

CROCKETT COMMUNITY SERVICES DISTRICT  
CROCKETT, CALIFORNIA

REPORT ON FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2014 AND 2013

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

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CROCKETT COMMUNITY SERVICES DISTRICT  
CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
JUNE 30, 2014 AND 2013

|                                 | Department         |                  |           |                           |              |                         |      |                                     |      |                       | Totals       |              |
|---------------------------------|--------------------|------------------|-----------|---------------------------|--------------|-------------------------|------|-------------------------------------|------|-----------------------|--------------|--------------|
|                                 | Community Services | Maintenance Fund |           | Port Costa Operating Fund |              | Crockett Operating Fund |      | Sanitary Crockett Construction Fund |      | Crockett Reserve Fund | 2014         | 2013 *       |
|                                 |                    |                  |           |                           |              |                         |      |                                     |      |                       |              |              |
| <b>OPERATIONS:</b>              |                    |                  |           |                           |              |                         |      |                                     |      |                       |              |              |
| Revenues:                       |                    |                  |           |                           |              |                         |      |                                     |      |                       |              |              |
| Cost recovery                   | \$ -               | \$ 31,940        | \$ 7      | \$ -                      | \$ -         | \$ 51,886               | \$ - | \$ -                                | \$ - | \$ -                  | \$ 83,833    | \$ 67,603    |
| Facilities rent                 | -                  | 71,094           | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 71,094       | 71,710       |
| Senior outreach                 | -                  | 3,600            | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 3,600        | 3,600        |
| Outside classes                 | -                  | 1,440            | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 1,440        | 1,760        |
| Damage/cleaning deposits        | -                  | 24,200           | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 24,200       | 22,792       |
| Pool/rents/concessions/lessons  | -                  | 29,551           | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 29,551       | 26,583       |
| Security services               | -                  | 7,697            | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 7,697        | 5,146        |
| Cleaning services               | -                  | 2,975            | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 2,975        | 2,700        |
| Aquatic programs                | -                  | 43,779           | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 43,779       | 45,181       |
| Donations-restricted            | -                  | 550              | 25,795    | -                         | -            | -                       | -    | -                                   | -    | -                     | 26,345       | 44,879       |
| Donations-operations            | -                  | 2,461            | 160       | -                         | -            | -                       | -    | -                                   | -    | -                     | 2,622        | 3,500        |
| Sewer use charges               | -                  | -                | -         | 214,242                   | -            | 1,276,680               | -    | -                                   | -    | -                     | 1,490,922    | 1,449,232    |
| Permit service fees             | -                  | -                | -         | 180                       | -            | 2,310                   | -    | -                                   | -    | -                     | 2,490        | 3,416        |
| Capacity charges                | -                  | -                | -         | -                         | -            | 7,276                   | -    | -                                   | -    | -                     | 7,276        | 4,042        |
| Parking fines                   | -                  | 2,110            | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 2,110        | 5,197        |
| Miscellaneous                   | -                  | 844              | -         | -                         | -            | -                       | -    | -                                   | -    | -                     | 844          | 747          |
| <b>TOTAL OPERATING REVENUES</b> | \$ -               | \$ 222,242       | \$ 25,962 | \$ 214,422                | \$ 1,338,152 | \$ -                    | \$ - | \$ -                                | \$ - | \$ -                  | \$ 1,800,778 | \$ 1,758,088 |

