

CROCKETT COMMUNITY
SERVICES DISTRICT
ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2020

CROCKETT COMMUNITY SERVICES DISTRICT
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

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 ("District") as of and for the year ended June 30, 2020, 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.

Opinions

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, 2020, 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 management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate of the net pension liability, and schedule of employer's contributions on pages 29–33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 March 18, 2021, on our consideration of the Crockett Community Services 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 Crockett Community Services 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

Dublin, California
March 18, 2021

Basic Financial Statements

CROCKETT COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	734,045	4,132,594	4,866,639
Accounts receivable	-	47,742	47,742
Prepaid expenses	8,216	27,981	36,197
Capital assets, not being depreciated	-	1,893	1,893
Capital assets, net of accumulated depreciation	1,170,753	6,275,535	7,446,288
Total assets	1,913,014	10,485,745	12,398,759
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	12,196	27,183	39,379
Total deferred outflows of resources	12,196	27,183	39,379
LIABILITIES			
Accounts payable and accrued expenses	40,407	143,834	184,241
Noncurrent liabilities:			
Notes payable	-	81,524	81,524
Compensated absences	1,484	2,267	3,751
Due in more than one year:			
Net pension liability	39,147	87,256	126,403
Notes payable	-	340,722	340,722
Compensated absences	13,360	20,407	33,767
Total liabilities	94,398	676,010	770,408
DEFERRED INFLOWS OF RESOURCES			
Pension related	4,409	10,966	15,375
Total deferred inflows of resources	4,409	10,966	15,375
NET POSITION			
Net investment in capital assets	1,170,753	5,855,182	7,025,935
Unrestricted net position	655,650	3,970,770	4,626,420
TOTAL NET POSITION	\$ 1,826,403	\$ 9,825,952	\$ 11,652,355

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

CROCKETT COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary government:							
Governmental activities:							
General government	\$ 48,521	\$ -	\$ 28,842	\$ -	\$ (19,679)	\$ -	\$ (19,679)
Culture and recreation	609,977	216,636	52,882	17,653	(322,806)	-	(322,806)
Total governmental activities	<u>658,498</u>	<u>216,636</u>	<u>81,724</u>	<u>17,653</u>	<u>(342,485)</u>	<u>-</u>	<u>(342,485)</u>
Business-type activities:							
Sewer	1,608,731	1,823,576	42,968	-	-	257,813	257,813
Total business-type activities	<u>1,608,731</u>	<u>1,823,576</u>	<u>42,968</u>	<u>-</u>	<u>-</u>	<u>257,813</u>	<u>257,813</u>
Total primary government	<u>\$ 2,267,229</u>	<u>\$ 2,040,212</u>	<u>\$ 124,692</u>	<u>\$ 17,653</u>	<u>(342,485)</u>	<u>257,813</u>	<u>(84,672)</u>
General Revenues and transfers							
General revenues:							
Property taxes					528,213	-	528,213
Grants and contributions not restricted to specific programs					595	-	595
Investment earnings					12,495	88,616	101,111
Miscellaneous					35,221	48,813	84,034
Transfers					(333,813)	333,813	-
Total general revenues and transfers					<u>242,711</u>	<u>471,242</u>	<u>713,953</u>
Change in net position					(99,774)	729,055	629,281
Net position - beginning					<u>1,926,177</u>	<u>9,096,897</u>	<u>11,023,074</u>
Net position - ending					<u>\$ 1,826,403</u>	<u>\$ 9,825,952</u>	<u>\$ 11,652,355</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT

**Balance Sheet
Governmental Funds
June 30, 2020**

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 121,444
Investments	612,601
Prepaid expenses	8,216
Total assets	<u>\$ 742,261</u>
LIABILITIES	
Accounts payable	21,156
Accrued expenses	19,251
Total liabilities	<u>40,407</u>
FUND BALANCES	
Nonspendable:	
Prepaid expenses	8,216
Assigned:	
Capital projects	175,813
Unassigned	517,825
Total fund balances	<u>701,854</u>
Total liabilities and fund balances	<u>\$ 742,261</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
June 30, 2020

Fund Balances - Governmental Funds

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 701,854
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	1,170,753
Deferred outflows 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.	
Pension related	12,196
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	(14,844)
Net pension liability	(39,147)
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.	
Pension related	(4,409)
Net Position of Governmental Activities	\$ 1,826,403

