

**KNIGHTSEN TOWN COMMUNITY
SERVICES DISTRICT**

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2021



CROCE, SANGUINETTI, & VANDER VEEN

INC.

CERTIFIED PUBLIC ACCOUNTANTS

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CROCE, SANGUINETTI, & VANDER VEEN^{INC.}

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Knightsen Town Community Services District
Knightsen, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Knightsen Town 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Knightsen Town Community Services District** as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The District 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.

Accounting principles generally accepted in the United States of America require that the statement of revenues, expenditures and changes in fund balance - budget and actual - governmental funds on pages 16 through 17 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Croce, Sanguinetti, & Vander Veen, Inc.

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
November 22, 2021

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2021

	<u>Governmental activities</u>
Assets	
Cash and investments	\$ 247,894
Prepaid insurance	<u>1,227</u>
Total assets	<u>249,121</u>
Deferred outflows of resources	<u>-</u>
Liabilities	<u>-</u>
Deferred inflows of resources	<u>-</u>
Net position	
Unrestricted	<u>249,121</u>
Total net position	<u><u>\$ 249,121</u></u>

The accompanying notes are an integral part of this financial statement.

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Statement of Activities

For the year ended June 30, 2021

	<u>Expenses</u>	<u>Program revenues Operating grants and contributions</u>	<u>Net (expenses) revenues and changes in net position</u>
Governmental activities			
Operations	\$ 20,924	\$ -	\$ (20,924)
Net program (expenses) revenues			<u>(20,924)</u>
General revenues			
Interest income			<u>11</u>
Total general revenues			<u>11</u>
Change in net position			(20,913)
Net position, beginning of year			<u>270,034</u>
Net position, end of year			<u>\$ 249,121</u>

The accompanying notes are an integral part of this financial statement.

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	<u>General Fund</u>
Assets	
Assets	
Cash and investments	\$ 247,894
Prepaid insurance	<u>1,227</u>
Total assets	<u>\$ 249,121</u>
Liabilities and Fund Balance	
Liabilities	\$ <u>-</u>
Total liabilities	<u>-</u>
Fund balance	
Nonspendable:	
Prepaid insurance	1,227
Unassigned	<u>247,894</u>
Total fund balance	<u>249,121</u>
Total liabilities and fund balance	<u>\$ 249,121</u>

The accompanying notes are an integral part of this financial statement.

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Governmental Funds**

For the year ended June 30, 2021

	<u>General fund</u>
Revenues	
Interest income	\$ <u>11</u>
Total revenues	<u>11</u>
Expenditures	
Professional fees	16,177
Insurance	2,162
Office expense	1,803
County charges	362
Rent	300
Dues and memberships	<u>120</u>
Total expenditures	<u>20,924</u>
Net change in fund balance	(20,913)
Fund balance, beginning of year	<u>270,034</u>
Fund balance, end of year	<u>\$ 249,121</u>

The accompanying notes are an integral part of this financial statement.

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of Knightsen Town Community Services District (the District) is presented to assist in understanding the District's financial statements.

Description of the reporting entity

The District was formed on July 1, 2005 and operates under Section 61000 et. seq. of the California State Government Code for the purpose of constructing, operating, maintaining and servicing flood control and water quality improvements within District boundaries, located in Contra Costa County, California and encompassing approximately 5,131 acres. The District is governed by a five-member board of directors, each elected by the registered voters within the District to a four-year term. The District has started the application process for dissolution with the Contra Costa County Local Agency Formation Commission.

The District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activity of the primary government.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not classified as program revenues are presented as general revenues.

Fund financial statements

The fund financial statements provide information about the District's funds. The District has one type of fund (governmental), which is comprised of one major fund as follows:

General fund - This fund is established to account for resources devoted to financing the general services that the District performs. Assessments and other sources of revenue used to finance the fundamental operations of the District are included in this fund. This fund is charged with all costs of operating the District for which a separate fund has not been established.

(Continued)

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note A - Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent that they have matured.

Assessments, interest, and other sources of revenue within the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues provided they were collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Cash and investments

For the purpose of financial reporting “cash and investments” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Budgetary accounting

The District does not adopt an appropriated budget and is not required to adopt such a budget by law. However, the District does adopt a non-appropriated budget annually, which is approved by the Board of Directors.

Assessments

Assessments are levied at the discretion of the Board of Directors.

(Continued)

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note A - Summary of Significant Accounting Policies (Continued)

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.
- c. Unrestricted - Amounts not required to be reported in the other components of net position.

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

(Continued)

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note A - Summary of Significant Accounting Policies (Continued)

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision making authority.

Assigned - Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, District manager or their designee.

Unassigned - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

Estimates

The preparation of the 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. Actual results could differ from those estimates.

(Continued)

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note A - Summary of Significant Accounting Policies (Continued)

New accounting pronouncements

Standards adopted

In January 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The District implemented the provisions of this Statement for the year ended June 30, 2021. The adoption of this Statement had no impact on the District's financial statements.