\* For comparative purposes only  
Differences due to rounding

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

CROCKETT COMMUNITY SERVICES DEPARTMENT

CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
JUNE 30, 2014 AND 2013

|                                | Department         |              |                  |                           |                         |                            |                       |            |            |   | Totals |  |
|--------------------------------|--------------------|--------------|------------------|---------------------------|-------------------------|----------------------------|-----------------------|------------|------------|---|--------|--|
|                                | Community Services | Recreation   | Maintenance Fund | Port Costa Operating Fund | Crockett Operating Fund | Crockett Construction Fund | Crockett Reserve Fund | 2014       | 2013       | * |        |  |
| Operating Expenses:            | \$ -               | \$ 137,780   | \$ 1,789         | \$ 13,038                 | \$ 137,301              | \$ -                       | \$ -                  | \$ 289,908 | \$ 276,801 |   |        |  |
| Salaries and wages             | -                  | 71,180       | 1,742            | 83,471                    | 164,283                 | -                          | -                     | 320,676    | 301,051    |   |        |  |
| Maintenance and repairs        | -                  | 245          | -                | -                         | 4,338                   | -                          | -                     | 4,583      | 4,635      |   |        |  |
| Memberships                    | -                  | 13,970       | -                | -                         | -                       | -                          | -                     | 13,970     | 22,255     |   |        |  |
| Program supplies               | -                  | 2,773        | -                | 492                       | 6,120                   | -                          | -                     | 9,385      | 12,997     |   |        |  |
| Office                         | -                  | 11,456       | 882              | 1,716                     | 18,919                  | -                          | -                     | 32,973     | 20,698     |   |        |  |
| Professional services (Note 7) | -                  | 1,782        | -                | 313                       | 685                     | -                          | -                     | 2,780      | 2,318      |   |        |  |
| Printing/publications          | -                  | 1,090        | -                | -                         | 592                     | -                          | -                     | 1,682      | 385        |   |        |  |
| Training/travel                | -                  | 6,762        | -                | -                         | -                       | -                          | -                     | 6,762      | 6,956      |   |        |  |
| Food concession supplies       | -                  | 39,084       | 174              | 3,184                     | 17,167                  | -                          | -                     | 59,608     | 65,222     |   |        |  |
| Utilities                      | -                  | 4,756        | -                | 557                       | 4,600                   | 28                         | 4                     | 9,946      | 3,232      |   |        |  |
| County charges                 | -                  | 10,945       | 323              | 4,214                     | 32,623                  | -                          | -                     | 48,105     | 43,811     |   |        |  |
| Insurance                      | -                  | -            | -                | -                         | 2,274                   | -                          | -                     | 2,274      | 2,251      |   |        |  |
| Easements                      | -                  | 19,298       | 221              | 1,557                     | 16,449                  | -                          | -                     | 37,525     | 40,608     |   |        |  |
| Employee benefits (Note 6)     | -                  | 714          | -                | 66                        | 955                     | -                          | -                     | 1,735      | 2,116      |   |        |  |
| Vehicles                       | -                  | -            | 289              | -                         | 5,162                   | -                          | -                     | 5,451      | 6,102      |   |        |  |
| Office rent                    | -                  | -            | -                | -                         | 28,507                  | -                          | -                     | 28,507     | -          |   |        |  |
| Office relocation              | -                  | 4,599        | -                | -                         | 2,457                   | -                          | -                     | 7,056      | 6,202      |   |        |  |
| Telephone                      | -                  | 24,328       | -                | -                         | -                       | -                          | -                     | 24,328     | 24,088     |   |        |  |
| Refunds                        | -                  | 6,433        | 55               | -                         | 3,998                   | -                          | -                     | 10,486     | 40,517     |   |        |  |
| Recoverable charges            | -                  | 2,100        | -                | -                         | -                       | -                          | -                     | 2,100      | 1,372      |   |        |  |
| Uniforms                       | -                  | -            | -                | -                         | -                       | -                          | -                     | -          | 5,192      |   |        |  |
| Elections                      | -                  | -            | -                | -                         | 635,053                 | -                          | -                     | 635,053    | 675,654    |   |        |  |
| C&H - JTP OM                   | -                  | 7,413        | -                | -                         | 18,311                  | -                          | -                     | 25,723     | 78,927     |   |        |  |
| Capital replacement            | -                  | 4,159        | -                | 84                        | -                       | -                          | -                     | 4,243      | 2,707      |   |        |  |
| Other operating                | -                  | -            | -                | -                         | -                       | -                          | -                     | -          | -          |   |        |  |
| TOTAL OPERATING EXPENSES       | -                  | 370,867      | 5,474            | 108,693                   | 1,099,794               | 28                         | 4                     | 1,584,859  | 1,646,097  |   |        |  |
| Operating income (loss)        | \$ -               | \$ (148,625) | \$ 20,489        | \$ 105,729                | \$ 238,358              | \$ (28)                    | \$ (4)                | \$ 215,919 | \$ 111,991 |   |        |  |