The notes to 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 Year Ended June 30, 2020

REVENUES	General
Property taxes	\$ 525,971
Intergovernmental	102,214
Charges for services	216,636
Investment earnings	12,495
Miscellaneous	<u>35,221</u>
TOTAL REVENUES	<u>892,537</u>
EXPENDITURES	
Current:	
General government	30,920
Culture and recreation	496,720
Capital outlay:	
Culture and recreation	<u>46,272</u>
TOTAL EXPENDITURES	<u>573,912</u>
Excess (deficiency) of revenues over expenditures	318,625
OTHER FINANCING SOURCES (USES)	
Transfers out	<u>(333,813)</u>
Total other financing sources (uses)	<u>(333,813)</u>
Net change in fund balances	(15,188)
Fund balances - beginning	<u>717,042</u>
Fund balances - ending	<u><u>\$ 701,854</u></u>

The notes to 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 Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$ (15,188)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	46,272
Depreciation expense	(120,513)

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:

Changes in compensated absences	(5,549)
Changes in net pension liability	(2,285)
Changes in pension related deferred outflows	(1,851)
Changes in pension related deferred inflows	<u>(660)</u>

Change in net position of governmental activities	<u><u>\$ (99,774)</u></u>
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CROCKETT COMMUNITY SERVICES DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2020

