

**CROCKETT COMMUNITY
SERVICES DISTRICT**

FINANCIAL STATEMENTS

June 30, 2019

CROCKETT COMMUNITY SERVICES DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crockett Community Services District
Crockett, CA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Crockett Community Services District as of and for the year ended June 30, 2019, 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Crockett Community Services District, as of June 30, 2019, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Schedule of District's proportionate share of the net pension liability, and schedule of pension plan contributions on pages 31–35 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 supplementary 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.

Other Information

The Crockett Community Services District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crockett Community Services District's internal control over financial reporting and compliance.

David Farnsworth, CPA

David Farnsworth, CPA
Dublin, CA
December 18, 2019

CROCKETT COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 120,649	\$ 299,211	\$ 419,860
Investments	575,105	4,039,048	4,614,153
Prepaid expenses	4,645	18,234	22,879
Capital assets, net	1,244,994	5,458,855	6,703,849
TOTAL ASSETS	1,945,393	9,815,348	11,760,741
DEFERRED OUTFLOWS OF RESOURCES	14,046	31,308	45,354
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,959,439	\$ 9,846,656	\$ 11,806,095
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 27,395	\$ 96,720	\$ 124,115
Current portion of long-term debt	-	78,546	78,546
TOTAL CURRENT LIABILITIES	27,395	175,266	202,661
NONCURRENT LIABILITIES			
Long-term debt - net of current portion	-	422,247	422,247
Compensated absences	9,295	17,692	26,987
Net pension liability	36,862	82,159	119,021
TOTAL NONCURRENT LIABILITIES	46,157	522,098	568,255
DEFERRED INFLOWS	3,747	8,353	12,100
NET POSITION			
Net investment in capital assets	1,244,994	4,958,062	6,203,056
Unrestricted net position	637,146	4,182,877	4,820,023
TOTAL NET POSITION	1,882,140	9,140,939	11,023,079
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 1,959,439	\$ 9,846,656	\$ 11,806,095

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

CROCKETT COMMUNITY SERVICES DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2019

	<u>Expenditures</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
Recreation	\$ 638,043	\$ 291,303	\$ 42,789	\$ -	\$ (303,951)	\$ -	\$ (303,951)
Maintenance	39,876	-	5,100	-	(34,776)	-	(34,776)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 677,919</u>	<u>\$ 291,303</u>	<u>\$ 47,889</u>	<u>\$ -</u>	<u>\$ (338,727)</u>	<u>\$ -</u>	<u>\$ (338,727)</u>
Business-type activities:							
Crockett operating	\$ 1,303,479	\$ 1,528,987	\$ 47,330	\$ -	\$ -	\$ 272,838	\$ 272,838
Port Costa	258,156	262,561	-	-	-	4,405	4,405
Crockett construction	87	-	-	-	-	(87)	(87)
Crockett reserve	8	-	-	-	-	(8)	(8)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 1,561,730</u>	<u>\$ 1,791,548</u>	<u>\$ 47,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,148</u>	<u>\$ 277,148</u>
TOTAL GOVERNMENT	<u>\$ 2,239,649</u>	<u>\$ 2,082,851</u>	<u>\$ 95,219</u>	<u>\$ -</u>	<u>\$ (338,727)</u>	<u>\$ 277,148</u>	<u>\$ (61,579)</u>
GENERAL REVENUES							
Property tax					\$ 190,404	\$ 318,449	\$ 508,853
Donations					31,492	-	31,492
Interest					11,293	84,904	96,197
Cost recovery and other					40,407	27,142	67,549
TOTAL GENERAL REVENUES					<u>273,596</u>	<u>430,495</u>	<u>704,091</u>
CHANGE IN NET POSITION					(65,131)	707,643	642,512
NET POSITION, BEGINNING OF YEAR					2,205,394	8,176,133	10,381,527
PRIOR PERIOD ADJUSTMENT					(258,123)	257,163	(960)
NET POSITION, JULY 1, RESTATED					<u>1,947,271</u>	<u>8,433,296</u>	<u>10,380,567</u>
NET POSITION, END OF YEAR					<u>\$ 1,882,140</u>	<u>\$ 9,140,939</u>	<u>\$ 11,023,079</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

ASSETS	Governmental Fund Types		
	Recreation	Maintenance	Total
CURRENT ASSETS			
Cash	\$ 94,080	\$ 26,569	\$ 120,649
Investments	431,095	144,010	575,105
Prepaid expenses	4,645	-	4,645
Total assets	\$ 529,820	\$ 170,579	\$ 700,399
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 27,395	\$ -	\$ 27,395
TOTAL LIABILITIES	27,395	-	27,395
FUND BALANCE			
Assigned fund balance			-
Capital projects	-	175,813	175,813
Unassigned fund balance	502,425	(5,234)	497,191
TOTAL FUND BALANCES	502,425	170,579	673,004
TOTAL LIABILITIES AND FUND BALANCES	\$ 529,820	\$ 170,579	\$ 700,399

The notes to basic financial statements are an integral part of this statement.