\* For comparative purposes only

Differences due to rounding

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

CROCKETT COMMUNITY SERVICES DISTRICT  
CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
JUNE 30, 2014 AND 2013

|   | Department         |                     |                  |                           |                         |                            |                       | Totals              |                     |
|---|--------------------|---------------------|------------------|---------------------------|-------------------------|----------------------------|-----------------------|---------------------|---------------------|
|   | Community Services | Recreation          | Maintenance Fund | Port Costa Operating Fund | Crockett Operating Fund | Sanitary Construction Fund | Crockett Reserve Fund | 2014                | 2013 *              |
| <b>NON-OPERATING REVENUES:</b>                    |                    |                     |                  |                           |                         |                            |                       |                     |                     |
| Taxes   | \$ 197,910         | \$ 173,416          | \$ -             | \$ -                      | \$ -                    | \$ -                       | \$ -                  | \$ 371,327          | \$ 390,863          |
| Grants (Note 5)                                   | -                  | 81,685              | 3,000            | -                         | 77,866                  | -                          | -                     | 162,551             | 158,667             |
| Cost recovery and other                           | -                  | -                   | -                | 1,163                     | -                       | -                          | -                     | 1,163               | -                   |
| Interest  | -                  | 1,393               | -                | -                         | 4,370                   | -                          | -                     | 5,763               | 5,802               |
| <b>TOTAL NON-OPERATING REVENUES</b>               | <b>197,910</b>     | <b>256,495</b>      | <b>3,000</b>     | <b>1,163</b>              | <b>82,235</b>           | <b>-</b>                   | <b>-</b>              | <b>540,803</b>      | <b>555,332</b>      |
| <b>NON-OPERATING EXPENSES:</b>                    |                    |                     |                  |                           |                         |                            |                       |                     |                     |
| Depreciation                                      | -                  | 103,853             | -                | 103,819                   | 175,024                 | -                          | -                     | 382,696             | 376,559             |
| <b>TOTAL NON-OPERATING EXPENSES</b>               | <b>-</b>           | <b>103,853</b>      | <b>-</b>         | <b>103,819</b>            | <b>175,024</b>          | <b>-</b>                   | <b>-</b>              | <b>382,696</b>      | <b>376,559</b>      |
| <b>TOTAL NON-OPERATING REVENUES OVER EXPENSES</b> | <b>197,910</b>     | <b>152,642</b>      | <b>3,000</b>     | <b>(102,656)</b>          | <b>(92,789)</b>         | <b>-</b>                   | <b>-</b>              | <b>158,108</b>      | <b>178,773</b>      |
| <b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b> | <b>197,910</b>     | <b>4,017</b>        | <b>23,489</b>    | <b>3,074</b>              | <b>145,569</b>          | <b>(28)</b>                | <b>(4)</b>            | <b>374,027</b>      | <b>290,764</b>      |
| <b>CAPITAL CONTRIBUTIONS:</b>                     |                    |                     |                  |                           |                         |                            |                       |                     |                     |
| Transfers in (out)                                | (243,293)          | 31,142              | 2,246            | (501)                     | 175,172                 | 35,234                     | -                     | -                   | -                   |
| Cash  | 37,763             | (106,845)           | (6,120)          | (38,234)                  | 140,216                 | 1,738                      | 162                   | 28,680              | -                   |
| Capital assets                                    | (7,620)            | (71,686)            | 19,615           | (35,661)                  | 460,957                 | 36,944                     | 158                   | 402,707             | 290,764             |
| <b>CHANGE IN NET ASSETS</b>                       | <b>58,967</b>      | <b>1,738,102</b>    | <b>74,170</b>    | <b>994,195</b>            | <b>4,121,642</b>        | <b>703,601</b>             | <b>66,160</b>         | <b>7,756,837</b>    | <b>7,466,073</b>    |
| <b>NET ASSETS, BEGINNING OF YEAR</b>              | <b>\$ 51,347</b>   | <b>\$ 1,666,416</b> | <b>\$ 93,785</b> | <b>\$ 958,534</b>         | <b>\$ 4,582,599</b>     | <b>\$ 740,545</b>          | <b>\$ 66,318</b>      | <b>\$ 8,159,544</b> | <b>\$ 7,756,837</b> |

\* For comparative purposes only

Differences due to rounding

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

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 AND 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

|   | <u>2014</u>    | <u>2013</u> * |
|---|----------------|---------------|
| Increase (Decrease) in net assets   | \$ 402,707     | \$ 290,764    |
| Adjustments to reconcile change<br>in net assets to net cash provided<br>by operations: |                |               |
| Depreciation and amortization   | 382,698        | 376,559       |
| Changes in certain assets and liabilities:  |                |               |
| Accounts receivable   | 1,750          | (28)          |
| Advance of supplemental taxes   | (855)          | (254)         |
| Accounts payable/warrants payable   | (3,127)        | (3,364)       |
| Accrued expenses  | (3,285)        | -             |
| C & H Settlement-net  | -              | (604,815)     |
|   | <u>779,888</u> | <u>58,872</u> |
| NET CASH PROVIDED BY<br>OPERATING ACTIVITIES  | <u>779,888</u> | <u>58,872</u> |