Note B - Cash and Investments

Cash and investments of the District as of June 30, 2021, consist of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>	<u>Fair value</u>
<u>Deposits in commercial accounts</u>			
Public checking	\$ 247,893	\$ 248,042	
	<u>\$ 247,893</u>	<u>\$ 248,042</u>	
 <u>Investment in external investment pool</u>			
Contra Costa County	\$ _____ -		\$ _____ -

Deposit and Investment Policy

California statutes authorize special districts to invest idle, surplus or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. As specified in Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds, the primary objectives, in priority order, of the District's investment activities and of the District's investment policy shall be (1) safety, (2) liquidity, and (3) yield. It is the policy of the District to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

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KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note B - Cash and Investments (Continued)

The District is provided a broad spectrum of eligible investments under California Government Code Sections 53600-53609 (authorized investments), 53630-53686 (deposits and collateral), and 16429.1 (Local Agency Investment Fund). The District may choose to restrict its permitted investments to a smaller list of securities that more closely fits the District's cash flow needs and requirements for liquidity. The table below identifies the investment types that are authorized for the District by the California Government Code, Section 53600 (or District's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Bills, Notes, and Bonds	5 years	None	None
U.S. Government Agency Obligations	5 years	None	None
California Local Agency Debt	5 years	None	None
Repurchase Agreements	1 year	20%	None
State Registered Warrants, Notes or Bonds	5 years	None	None
Bankers Acceptances	180 days	40%	30%
High Grade Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Medium Term Corporate Notes	5 years	30%	5%
Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	20%	5%
Collateralized Negotiable Instruments	5 years	15%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None
Local Government Investment Pools	N/A	None	None

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments. The District does not maintain a formal investment policy.

(Continued)

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note B - 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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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 distribution of the District's investments by maturity:

<u>Investment type</u>	<u>Total</u>	<u>Remaining maturity (in months)</u>					<u>More than 60 months</u>
		<u>12 months or less</u>	<u>13 - 24 months</u>	<u>25 - 36 months</u>	<u>37-48 months</u>	<u>49-60 months</u>	
Contra Costa County							
Treasurer	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

Disclosures Relating to Credit Risk

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. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of fiscal year end for each investment type.

<u>Investment type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Contra Costa County							
Treasurer	\$ _____ -	<u>N/A</u>	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total	<u>\$ _____ -</u>	<u>N/A</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

(Continued)

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note B - Cash and Investments (Continued)

Concentration of Credit Risk

The District had no investment policy limiting the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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 government 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. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, the District's bank balance was \$248,042 and \$248,042 of that amount was insured by the Federal Deposit Insurance Corporation and collateralized as required by state law.

Investment in External Investment Pool

The District's investment in the Contra Costa County investment pool is managed by the Contra Costa County Treasurer and is stated at fair value or amortized cost, which approximates fair value. Cash held by the Contra Costa County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.co.contra-costa.ca.us/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained by the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. In accordance with applicable State laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2021, the Contra Costa County Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

(Continued)

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

Note B - Cash and Investments (Continued)

Fair value hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District's investment in certificates of deposit is classified as Level 1 and its value is based on quoted market prices. The District's investment in the County of Contra Costa Treasury Pool is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of Contra Costa, which is calculated as the fair value divided by the amortized cost of the investment pool.

Note C - Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to insure for risks of loss, the District purchases insurance through commercial insurance carriers. As of June 30, 2021, the District's insurance coverage includes general liability insurance with liability limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

Note D - Governing Board

As of June 30, 2021, the five members of the District's Board of Directors were as follows:

<u>Director</u>	<u>Term expires</u>
Trish Bello-Kunkel	December 2022
Gilbert Somerhalder	December 2022
Linda Matteri	December 2022
Curt Caldwell	December 2024
Angie De Fremery	December 2024

Note E - Contingencies

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged in jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. The duration and intensity of the impact of the coronavirus and resulting impact to the District is unknown.

REQUIRED SUPPLEMENTAL INFORMATION

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures and
Changes in Fund Balance -
Budget and Actual - Governmental Funds**

For the year ended June 30, 2021

	General fund		
	Budgeted amounts <u>original/final</u>	Actual amounts <u> </u>	Variance with final budget positive <u>(negative)</u>
Revenues			
Interest	\$ -	\$ 11	\$ 11
Total revenues	<u>-</u>	<u>11</u>	<u>11</u>
Expenditures			
Professional fees	20,720	16,177	4,543
Insurance	2,264	2,162	102
Office expenses	1,880	1,803	77
County charges	300	362	(62)
Rent	600	300	300
Dues and memberships	<u>120</u>	<u>120</u>	<u>-</u>
Total expenditures	<u>25,884</u>	<u>20,924</u>	<u>4,960</u>
Net change in fund balance	(25,884)	(20,913)	4,971
Fund balance, beginning of year	<u>270,034</u>	<u>270,034</u>	<u>-</u>
Fund balance, end of year	<u>\$ 244,150</u>	<u>\$ 249,121</u>	<u>\$ 4,971</u>

KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT

Notes to Required Supplemental Information

June 30, 2021

The District prepares a budget annually which is approved by the Board of Directors setting forth the contemplated fiscal requirements. The District's budget is maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the final adopted annual budget. The budget amounts are based on estimates of the District's expenditures and the proposed means of financing them. Actual expenditures for certain line items may vary significantly from the budget due to timing of such expenditures.