	Business-type Activities		
	Port Costa Operating	Crockett Operating	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 222	\$ 287,454	\$ 287,676
Investments	95,868	3,749,050	3,844,918
Accounts receivable, net	-	47,742	47,742
Advances from other funds	-	85,290	85,290
Prepaid items	2,141	25,840	27,981
Total current assets	<u>98,231</u>	<u>4,195,376</u>	<u>4,293,607</u>
Noncurrent Assets:			
Advances from other funds	-	353,986	353,986
Land	181	1,712	1,893
Buildings	943,697	-	943,697
Machinery, equipment, and vehicles	-	164,754	164,754
Sewer distribution system	1,623,289	11,503,891	13,127,180
Less accumulated depreciation	<u>(1,238,659)</u>	<u>(6,721,437)</u>	<u>(7,960,096)</u>
Total noncurrent assets	<u>1,328,508</u>	<u>5,302,906</u>	<u>6,631,414</u>
Total assets	<u>1,426,739</u>	<u>9,498,282</u>	<u>10,925,021</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>3,052</u>	<u>24,131</u>	<u>27,183</u>
Total deferred outflows of resources	<u>3,052</u>	<u>24,131</u>	<u>27,183</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,950	118,968	123,918
Accrued expenses	2,815	17,101	19,916
Advance to other funds	85,290	-	85,290
Notes payable - current	-	81,524	81,524
Compensated absences	281	1,986	2,267
Total current liabilities	<u>93,336</u>	<u>219,579</u>	<u>312,915</u>
Noncurrent liabilities:			
Advance to other funds	353,986	-	353,986
Compensated absences	2,529	17,878	20,407
Notes payable	-	340,722	340,722
Net pension liability	9,796	77,460	87,256
Total noncurrent liabilities	<u>366,311</u>	<u>436,060</u>	<u>802,371</u>
Total liabilities	<u>459,647</u>	<u>655,639</u>	<u>1,115,286</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	<u>1,229</u>	<u>9,737</u>	<u>10,966</u>
Total deferred inflows of resources	<u>1,229</u>	<u>9,737</u>	<u>10,966</u>
NET POSITION			
Net investment in capital assets	1,328,508	4,526,674	5,855,182
Unrestricted net position	<u>(359,593)</u>	<u>4,330,363</u>	<u>3,970,770</u>
Total net position	<u>\$ 968,915</u>	<u>\$ 8,857,037</u>	<u>\$ 9,825,952</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities		
	Port Costa Operating	Crockett Operating	Total Enterprise Funds
Operating revenues:			
Charges for services:			
Sewer use charges	\$ 274,447	\$ 1,523,180	\$ 1,797,627
Capacity charges	-	4,925	4,925
Operating grants	-	42,968	42,968
Miscellaneous	3,512	66,325	69,837
Total operating revenues	<u>277,959</u>	<u>1,637,398</u>	<u>1,915,357</u>
Operating expenses:			
Personnel services	43,588	168,441	212,029
Materials and supplies	103,552	168,325	271,877
Contractual services	38,676	804,130	842,805
Depreciation	106,673	154,801	261,474
Total operating expenses	<u>292,489</u>	<u>1,295,697</u>	<u>1,588,186</u>
Operating income (loss)	(14,530)	341,701	327,171
Nonoperating revenues (expenses):			
Investment earnings	-	99,929	99,929
Interest expense	(11,313)	(20,544)	(31,857)
Total nonoperating revenues (expenses)	<u>(11,313)</u>	<u>79,385</u>	<u>68,072</u>
Income (loss) before capital contributions and transfers	(25,843)	421,086	395,243
Transfers in	<u>-</u>	<u>333,813</u>	<u>333,813</u>
Change in net position	(25,843)	754,899	729,056
Net position - beginning	<u>994,759</u>	<u>8,102,138</u>	<u>9,096,897</u>
Net position - ending	<u>\$ 968,916</u>	<u>\$ 8,857,037</u>	<u>\$ 9,825,953</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities		
	Port Costa Operating	Crockett Operating	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 274,445	\$ 1,480,363	\$ 1,754,808
Other receipts	3,513	109,293	112,806
Payments to suppliers and service providers	(142,376)	(937,756)	(1,080,132)
Payments to employees for salaries and benefits	(36,638)	(155,761)	(192,399)
Net cash provided by operating activities	<u>98,944</u>	<u>496,139</u>	<u>595,083</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from other funds	-	333,813	333,813
Net cash provided by noncapital financing activities	<u>-</u>	<u>333,813</u>	<u>333,813</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	-	(78,545)	(78,545)
Interest paid on capital debt	-	(20,541)	(20,541)
Acquisition and construction of capital assets	(269,075)	(810,979)	(1,080,054)
Capital advances from other funds	150,000	(150,000)	-
Net cash provided (used in) capital and related financing activities	<u>(119,075)</u>	<u>(1,060,065)</u>	<u>(1,179,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	88,617	88,617
Net cash provided by investing activities	<u>-</u>	<u>88,617</u>	<u>88,617</u>
Net (decrease) in cash and cash equivalents	(20,131)	(141,496)	(161,627)
Cash and cash equivalents - beginning	116,221	4,178,000	4,294,221
Cash and cash equivalents - ending	<u>\$ 96,090</u>	<u>\$ 4,036,504</u>	<u>\$ 4,132,594</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (14,531)	\$ 341,701	\$ 327,170
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	106,673	154,801	261,474
(Increase) decrease in accounts receivable	-	(47,742)	(47,742)
(Increase) decrease in prepaid items	(279)	(9,468)	(9,747)
Decrease in accounts payable	131	47,179	47,310
Decrease in accrued expenses	2,815	(3,013)	(198)
Increase in net pension liability	572	4,525	5,097
Decrease in pension related deferred outflows	463	3,662	4,125
Increase in pension related deferred inflows	292	2,322	2,614
Increase in compensated absences	2,808	2,172	4,980
Net cash provided by operating activities	<u>\$ 98,944</u>	<u>\$ 496,139</u>	<u>\$ 595,083</u>

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

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 1—Summary of Significant Accounting Policies

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

The financial statements of the District have been prepared in conformity with the accounting principles generally accepted in the United States of America ("GAAP"), as specified by the Governmental Accounting Standards Board ("GASB"). The more significant of the District's accounting policies are described below.

Financial Statement Presentation

The District's financial report is prepared in accordance with GAAP which prescribes that the following sections be presented:

- Management's Discussion and Analysis - GAAP requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of management's discussion and analysis ("MD&A"). The 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.
- Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Primary Government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the Primary Government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues as they are not levied for a particular program.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

- **Required Supplementary Information (“RSI”)** - Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GAAP reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results. In addition to budgetary information, the RSI section also presents trend information related to the District’s pension.
- **Financial Reporting Entity**
The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a Primary Government’s reporting entity for the basic financial statements is financial accountability wherein the entity is both fiscally dependent on the Primary Government and provides either a benefit or creates a burden on the Primary Government. The District does not have any component units.