CASH FLOWS FROM FINANCING ACTIVITIES:

|   |                  |                  |
|---|------------------|------------------|
| Principal payments                                  | <u>(380,711)</u> | <u>(128,002)</u> |
| NET CASH PROVIDED (USED) BY<br>FINANCING ACTIVITIES | <u>(380,711)</u> | <u>(128,002)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

|   |                   |                   |
|---|-------------------|-------------------|
| Net (decrease)increase in investments                                 | (29,772)          | (330,801)         |
| Increase in depreciable assets (Note 3)                               | <u>(277,528)</u>  | <u>(263,053)</u>  |
| NET CASH PROVIDED (USED) BY<br>INVESTING ACTIVITIES                   | <u>(307,300)</u>  | <u>(593,854)</u>  |
| NET (DECREASE) INCREASE IN CASH                                       | 91,877            | (662,984)         |
| CASH, BEGINNING OF YEAR   | <u>344,672</u>    | <u>1,007,656</u>  |
| CASH, END OF YEAR   | \$ <u>436,549</u> | \$ <u>344,672</u> |
| Supplementary cash flow information<br>Cash paid during the year for: |                   |                   |
| Interest paid on Board Financing                                      | \$ <u>72,986</u>  | \$ <u>77,500</u>  |

\* For comparative purposes only

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o Organization

On June 6, 2006 residents of the towns of Crockett and Port Costa approved Measure D which voted into existence the Crockett Community Services District (DISTRICT). On July 13, 2006, the Crockett Community Services District (CCSD) officially came into existence by combining what were formerly the Crockett-Valona Sanitary District, the Port Costa Sanitation District No. 5 and Crockett's P-1 advisory committee.

The District is governed by an elected Board of Directors. The District is a qualified not-for-profit public benefit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The financial statements of CCSD includes the Port Costa sanitary operations, for which the final transfer of assets and authority effective was May 14, 2008. By binding Agreement, neither town will subsidize the other.

o Basis of Accounting

In accordance with the *Governmental Accounting Standards Board* (GASB) No. 34, the District is a proprietary entity that adheres, to the best of its ability, to the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The District's books and records are established on a fund basis for each separate cost center. Under this method of accounting, results of operations (change in net assets - pages 4 - 6) are measured similar to firms in the private sector.

District operations are accounted using a flow-of- economic-resources method. Specifically, all assets and liabilities associated with operations of its funds are included on the Statement of Net Assets. Net Assets (page 3) are segregated into reserved for future capital projects, invested in capital assets and unreserved components which report increases and decreases in total net assets.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONT'D)

o Budget

The annual budget for CCSD is approved and adopted by the Board of Directors.

o Capital Assets

The District depreciates its capital assets using the straight-line method with estimated lives of 10 - 80 years.

The District follows provisions of GASB Statement No. 34 which specifies that capital assets must be reported at original acquisition cost. The District engaged an independent appraiser who estimated the acquisition costs and the related depreciation of buildings, pumping and treatment facilities, and capital improvements. For purposes of this report, depreciation was not taken on the Crockett Community Center facility obtained by the County. Specifically, due to its age its estimated fair market value, the facility has been fully depreciated. Estimates of sewer facilities acquisition costs were conducted by management but are not depreciated in accordance with generally accepted accounting principles.

In 2009, Contra Costa County donated the Memorial Hall to CCSD. The Memorial Hall property was in poor condition, therefore, no value was included in CCSD's financial statement in 2009.

o Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect: reported amounts of assets and liabilities; disclosures of contingent assets and liabilities; and reported revenues and expenses. Actual results could differ from estimates used.

NOTE 2 - CASH AND INVESTMENTS

All cash and investments are held in County accounts under control of the County Treasurer and are insured or collateralized at the County level. Investments are stated at cost.



## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 2 - CASH AND INVESTMENTS (CONT'D)

The California Government Code (Section 53601) requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of a district's deposits.

