

**Effect**

The SEFA provided at the beginning of fieldwork was not materially correct and adjustments were needed to accurately reflect all Federal expenditures.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

The condition noted above was identified during our procedures related to reporting of the program.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that the District provide accurate federal expenditure information prior to the beginning of audit fieldwork.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Managements' Corrective Action Plan for views of responsible officials and management's responses.



**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

**2024-002 Cash Difference and Unrecorded Cash on the District General Ledger (Significant Deficiency)**

**Criteria**

The District is required to reconcile the cash recorded on the general ledger to the cash held in the bank and resolve any differences. In addition, all cash under the control of the District should be recorded on the District's books.

**Condition**

At the time of fieldwork, the cash reported on the June 30, 2024 general ledger was approximately \$559 less than the amount reported on the bank account reconciliations. In addition, the bank account to hold the construction retention money of approximately \$59,638 was not recorded in the District's general ledger.

**Cause**

The District had not reconciled the cash reported on the general ledger to the bank account. In addition, the retention bank account had not been recorded on the general ledger.

**Effect**

Cash on the general ledger was understated by approximately \$60,197.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that the District reconcile all bank accounts and resolve any differences to the books of the District. In addition, all cash under the control of the District should be recorded on the District's books.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

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## **Hidden Valley Lake Community Services District**

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### **HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT, CALIFORNIA**

Corrective Action Plan

For the Year Ended June 30, 2024

Compiled by: Trish Wilkinson

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**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2024**

**2024-001 Hazard Mitigation Grant (Material Weakness)**

We recommend that the District provide accurate federal expenditure information prior to the beginning of audit fieldwork.

Management's Response: The District concurs with the finding.

Responsible Individual: Trish Wilkinson, Accounting Supervisor

Corrective Action Plan: The Accounting Supervisor will provide accurate federal expenditures as opposed to the total District project expenditures.

Anticipated Completion Date: June 30, 2025

**2024-002 Cash Difference and Unrecorded Cash on the District General Ledger (Significant Deficiency)**

We recommend that the District reconcile all bank accounts and resolve any differences to the books of the District. In addition, all cash under the control of the District should be recorded on the District's books.

Management's Response: The District concurs with the finding.

Responsible Individual: Trish Wilkinson, Accounting Supervisor

Corrective Action Plan: The Accounting Supervisor will reconcile all bank accounts and resolve any difference to the books in a timely manner. Also, the Accounting Supervisor will obtain advice from the auditor on recording transactions in question prior to the audit field visit.

Anticipated Completion Date: June 30, 2025

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