CROCKETT COMMUNITY SERVICES DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet to the
 Government-wide Statement of Net Position
 June 30, 2019

Fund Balances - Governmental Funds	\$ 673,004
Amounts reported for governmental activities in the statement of net position are difference because	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	1,244,994
Deferred outflow of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance. However, the statement of net position includes those deferred outflows of resources.	14,046
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(9,295)
Net pension liability	(36,862)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(3,747)</u>
Net Position of Governmental Activities	<u><u>\$ 1,882,140</u></u>

The notes to basic financial statements are an integral part of this statement.

CROCKETT COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Governmental Fund Types		Total
	Recreation	Maintenance	
REVENUES			
Cost recovery	\$ 4,039	\$ -	\$ 4,039
Facilities rent	140,212	-	140,212
Senior outreach	4,000	-	4,000
Outside/classes/programs	1,440	-	1,440
Damage/cleaning deposits	44,435	-	44,435
Pool/rents/concessions/lessons	28,986	-	28,986
Security services	9,236	-	9,236
Cleaning services	5,112	-	5,112
Aquatic programs	53,846	-	53,846
Donations - restricted	1,211	25,000	26,211
Donations - operations	1,388	3,893	5,281
Parking fines	1,965	-	1,965
Property taxes and tax assessments	190,404	-	190,404
Grant income	42,789	5,100	47,889
Interest income	8,601	2,692	11,293
Other revenues	11,876	26,563	38,439
TOTAL REVENUES	549,540	63,248	612,788
EXPENDITURES			
Salaries and benefits	223,419	3,485	226,904
Services and supplies	301,748	36,039	337,787
Capital outlay	27,505	7,989	35,494
Debt service:			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	552,672	47,513	600,185
EXCESS OF REVENUES OVER EXPENDITURES	(3,132)	15,735	12,603
FUND BALANCE:			
Fund balances, beginning of year	497,872	154,844	652,716
Prior Period Adjustment	7,685	-	7,685
Fund balances - July 1, restated	505,557	154,844	660,401
End of year	\$ 502,425	\$ 170,579	\$ 673,004

The notes to basic financial statements are an integral part of this statement.

CROCKETT COMMUNITY SERVICES DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2019

Net change in fund balances - governmental funds \$ 12,603

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	34,784
Depreciation expense	(116,739)

Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:

Change in compensated absences	534
Change in accrued net pension liability, deferred inflows, and deferred outflows	3,687

Principal repayment of long-term debt obligations are reported as expenditures in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.

	<u>-</u>
Change in Net Position of Governmental Activities	<u>\$ (65,131)</u>

The notes to basic financial statements are an integral part of this statement.

CROCKETT COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2019

	Business-Type Activities				Total
	Enterprise Funds				
	Port Costa Operating	Crockett Operating	Crockett Construction	Crockett Reserve Fund	
ASSETS					
Cash	\$ 10,281	\$ 248,527	\$ 40,130	\$ 273	\$ 299,211
Investments	105,939	2,990,196	873,735	69,178	4,039,048
Prepaid expenses	1,862	16,372	-	-	18,234
Intercompany loan receivable	-	277,963	-	-	277,963
Capital assets, net	1,166,106	4,292,749	-	-	5,458,855
TOTAL ASSETS	<u>1,284,188</u>	<u>7,825,807</u>	<u>913,865</u>	<u>69,451</u>	<u>10,093,311</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,515</u>	<u>27,793</u>	<u>-</u>	<u>-</u>	<u>31,308</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,287,703</u>	<u>\$ 7,853,600</u>	<u>\$ 913,865</u>	<u>\$ 69,451</u>	<u>\$ 10,124,619</u>
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 4,819	\$ 91,901	\$ -	\$ -	\$ 96,720
Current portion of long-term debt	-	78,546	-	-	78,546
TOTAL CURRENT LIABILITIES	<u>4,819</u>	<u>170,447</u>	<u>-</u>	<u>-</u>	<u>175,266</u>
NONCURRENT LIABILITIES					
Long-term debt - net of current portion	-	422,247	-	-	422,247
Intercompany loan payable	277,963	-	-	-	277,963
Compensated absences	-	17,692	-	-	17,692
Net pension liability	9,224	72,935	-	-	82,159
TOTAL NONCURRENT LIABILITIES	<u>287,187</u>	<u>512,874</u>	<u>-</u>	<u>-</u>	<u>800,061</u>
DEFERRED INFLOWS	<u>938</u>	<u>7,415</u>	<u>-</u>	<u>-</u>	<u>8,353</u>
NET POSITION					
Net investment in capital assets	1,166,106	3,791,956	-	-	4,958,062
Unrestricted	(171,347)	3,370,908	913,865	69,451	4,182,877
TOTAL NET POSITION	<u>994,759</u>	<u>7,162,864</u>	<u>913,865</u>	<u>69,451</u>	<u>9,140,939</u>
TOTAL LIABILITIES, DEFERRED, INFLOWS AND NET POSITION	<u>\$ 1,287,703</u>	<u>\$ 7,853,600</u>	<u>\$ 913,865</u>	<u>\$ 69,451</u>	<u>\$ 10,124,619</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2019