For purposes of the Statements of Cash Flows (page 7), the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Balances in this account (Page 3) at June 30, were:

|  | <u>2014</u>         | <u>2013</u>         |
|--|---------------------|---------------------|
| Crockett Community Services                            | \$ 48,331           | \$ 57,113           |
| Crockett Recreation Department                         | 286,830             | 234,485             |
| Maintenance Department                                 | 93,785              | 95,378              |
| Crockett Sanitary Department                           | 1,381,504           | 1,359,998           |
| Crockett Sanitary - Department<br>Construction Reserve | 740,545             | 703,601             |
| Port Costa Sanitary Department                         | 82,089              | 61,019              |
| Crockett Sanitary - Department<br>Capital Reserve      | <u>66,318</u>       | <u>66,159</u>       |
|  | <u>\$ 2,699,402</u> | <u>\$ 2,577,753</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

As explained in Note 1, the District changed its reporting of capital assets and related depreciation from a modified optional method to original acquisition cost and straight-line method.

|                                | Fixed Assets         |                      | Accumulated Depreciation |                              | Net Assets<br>6/30/14 |
|--------------------------------|----------------------|----------------------|--------------------------|------------------------------|-----------------------|
|                                | Balance<br>7/1/13    | Balance<br>6/30/14   | Balance<br>7/1/13        | Current year<br>Depreciation |                       |
| <b>COMMUNITY SERVICES</b>      |                      |                      |                          |                              |                       |
| Community Services             | \$ 255,334           | \$ 255,334           | \$ 251,660               | \$ 281                       | \$ 3,393              |
| Maintenance Department:        |                      |                      |                          |                              |                       |
| Plaza/street lighting          | 593,258              | 598,339              | 261,886                  | 13,240                       | 323,213               |
| Fences                         | 93,082               | 93,082               | 9,610                    | 2,068                        | 81,404                |
|                                | 686,340              | 691,421              | 271,496                  | 15,308                       | 404,617               |
| Recreation Dept.:              |                      |                      |                          |                              |                       |
| Outdoor facilities             | 1,098,816            | 1,145,619            | 545,143                  | 56,111                       | 544,365               |
| Swimming pool remodel          | 596,751              | 609,688              | 59,676                   | 30,161                       | 519,851               |
| Capital equipment              | 39,518               | 40,160               | 12,839                   | 1,992                        | 25,329                |
|                                | 1,735,085            | 1,795,467            | 617,658                  | 88,264                       | 1,089,545             |
|                                | 2,421,425            | 2,486,888            | 889,154                  | 103,572                      | 1,494,162             |
| <b>PORT COSTA SANITARY</b>     |                      |                      |                          |                              |                       |
| Land                           | 181                  | 181                  | -                        | -                            | 181                   |
| Treatment plant                | 151,518              | 187,528              | 7,626                    | 2,608                        | 177,294               |
| Building & improvements        | 943,697              | 943,697              | 229,626                  | 47,185                       | 666,886               |
| Long-term debt-treatment plant | 1,080,513            | 1,080,513            | 265,576                  | 54,026                       | 760,911               |
|                                | 2,175,909            | 2,211,919            | 502,828                  | 103,819                      | 1,605,272             |
| <b>SANITARY DEPT.</b>          |                      |                      |                          |                              |                       |
| Land                           | 1,712                | 1,712                | -                        | -                            | 1,712                 |
| Office equipment               | 18,762               | 18,762               | 17,829                   | 933                          | -                     |
| Capital equipment              | 105,949              | 106,191              | 86,407                   | 10,597                       | 9,187                 |
| Pump/treatment plant           | 2,993,949            | 3,010,210            | 2,631,016                | 85,666                       | 293,528               |
| Sewers                         | 6,128,016            | 6,287,568            | 2,762,280                | 77,828                       | 3,447,461             |
|                                | 9,248,388            | 9,424,443            | 5,497,532                | 175,024                      | 3,751,888             |
| <b>TOTALS</b>                  | <b>\$ 14,101,056</b> | <b>\$ 14,378,584</b> | <b>\$ 7,141,174</b>      | <b>\$ 382,696</b>            | <b>\$ 6,854,715</b>   |

## CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 4 - NON-CURRENT LIABILITIES

As of June 30, 2014, the District had the following non-current liabilities:

(a) State Revolving Loan Fund

On May 24, 2002, CCSD borrowed \$ 122,291 from the State of California - State Water Resources Control Board Revolving Loan Fund. The loan is for replacement of the High School Sewer Line in Crockett. The interest rate is 2.4% per annum over 20 years:

|                              |                  |
|------------------------------|------------------|
| Loan balance at 6/30/14      | \$ 49,703        |
| Current portion of principal | <u>(6,342)</u>   |
|                              | <u>\$ 43,361</u> |

(b) State Revolving Loan Fund

On December 9, 2002 and July 2, 2003, CCSD borrowed a total of \$ 553,065 from the State of California-State Water Resource Control Board Revolving Loan Fund. The loan was to construct approximately 1,000 feet of replacement interceptor sewer in Crockett. The interest rate is 2.7% per annum over 20 years:

|                              |                   |
|------------------------------|-------------------|
| Loan balance at 6/30/14      | \$ 260,996        |
| Current portion of principal | <u>(28,420)</u>   |
|                              | <u>\$ 232,576</u> |

(c) Municipal Finance Corporation

On July 17, 2006 CCSD borrowed \$ 700,000 from the Municipal Finance Corporation to finance its share of the costs of constructing improvements to the Crockett wastewater collection system. The agreement has a 20-year repayment period at an interest rate of 4.90 per annum:

|                              |                   |
|------------------------------|-------------------|
| Loan balance at 6/30/14      | \$ 512,380        |
| Current portion of principal | <u>(30,565)</u>   |
|                              | <u>\$ 481,815</u> |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 6 of 10

NOTE 4 - NON-CURRENT LIABILITIES (CONT'D)

(d) Municipal Finance Corporation

On May 16, 2006 CCSD borrowed \$ 550,000 from the Municipal Finance Corporation to finance the upgrades mandated by the Regional Water Quality Control Board to the Port Costa wastewater treatment plant. The loan is payable for a term of 20 years at an interest rate of 5.10 percent per annum.:

|                              |                   |
|------------------------------|-------------------|
| Loan balance at 6/30/14      | \$ 404,765        |
| Current portion of principal | <u>(23,847)</u>   |
|                              | <u>\$ 380,918</u> |

In summary, the above liabilities are:

|                    | <u>Non-current</u> | <u>Current</u>   |
|--------------------|--------------------|------------------|
| <u>Crockett:</u>   |                    |                  |
| Loan (a)           | \$ 43,364          | \$ 6,342         |
| Loan (b)           | 232,576            | 28,420           |
| Loan (c)           | <u>481,815</u>     | <u>30,565</u>    |
|                    | <u>\$ 757,755</u>  | <u>\$ 65,327</u> |
| <u>Port Costa:</u> |                    |                  |
| Loan (d)           | <u>\$ 380,918</u>  | <u>\$ 23,847</u> |

NOTE 5 - GRANTS

Grants totaling \$ 162,551 were received during the year.

NOTE 6 - EMPLOYEE PENSION PLAN

Effective October 1, 2007, CCSD began participating in the Public Employees' Retirement System (CALPERS). Because CCSD had less than 100 active Plan members since June 30, 2003, it is required to participate in a "Miscellaneous 2 percent at 60 Risk Pool". This plan is a cost-sharing multiple-employer defined benefit plan. Under Government Auditing Standards Board (GASB) Statement No. 27, employers are

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)

required to report required Supplementary Information (Page 21) for the most recent valuation and the two years preceding valuations. This requirement results in identifying the employers contractually required Plan Contributions (ARC). The ARC for any fiscal year is the ALPERS employer contribution rate for that fiscal year multiplied by the employer payroll for that same fiscal year.

ASB requires the following information in the notes to the employers (District) financial statements applicable to the Plan:

o Plan Description

The Plan is part of the "Miscellaneous 2 percent at 60 Risk Pool, a cost-sharing multiple - employer defined benefit plan.

o Description of Major Plan Benefits

|                                   | <u>Coverage Group</u> |
|-----------------------------------|-----------------------|
|                                   | 70001 *               |
| <u>Benefit Provisions</u>         |                       |
| Benefit Formula                   | <u>2.0%@60</u>        |
| Social Security Coverage          | no                    |
| Full/Modified                     | full                  |
| Final Average Compensation Period | 36 mos.               |
| Sick Leave Credit                 | yes                   |
| Non-Industrial Disability         | standard              |
| Industrial Disability             | no                    |
| Pre-Retirement Death Benefits     |                       |
| Optional Settlement 2W            | yes                   |
| 1959 Survivor Benefit Level       | level 4               |
| Special                           | no                    |
| Alternate (firefighters)          | no                    |
| Post-Retirement Death Benefits    |                       |
| Lump Sum                          | \$500                 |
| Survivor Allowance (PRSA)         | no                    |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)

|                                   | <u>Coverage Group</u> |
|-----------------------------------|-----------------------|
|                                   | 70001 *               |
| <u>Benefit Provisions</u>         |                       |
| COLA                              | 2%                    |
| Employee Contributions            |                       |
| Contractual employer paid         | no                    |
| Contractual employee cost sharing | 0%                    |

\* District's Coverage Group

The above benefits are established under authority and may be amended by CALPERS. The District does not issue a stand-alone financial report. The District's Plan is included in the public employee retirement system and can be obtained via [www.CALPERS.CA.GOV](http://www.CALPERS.CA.GOV).

o Funding policy

- Authority

The authority under which the obligation to contribute to the Plan by members and the District are established and may be amended is CALPERS.