	Business-Type Activities				Total
	Enterprise Funds				
	Port Costa Operating	Crockett Operating	Crockett Construction	Crockett Reserve Fund	
<u>OPERATING REVENUES</u>					
Service use charges	\$ 262,561	\$ 1,524,262	\$ -		\$ 1,786,823
Permit service fees	-	4,225	-		4,225
Capacity charges	-	500	-		500
Cost recovery	-	13,437	-		13,437
Grant income	-	47,330	-		47,330
Other revenues	-	13,705	-		13,705
TOTAL OPERATING REVENUES	262,561	1,603,459	-	-	1,866,020
<u>OPERATING EXPENSES</u>					
Salaries and wages	\$ 15,959	\$ 115,215	\$ -	\$ -	\$ 131,174
Maintenance and repairs	90,737	120,054	-	-	210,791
Memberships	2,427	4,681	-	-	7,108
Office	218	5,171	-	-	5,389
Professional services	2,197	10,623	-	-	12,820
Printing and publications	1,424	2,039	-	-	3,463
Training/travel	89	525	-	-	614
Utilities	3,930	31,320	-	-	35,250
County charges	783	9,128	87	8	10,006
Insurance	4,520	31,512	-	-	36,032
Elections	77	1,051	-	-	1,128
Easements	-	2,448	-	-	2,448
Employee benefits	2,214	25,684	-	-	27,898
Vehicles	60	2,565	-	-	2,625
Office rent	-	2,400	-	-	2,400
Telephone	-	3,242	-	-	3,242
Refunds	-	2,594	-	-	2,594
Recoverable charges	700	9,052	-	-	9,752
Elections	-	-	-	-	-
C&H - JTP OM	-	684,771	-	-	684,771
Capital replacement	2,820	3,478	-	-	6,298
Net pension expense	(2,048)	11,144	-	-	9,096
Depreciation	106,058	195,269	-	-	301,327
Other	13,035	6,828	-	-	19,863
TOTAL OPERATING EXPENSES	245,200	1,280,794	87	8	1,526,089
OPERATING INCOME (LOSS)	17,361	322,665	(87)	(8)	339,931
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Property tax	-	318,449	-	-	318,449
Interest income	939	63,046	19,384	1,535	84,904
Interest expense	(12,236)	(23,404)	-	-	(35,640)
Cost recovery and other	-	-	-	-	-
Total nonoperating revenues	\$ (11,297)	\$ 358,091	\$ 19,384	\$ 1,535	\$ 367,713
INCOME (LOSS) BEFORE TRANSFERS	6,064	680,756	19,297	1,527	707,644
TRANSFERS IN (OUT)	-	(22,826)	22,826	-	-
CHANGE IN NET POSITION	6,064	657,930	42,123	1,527	707,644
NET POSITION, BEGINNING OF YEAR	982,347	6,254,120	871,742	67,924	8,176,133
PRIOR PERIOD ADJUSTMENT	6,348	250,814	-	-	257,162
NET POSITION, JULY 1, RESTATED	988,695	6,504,934	871,742	67,924	8,433,295
NET POSITION, END OF YEAR	\$ 994,759	\$ 7,162,864	\$ 913,865	\$ 69,451	\$ 9,140,939

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

CROCKETT COMMUNITY SERVICES DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2019

	Business-Type Activities				Total
	Enterprise Funds				
	Port Costa Operating	Crockett Operating	Crockett Construction	Crockett Reserve Fund	
<u>CASH FLOWS FROM OPERATING</u>					
<u>ACTIVITIES</u>					
Cash received from customers	\$ 262,561	\$1,603,459	\$ -	\$ -	\$1,866,020
Cash received from goods and services	(235,800)	(857,954)	(87)	(8)	(1,093,849)
Cash payments to employees and benefits	(9,792)	(84,969)	-	-	(94,761)
Net cash provided (used) by operating activities	<u>16,969</u>	<u>660,536</u>	<u>(87)</u>	<u>(8)</u>	<u>677,410</u>
<u>CASH FLOWS FROM NON-CAPITAL</u>					
<u>FINANCING ACTIVITIES</u>					
Cash received from property taxes	-	318,449	-	-	318,449
Transfer-in from other funds	-	334,599	34,425	-	369,024
Transfers-out to other funds	-	(357,425)	(11,599)	-	(369,024)
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>295,623</u>	<u>22,826</u>	<u>-</u>	<u>318,449</u>
<u>CASH FLOWS FROM CAPITAL AND</u>					
<u>RELATED FINANCING ACTIVITIES</u>					
Principle payments to Loans	(89,932)	(75,684)	-	-	(165,616)
Payments from intercompany receivable	-	89,932	-	-	-
Interest expense on long-term loans	(12,236)	(23,404)	-	-	(35,640)
Acquisition of capital assets	(6,240)	(128,122)	-	-	(134,362)
Net cash provided (used) from capital and related financing activities	<u>(108,408)</u>	<u>(137,278)</u>	<u>-</u>	<u>-</u>	<u>(335,618)</u>
<u>CASH FLOWS FROM INVESTING</u>					
<u>ACTIVITIES</u>					
Interest income	<u>939</u>	<u>63,046</u>	<u>19,384</u>	<u>1,535</u>	<u>84,904</u>
Net cash provided (used) from investing activities	<u>939</u>	<u>63,046</u>	<u>19,384</u>	<u>1,535</u>	<u>84,904</u>
Net increase (decrease) in Cash	(90,500)	881,927	42,123	1,527	835,077
Cash - beginning of year	105,638	2,427,977	871,742	67,924	3,473,281
Prior period adjustment	<u>101,082</u>	<u>(71,181)</u>	<u>-</u>	<u>-</u>	<u>29,901</u>
Cash - end of year	<u>\$ 116,220</u>	<u>\$3,238,723</u>	<u>\$ 913,865</u>	<u>\$ 69,451</u>	<u>\$4,338,259</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT

Statement of Cash Flows (Continued)

For the Year Ended June 30, 2019

	Business-Type Activities				Total
	Enterprise Funds				
	Port Costa Operating	Crockett Operating	Crockett Construction	Crockett Reserve Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 17,361	\$ 322,665	\$ (87)	\$ (8)	\$ 339,931
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	106,058	195,269	-	-	301,327
Change in assets and liabilities:					
Prepaid expenses	(1,862)	(16,372)			(18,234)
Accounts payable and accrued liabilities	(110,921)	91,901			(19,020)
Compensated absences	-	17,691			17,691
Pension adjustment	6,333	49,382	-	-	55,715
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 16,969</u>	<u>\$ 660,536</u>	<u>\$ (87)</u>	<u>\$ (8)</u>	<u>\$ 677,410</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1. GENERAL INFORMATION

A. Description of 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 qualified not-for profit public benefit entity exempt from income taxes under Section 170 (c) (1) 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.

B. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

C. Budgetary Procedure

The District prepares a fiscal year budget in accordance with applicable laws and regulations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Records

The District follows Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Statement No. 34 establishes certain reporting requirements that are designed to make governmental annual reports more comprehensive. Statement No. 34 also requires that management's discussion and analysis, an overview to the District's financial activities, be presented before the financial statements as required supplementary information.

B. Basis of Accounting and Measurement Focus

The accounts of the District are organized based on funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures.

Governmental Fund Types:

Recreation: The park and recreation fund operate a variety of public park facilities such as the Crockett Community Center, Crockett Swimming Pool, Alexander Park, bocce ball courts and tennis courts.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Maintenance: The maintenance fund is responsible for the maintenance of public facilities of the District other than recreation facilities and sewers such as Crockett's Memorial Hall (Legion Hall), Crockett's downtown plaza, Crockett's decorative green street lights, and numerous green iron fences on either Pomona Ave or Rolph Ave in Crockett.

Enterprise Funds: Account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent to the Board of Directors is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District applies all applicable GASB statements effective as of fiscal year end. Crockett Operating, Port Costa Operating, Crockett Construction, and Crockett Reserve Funds are considered Enterprise Funds.

Government - Wide Financial Statements: The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the enterprise fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the District and for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated to the general fund.

Governmental Funds: All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue funds and the restrictions on their net position use.

Enterprise Funds: Enterprise funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement revenues, expenses, and changes in fund net position present increases (revenues) and decreases (expenses) to total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its enterprise funds.

Revenues - Exchange and Non-Exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year-end. Service charges and interest are considered to be both measurable and available at fiscal year- end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received or when assessed if received within 60 days of the fiscal year-end. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/Expenditures: On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

C. Financial Statement Presentation

In accordance with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized until that time.

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the District.

The Government-Wide Financial Statements are presented on an economic resource measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets, and long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period the liability is incurred.

The District's Government-Wide net position is classified in the following categories:

- Net Investment in Capital Assets - Includes amount of the net position that is invested in capital assets net of accumulated depreciation and any related debt.
- Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally or through enabling legislation.
- Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

D. Fund Balances

In pursuant of GASB 54, District procedures to classify fund balance are as follows:

- Restricted
- Nonspendable
- Committed
- Assigned
- Unassigned

In the Governmental Fund Balance Sheet, the District has two classifications of fund balances: assigned, and unassigned. Assigned represents designated fund balances by the Board of Directors or management. The unassigned fund balance is used to classify the fund balance that has not been assigned to other funds and that has not been restricted or committed to a specific purpose.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Balances

The District's governmental fund balance is classified in the following categories:

- Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.
- Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
- Committed - Includes amounts that can be spent only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally.
- Assigned - Includes amounts intended to be used by the District for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

E. Future Accounting Pronouncements

Statement No. 84, Fiduciary Activities - The provisions of this statement are effective for fiscal years beginning after December 15, 2018

Statement No. 87, Leases - The provisions of this statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period - The provisions of this statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, Majority Equity Interests - The provisions of this statement are effective for periods beginning after December 15, 2018.

Statement No. 91, Conduit Debt Obligations – The provisions of this statement are effective for periods beginning after December 15, 2020.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

Capital assets, which include land, buildings, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. Depreciation is recorded on the straight-line method (with a full year of depreciation applied to the first year of acquisition) over the useful lives of the assets

The District follows provisions of GASB Statement NO. 34 which specifies the 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.

In 2009, Contract Costa county donated the Memorial Hall to the District. The memorial Hall property was in poor condition; therefore, no value was included in the District's financial statement in 2009.

G. Use of Estimates

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

H. Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's CalPERS Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

For the fiscal year ended June 30, 2019:

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Pension Plans

Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has items that qualify for reporting in this category. These items are related to the pension plan. The deferred outflows on the Statement of Net Position represents the net effect of the District's contributions to the pension plan subsequent to the measurement date and not included in pension expense along with other actuarially determined changes to the pension plan.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has items that qualify for reporting in this category. These items are related to the pension plans. The deferred inflows on the Statement of Net Position represents the net differences between projected and actual earnings on pension plan's investments, changes in pension plan's assumptions, changes in pension plan's proportions for the District, differences between estimated and actual pension plan experience, and differences between employer contributions and the pension plan's proportionate share of contributions.

3. Subsequent Events

Subsequent events were evaluated through December 18, 2019, the date the financial statements were available to be issued.

NOTE 3. CASH AND CASH EQUIVALENTS

All cash and investments are held in County accounts under control of the County Treasury and are insured or collateralized at the County level.

The California Government Code (Section 53601) requires California banks 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 Statement of Cash Flows, 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 at June 30, were:

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 3. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
Crockett Community Services	\$ -	\$ 60,178
Crockett Recreation Department	94,080	63,757
Crockett Recreation Department - Investments	431,096	437,495
Maintenance Department	26,570	28,527
Maintenance Department - Investments	144,010	126,317
Crockett Sanitary Department	248,527	173,591
Crockett Sanitary Department - Investments	2,990,196	2,254,386
Crockett Sanitary Department - Reserve	913,865	871,742
Port Costa Sanitary Department	116,220	105,638
Crockett Sanitary Department - capital	<u>69,449</u>	<u>67,924</u>
	<u>\$ 5,034,013</u>	<u>\$ 4,189,555</u>

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates adversely affecting 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.

Disclosure 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. The Contra Costa County investment pool does not have a rating provided by a nationally recognized statistical rating organization.

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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provisions which 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 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 districts' deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 3. CASH AND CASH EQUIVALENTS (Continued)

Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the county investments, an investment pool consisting of funds held by the State in addition to those deposited in LAIF. The LAIF are managed by the Investment Division of the State Treasurer's Office.

This fund is not registered with the Securities and Exchange Commission as an investment company but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

NOTE 4. GRANTS

Grants totaling \$95,219 were received during the year.

NOTE 5. PROFESSIONAL SERVICES

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

NOTE 6. 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 7. ALLOCATION OF ADMINISTRATIVE EXPENSES AND PROPERTY TAX REVENUE

District-wide administrative expenses are allocated between the Recreation, Crockett operating fund, Port Costa, and Maintenance departments based on a Cost Allocation Rate table adopted annually by the District Board which splits the expense based on a variety of factors.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 7. ALLOCATION OF ADMINISTRATIVE EXPENSES AND PROPERTY TAX REVENUE (Continued)

<u>Administrative Costs</u>	<u>Recreation</u>	<u>Crockett Operating</u>	<u>Port Costa</u>	<u>Maintenance</u>
Election costs	50.00%	46.58%	3.42%	0.00%
Legal advice	34.36%	59.06%	6.58%	0.00%
District secretary	34.36%	59.06%	6.58%	0.00%
General / Dept manager	34.36%	59.06%	6.58%	0.00%
CASA membership dues	0.00%	100.00%	0.00%	0.00%
ESRI/Infomaster	0.00%	90.59%	9.41%	0.00%
EOC / OES staff time	0.00%	90.59%	9.41%	0.00%
Website hosting and email	34.36%	59.06%	6.58%	0.00%
Lafco charges	18.71%	71.55%	9.74%	0.00%
Auditor's fees	21.32%	69.18%	9.50%	0.00%
PO Box 578 fees	0.00%	100.00%	0.00%	0.00%
Sanitary office rent	0.00%	88.02%	11.98%	0.00%
BACWA membership dues	0.00%	0.00%	100.00%	0.00%
CSD office supplies	18.71%	71.55%	9.74%	0.00%
CSD phone/fax/internet	0.00%	100.00%	0.00%	0.00%
Liability insurance	27.90%	63.90%	7.80%	0.40%
Property insurance	33.00%	34.80%	22.40%	9.80%
Employee crime insurance	60.92%	33.27%	5.81%	0.00%
Disability insurance	36.55%	63.45%	0.00%	0.00%
Calpers unfunded liability	33.52%	66.48%	0.00%	0.00%
CCSDA / CSDA membership	20.00%	74.52%	5.48%	0.00%
District vehicle	0.00%	100.00%	0.00%	0.00%
USB credit card fees	100.00%	0.00%	0.00%	0.00%
USA fees	0.00%	100.00%	0.00%	0.00%