- Required contribution rate - Members

Active Plan members must contribute 7.0 percent of their earnings.

- Required contribution rate - District

Fiscal Year

|           |                   |
|-----------|-------------------|
| 2009/2010 | 31.225 %          |
| 2010/2011 | 21.115 %          |
| 2011/2012 | 7.733 %           |
| 2012/2013 | 7.846 %           |
| 2013/2014 | 8.049 %           |
| 2014/2015 | 8.7 % (Projected) |

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 9 of 10

NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)o Annual Pension Cost (APC)

For each plan the employer must expense the annual pension cost (APC). The APC equals the annual required contribution (ARC) plus one year's interest at the beginning of year net pension obligation (NPO), which is the accumulated difference between the APC and the actual contributions made, minus an amortization of the NPO at the beginning of the year. In addition, there is a "look-back" provision in GASB 27 that requires the employer to calculate an initial NPO at the time of adoption of GASB 27 by retroactively applying the NPO calculation mechanism to all fiscal years commencing after December 15, 1986.

The APC and actual contributions made by the District for FY 2014 and 2013 were \$ 16,854 and \$ 16,071, respectively:

| <u>Fiscal Year</u> | <u>ARC Amount</u> | <u>Int. on NPO</u> | <u>Amort. of NPO</u> | <u>APC Amount</u> | <u>Contr. Made</u> | <u>NPO Beg. Of Year</u> | <u>NPO End of Year</u> | <u>CALPERS Amort. Factor</u> | <u>Int. Rate</u> |
|--------------------|-------------------|--------------------|----------------------|-------------------|--------------------|-------------------------|------------------------|------------------------------|------------------|
| 2008               | \$32,754          | -                  | -                    | \$32,754          | \$ 35,590          | -                       | \$(2,836)              | 36.833                       | 7.75%            |
| 2009               | \$23,010          | \$220              | \$89                 | \$23,141          | \$ 28,101          | \$(2,836)               | \$(4,960)              | 31.949                       | 7.75%            |
| 2010               | \$26,240          | \$347              | \$84                 | \$27,671          | \$ 36,823          | \$(4,960)               | \$(9,152)              | 31.225                       | 7.75%            |
| 2011               | \$33,868          | \$372              | \$86                 | \$34,326          | \$ 38,715          | \$(9,152)               | \$(4,389)              | 21.115                       | 7.75%            |
| 2012               | \$20,297          | \$187              | \$41                 | \$20,069          | \$ 18,751          | \$(4,389)               | \$ 1,318               | 17.258                       | 7.75%            |
| 2013               | \$21,350          | \$402              | \$86                 | \$21,838          | \$ 16,071          | \$ 1,318                | \$ 5,767               | 18.887                       | 7.75%            |
| 2014               | \$22,458          | \$433              | \$84                 | \$22,975          | <u>\$ 16,854</u>   | \$ 5,767                | \$ 6,121               | 19.87                        | 7.5 %            |

The above \$ 16,854 is included in employee benefits on page 5 to this report.

NOTE 7 - PROFESSIONAL SERVICES

These represent payments to outside contractors for engineering, auditing, legal services, and various other contractors.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 10 of 10

NOTE 8 - RESERVED FOR FUTURE CAPITAL PROJECTS

The Board approved Resolution No. 07-08-14 allocating \$ 682,450 for wastewater capital improvement projects and \$ 205,505 for debt services.

NOTE 9 - LEASE COMMITMENTS

The District has long-term lease commitments for one railroad sewer easement, one outfall easement lease from the State of California, and two treatment facility leases from the State of California.

NOTE 10 - C & H SETTLEMENT

The Crockett Sanitary Department of the District was involved in a dispute with the C & H Sugar Corporation (C&H) over unpaid charges for use of sewer facilities and services rendered. On September 6, 2012 a settlement agreement and release of claims was finalized. As a result of this agreement the District agreed to pay C&H \$ 750,000 as full payment for overpayments paid by C&H for past C&H sewage fees and for the past Joint Treatment Plant charges due C&H from the District. This amount was offset by sewer charges of \$ 145,185 that C&H owed the Crockett Sanitary Department for the fiscal year ended June 30, 2012. The financial effect of this suit was recorded in the June 30, 2012 financial statements. The payment amounts and receipt of the sewer charges were completed in October 2012.

NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS

The Crockett Community Services District has evaluated subsequent events through August 29, 2014, the date which the financial statements were available to be issued.



**SUPPLEMENTARY INFORMATION**


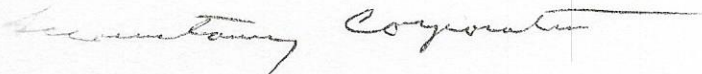
CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

To: The Board of Directors  
Crockett Community Services District  
Crockett, California

We have audited the financial statements of Crockett Community Services District as of and for the years ended June 30, 2014 and 2013, and have issued our report thereon dated August 29, 2014 which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DENNIS L. LORETTE  
ACCOUNTANCY CORPORATION  
Pinole, California  
August 29, 2014

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

EMPLOYER PENSION PLAN - REQUIRED

SB 27 states that the employer should disclose required supplementary information for the most recent actuarial valuation and the two preceding valuations.

o Four-year history of valuation date

|   |   |            |
|---|---|------------|
| - | <u>ACTUARIAL VALUE OF PLAN ASSETS</u>   |            |
|   | 2010 -                                  | -0-        |
|   | 2011 -                                  | -0-        |
|   | 2012 -                                  | -0-        |
|   | 2013 -                                  | -0-        |
|   | 2014 -                                  | -0-        |
| - | <u>ACTUARIAL ACCRUED LIABILITY</u>      |            |
|   | 2010 -                                  | -0-        |
|   | 2011 -                                  | -0-        |
|   | 2012 -                                  | -0-        |
|   | 2013 -                                  | -0-        |
|   | 2014 -                                  | -0-        |
| - | <u>TOTAL UNFUNDED ACCRUED LIABILITY</u> |            |
|   | 2010 -                                  | -0-        |
|   | 2011 -                                  | -0-        |
|   | 2012 -                                  | -0-        |
|   | 2013 -                                  | -0-        |
|   | 2014 -                                  | -0-        |
| - | <u>FUNDED RATIO</u>                     |            |
|   | 2010 -                                  | 69.2 %     |
|   | 2011 -                                  | 74.9 %     |
|   | 2012 -                                  | 83.8 %     |
|   | 2013 -                                  | 79.8 %     |
|   | 2014 -                                  | 83.6 %     |
| - | <u>ANNUAL COVERED PAYROLL</u>           |            |
|   | 2010 -                                  | \$ 161,168 |
|   | 2011 -                                  | \$ 196,041 |
|   | 2012 -                                  | \$ 205,039 |
|   | 2013 -                                  | \$ 199,411 |
|   | 2014 -                                  | \$ 209,684 |
| - | <u>UNFUNDED LIABILITY</u>               |            |
|   | 2010 -                                  | -0-        |
|   | 2011 -                                  | -0-        |
|   | 2012 -                                  | -0-        |
|   | 2013 -                                  | -0-        |
|   | 2014 -                                  | -0-        |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

• BOARD OF DIRECTORS AND MANAGEMENT

JUNE 30, 2014

Harold Burnett

Fred Clerici

Gerald Epperson

John MacKenzie

Kristopher Vickers

GENERAL MANAGER

Dale A. McDonald

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
PERFORMED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Page 1 of 2

The Board of Directors  
Crockett Community Services District  
Crockett, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Crockett Community Services District (CCSD) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise CCSD's basic financial statements, and have issued our report thereon dated August 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered CCSD'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCSD's internal control. Accordingly, we do not express an opinion on the effectiveness of CCSD'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CCSD'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.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

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

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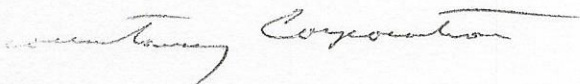
consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during audits we did not identify any deficiencies in internal control that consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCSD's financial statements are free of material misstatements, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 auditing of internal control and compliance and the results of that auditing, and not to provide an opinion on the effectiveness of CCSD's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CCSD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DENNIS L. LORETTE  
ACCOUNTANCY CORPORATION  
CROCKETT, CALIFORNIA  
AUGUST 29, 2014

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

There were no material audit findings in prior years.