The District allocates property tax revenue between two different funds. The allocation of the property tax revenue is as follows:

Recreation	14.55%
Crockett operating fund	85.45%

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 8. CAPITAL ASSETS

A summary of the government-wide property, plant, and equipment at June 30, 2019 is as follows:

	Fixed Assets		Accumulated Depreciation			Capital	
	Balance @ 6/30/2018	Additions	Balance @ 6/30/2019	Balance @ 6/30/2018	Current Yr Depreciation	Balance @ 6/30/2019	Assets, Net @ 6/30/2019
COMMUNITY SERVICES							
Community Services Maintenance Dept:							
Plaza/street lighting	\$ 255,334	\$ -	\$ 255,334	\$ 253,065	\$ 281	\$ 253,346	\$ 1,988
Fences	572,354	-	572,354	327,378	12,719	340,097	232,257
Memorial Hall	93,082	-	93,082	19,950	2,068	22,018	71,064
	119,091	7,638	126,729	3,164	2,767	5,931	120,798
	<u>784,527</u>	<u>7,638</u>	<u>792,165</u>	<u>350,492</u>	<u>17,554</u>	<u>368,046</u>	<u>424,119</u>
Recreation Dept.:							
Outdoor facilities	1,312,842	8,249	1,321,091	850,138	65,676	915,814	405,277
Pool Remodel	613,271	11,620	624,891	212,310	30,702	243,012	381,879
Capital equip	50,216	7,278	57,494	23,237	2,526	25,763	31,731
	<u>1,976,329</u>	<u>27,147</u>	<u>2,003,476</u>	<u>1,085,685</u>	<u>98,904</u>	<u>1,184,589</u>	<u>818,887</u>
	<u>3,016,190</u>	<u>34,785</u>	<u>3,050,975</u>	<u>1,689,242</u>	<u>116,739</u>	<u>1,805,981</u>	<u>1,244,994</u>
PORT COSTA SANITARY:							
Land	181	-	181	-	-	-	181
Treatment plant	267,461	-	267,461	24,671	4,115	28,786	238,675
Bldg & Improv	943,697	-	943,697	465,551	47,185	512,736	430,961
Long-term debt - Treatment plant	1,080,513	6,240	1,086,753	535,706	54,758	590,464	496,289
	<u>2,291,852</u>	<u>6,240</u>	<u>2,298,092</u>	<u>1,025,928</u>	<u>106,058</u>	<u>1,131,986</u>	<u>1,166,106</u>
SANITARY DEPT.:							
Land	1,712		1,712	-	-	-	1,712
Office equipment	18,762	1,125	19,887	18,762	944	19,706	182
Capital equipment	106,810	38,057	144,867	106,810	11,028	117,838	27,029
Pump/treatment plant	3,116,288	27,204	3,143,492	3,065,479	89,288	3,154,767	(11,275)
Sewers	7,487,684	61,737	7,549,421	3,180,310	94,010	3,274,320	4,275,101
	<u>10,731,256</u>	<u>128,123</u>	<u>10,859,379</u>	<u>6,371,361</u>	<u>195,269</u>	<u>6,566,630</u>	<u>4,292,749</u>
				-			
TOTALS	<u>\$ 16,039,298</u>	<u>\$ 169,148</u>	<u>\$ 16,208,446</u>	<u>\$ 9,086,531</u>	<u>\$ 418,066</u>	<u>\$ 9,504,597</u>	<u>\$ 6,703,849</u>

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 9. NON-CURRENT LIABILITIES

At June 30, 2018, the District had the following non-current liabilities:

(a) State Revolving Loan Fund (Construction Financing)

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 June 30, 2019 \$21,938

Current portion of principal \$ 7,140

(b) State Revolving Loan Fund (Construction Financing)

On December 9, 2002 and July 2, 2003, CCSD borrowed a total of \$553,065 from the State of California-State of 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 June 30, 2019: \$135,233

Current portion of principal \$32,470

(c) Municipal Finance Corporation (Other)

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 June 30, 2019 \$343,621

Current portion of principal \$38,936

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 9. NON-CURRENT LIABILITIES (Continued)

The following schedule summarizes principal amounts due on these notes:

	State Revolving Loan Fund	State Water Resourced Control Board	Municipal Finance Corporation	Total
6/30/2020	\$ 7,140	\$ 32,470	\$ 38,936	\$ 78,546
6/30/2021	7,311	33,346	40,866	81,523
6/30/2022	7,486	34,247	42,894	84,627
6/30/2023	-	35,171	45,021	80,192
6/30/2024	-	-	47,254	47,254
Thereafter	-	-	128,651	128,651
	<u>21,937</u>	<u>135,234</u>	<u>343,622</u>	<u>500,793</u>
Less: Current portion	<u>7,140</u>	<u>32,470</u>	<u>38,936</u>	<u>78,546</u>
Notes payable, net	<u>\$ 14,797</u>	<u>\$ 102,764</u>	<u>\$ 304,686</u>	<u>\$ 422,247</u>

NOTE 10. PENSION PLANS

General Information about the Pension Plan

Plan Description - All Plans are cost-sharing multiple-employer defined benefit pension plans, administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans' benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2018, Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRM Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the basic death benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect are summarized as follows at June 30:

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 10. PENSION PLANS (Continued)

	Miscellaneous	EPERA Misc.
Hire date	Prior to Jan 1, 2013	On or after Jan 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a% of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.886%	6.250%
Required employer contribution rates	7.634%	6.555%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The contributions recognized as part of the pension expense for the plans were as follows for the year ended June 30:

	2019
Contributions	\$15,437

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The District reported net pension liabilities for its proportionate share of the net pension liability of the Plans as follows at June 30:

	2019
Proportionate Share of Net Pension Liability	\$119,019
(Asset)	

The District's net pension liability for the plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 10. PENSION PLANS (Continued)

Proportion – June 30, 2017	0.00371%
Proportion – June 30, 2018	0.00375%
Change – Increase	0.00004%

For the year ended June 30, 2019, the District recognized pension expense of \$25,170.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 13,568	\$ 3,325
Differences between expected and actual experience	4,567	1,554
Differences between projected and actual investment earnings	588	-
Differences between employer's contributions and proportionate share of contributions	-	7,221
Change in employer's proportion	11,194	-
Pension contributions made subsequent to measurement date	15,437	-
Total	<u>\$ 45,354</u>	<u>\$ 12,100</u>

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2019, the District reported \$15,437 as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension (benefit) as follows:

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 10. PENSION PLANS (Continued)

Fiscal Year	Amount
Ending June 30:	
2020	13,171
2021	8,255
2022	(2,538)
2023	(1,071)
2024	-
Thereafter	<u>-</u>
Total	<u><u>17,817</u></u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2018, actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS membership data for all funds (1)
Post Retirement Benefit Increases	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2014.pdf>.

All other actuarial assumptions used in the June 30, 2015, valuation was based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF).

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 10. PENSION PLANS (Continued)

The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employer will make their required contributions on time and as scheduled in all future years. Using historical expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class (1)	New Strategic Allocation	Real Return Years 1 - 10(2)	Real Return Years 11+(3)
Global equity	50%	5%	6%
Fixed income	28%	1%	3%
Inflation assets	0%	77%	2%
Private equity	8%	6%	7%
Real assets	13%	4%	5%
Liquidity	1%	0%	-92%
Total	<u>100%</u>		

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
- (2) An expected inflation of 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 10. PENSION PLANS (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District’s proportionate share of the net pension liability for each plan, calculated using the discount rate for each plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2019</u>
1% Decrease	6.15%
Net Pension Liability (Asset)	204,702
Current Discount Rate	7.15%
Net Pension Liability (Asset)	119,019
1% Increase	8.15%
Net Pension Liability (Asset)	48,288

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 11. COMPENSATED ABSENCES

District’s compensated absences at June 30, 2019 consisted of the following:

	<u>Recreation</u>	<u>Maintenance</u>	<u>Total Governmental Activities</u>
Compensated absences	\$ 9,295	\$ -	\$ 9,295
	<u>Crockett Operating Fund</u>	<u>Port Costa Operating Fund</u>	<u>Total Business-type Activities</u>
Compensated absences	17,692	-	17,692
Total			\$ 26,987

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 12. PRIOR PERIOD ADJUSTMENT

The prior period adjustment consists of the following:

- a. Reclassification of capital assets between funds to reconcile to depreciation schedule
- b. Prior period accounts payable were not recorded in the correct enterprise funds
- c. Prior period accrued liabilities were not recorded
- d. Prepaid expenses were not recorded in the prior year
- e. Prior period net pension liability was restated to actual balance.

NOTE 13. INTERFUND RECEIVABLE AND PAYABLE

On June 24, 2015, the Crockett operating fund paid off the Port Costa operating fund's loan due to the Municipal Finance Corporation (MFC) / Westamerica Bank. The pay off amount was \$381,493. The Port Costa operating fund's original loan balance due to the Crockett operating fund was \$381,493. The terms of the interfund loan are the following: The Port Costa operating fund will make one annual payment to the Crockett operating fund. The interest charged to the annual payment is based on the payment plan, plus an interest amount equivalent to 1.5% more than the interest the District receives on its LAIF accounts for the quarter ending June 30 on the balance, by October 15 of each year.

The following schedule summarizes the principles payments due to the Crockett operating fund:

	Crockett Operating Fund Receivable	Port Costa Operating Payable
June 30, 2020	\$ 36,474	\$ 36,474
June 30, 2021	37,503	37,503
June 30, 2022	38,560	38,560
June 30, 2023	39,648	39,648
June 30, 2024	40,766	40,766
Thereafter	<u>85,012</u>	<u>85,012</u>
Total	<u>\$ 277,963</u>	<u>\$ 277,963</u>

CROCKETT COMMUNITY SERVICES DISTRICT

Recreation

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2019

	Adopted Original Budget	Revised Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Cost recovery	\$ 18,518	\$ 18,518	\$ 4,039	\$ (14,479)
Facilities rent	216,660	216,660	140,212	(76,448)
Senior outreach		-	4,000	4,000
Outside/classes/programs		-	1,440	1,440
Damage/cleaning deposits		-	44,435	44,435
Pool/rents/concessions/lessons		-	28,986	28,986
Security services		-	9,236	9,236
Cleaning services		-	5,112	5,112
Aquatic programs	81,460	81,460	53,846	(27,614)
Donations - restricted		-	1,211	1,211
Donations - operations	1,100	1,100	1,388	288
Parking fines		-	1,965	1,965
Property taxes and tax assessments	186,955	186,955	190,404	3,449
Grant income	100,082	100,082	42,789	(57,293)
Interest income	4,950	4,950	1,965	(2,985)
Other revenues	8,658	8,658	11,876	3,218
TOTAL REVENUES	618,383	618,383	542,903	(75,480)
EXPENDITURES:				
Salaries and benefits	210,038	210,038	223,419	(13,381)
Services and supplies	334,345	334,345	301,748	32,597
Capital outlay	74,000	74,000	27,505	46,495
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	618,383	618,383	552,672	65,711
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ (9,769)	\$ (141,191)

The notes to basic financial statements are an integral part of this statement.

CROCKETT COMMUNITY SERVICES DISTRICT

Maintenance

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2019

	Adopted Original Budget	Revised Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Donations - restricted	\$ 27,000	\$ 27,000	\$ 25,000	\$ (2,000)
Donations - operations	4,600	4,600	3,893	(707)
Grant income	450,000	450,000	5,100	(444,900)
Pass-thru	27,000	27,000	-	(27,000)
Interest income	1,860	1,860	2,692	832
Other revenues	15	15	26,563	26,548
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	510,475	510,475	63,248	(447,227)
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Salaries and benefits	2,363	2,363	3,485	8,211
Services and supplies	27,613	27,613	36,039	(8,426)
Capital outlay	600,000	600,000	7,989	592,011
Debt service:				
Principal		-	-	-
Interest		-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	629,976	629,976	47,513	591,796
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ (119,501)	\$ (119,501)	\$ 15,735	\$ (1,039,023)

The notes to basic financial statements are an integral part of this statement.

CROCKETT COMMUNITY SERVICES DISTRICT
 Schedule of Proportionate Share of the Net Pension Liability
 For the Fiscal Year Ended June 30, 2019

Last Ten Fiscal Years*

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Plan's Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Proportionate Share of the Plan's Fiduciary Net Position	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.00126%	78,166	\$ 212,675	36.75%	83.03%	0.00411%
2016	0.00360%	66,105	\$ 196,914	33.57%	86.54%	0.00392%
2017	0.00381%	99,584	\$ 215,265	46.26%	81.85%	0.00411%
2018	0.00371%	120,894	\$ 202,584	59.68%	79.65%	0.00392%
2019	0.00375%	119,019	\$ 209,198	56.89%	81.21%	0.00392%

Notes to Schedule:

Benefit Changes: For 2019, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017, valuation date. This applies for June 30, 2017, valuation date.

* Fiscal year 2015 was the first of implementation, therefore only five years are shown.

CROCKETT COMMUNITY SERVICES DISTRICT

Schedule of Pension Plan Contributions

For the Fiscal Year Ended June 30, 2019

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 16,388	\$ 16,719	(331)	\$ 206,787	8.09%
2016	\$ 11,270	\$ 17,909	(6,639)	\$ 179,936	9.95%
2017	\$ 17,053	\$ 19,594	(2,541)	\$ 184,808	10.60%
2018	\$ 14,059	\$ 14,059	-	\$ 202,584	6.94%
2019	\$ 15,437	\$ 15,437	-	\$ 209,198	7.38%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percentage of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses, includes inflation
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Required Supplementary Information - Budget

June 30, 2019

BUDGETARY BASIS OF ACCOUNTING

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

**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
Crockett Community Services District

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, and each major fund of the Crockett Community Services District, as of and for the year ended June 30, 2019, 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 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Crockett Community Services District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Crockett Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Crockett Community Services District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

David Farnsworth, CPA

David Farnsworth, CPA
Dublin, CA
December 18, 2019