A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with GAAP as applicable to governmental units. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year when all eligibility requirements imposed by the provider have been satisfied. Fiduciary funds financial statements are reported on the accrual basis of accounting and do not measure operations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government and culture and recreation) which are otherwise being supported by general government revenues, (property taxes, certain intergovernmental revenues, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (culture and recreation.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

under accrual accounting; however, debt service expenditures as well as expenditures related to compensated absences and claims, and judgments are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Licenses, permits, are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when all eligibility requirements have been satisfied. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the District are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds - Governmental Funds are those through which most governmental functions typically are financed. The District reports the General Fund as a major governmental fund.

General Fund - The General Fund is the primary operating fund of the District. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Proprietary Funds - The Proprietary Funds account for operations that are financed in a manner similar to that of private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District's major Enterprise Funds consist of the Port Costa Operating Fund and Crockett Operating Fund

B. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

C. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "Advances from /Advances to" (i.e., the current portions and noncurrent portions of the inter-fund loans).

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The District does not calculate its allowance for uncollectible accounts, because management believes all of accounts receivable is collectible.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

D. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements for the District. Capital assets are defined by the Districts as land, buildings, infrastructure, and equipment with an initial individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Primary Government, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Plant, equipment, and system	20-30
Motor vehicles	5
Equipment	3-10
Infrastructure	30

E. Deferred Outflows and Inflows of Resources

In addition to assets, the Balance Sheet and the Statement of Net Position may report a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows and inflows of resources related to pensions, in the government-wide and the Proprietary funds' Statement of Net Position

In addition to liabilities, the Balance Sheet and the Statement of Net Position may report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Districts reports deferred inflows of resources related to pensions.

F. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

G. Pensions

The District contributes to a defined benefit pension plan, California Public Employees Retirement System (CalPERS), a cost-sharing, multi-employer defined benefit pension plan administered by the California Public Employees Retirement System, which is a statutorily funded plan.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

H. Use of Estimates

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

I. Fund Balance

In the governmental fund financial statements, fund balance may be composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The governmental fund types classify fund balances as follows:

- **Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventory) or (b) legally or contractually required to be maintained intact (e.g., long-term amount of loans/note receivable)
- **Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes by external parties, constitutional provisions, or imposed by creditors (e.g., bond covenants).
- **Committed Fund Balance** – This portion of fund balance can only be used for specific purposes determined by a formal action of the District’s highest level of decision-making authority. Any changes or removal of specific purpose requires majority action by the governing body.
- **Assigned Fund Balance** – The portion of fund balance that the District intends to use for specific purposes as expressed by the governing body itself, the budget document, or delegated official, the District Manager. Fund balances in the General Fund are assigned by resolution of the Board of Directors.
- **Unassigned Fund Balance** – The portion of the fund balance available for any purpose. Includes all spendable amounts not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in the unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District’s policy is to apply restricted fund balances first, then unrestricted fund balances as needed.

J. Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets less accumulated depreciation less any outstanding debt and deferred inflows and outflows related to the acquisition, construction, or improvement of those assets.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 2—Deposits and Investments

Policies

It is the policy of the Crockett Community Services District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital, liquidity, and yield).

The District utilizes a pooled cash and investment concept for the LAIF fund, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

The District has authorized staff to invest cash with the Contra Costa County Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. State statutes govern the County’s investment policies.

In addition, the County has an investment committee, which prescribes written investment policies regarding the types of investments that may be made. The policies limit amounts that may be invested in any one financial institution or amounts, which may be invested in long-term instruments. Interest earned from such time deposits and investments is allocated quarterly to the District based on its average daily cash balances.

Contra Costa County Investment Pool – The District is a voluntary participant in the Contra Costa County Investment Pool (CCCIP) that is regulated by California Government Code Section 53600 under the oversight of the treasurer of the County of Contra Costa. Deposits and withdrawals in the Contra Costa County Investment Pool are made in the basis of \$1 and not fair value. The balance available for withdrawal is based on the accounting records maintained by Contra Costa County Investment Pool which is recorded on an amortized cost basis. The pool is not registered with the SEC and is unrated. At June 30, 2020, these investments in CCCIP have an average maturity of less than one year.

Local Agency Investment Fund – The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, loans to certain state funds, United States Treasury Notes and Bills and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2020, these investments have an average maturity of less than one year.

Classification

The District's cash and investments consist of the following at June 30, 2020:

Government-wide Statement of Net Position	Total
Governmental activities - Cash and investments	\$ 734,045
Business-type activities - Cash and investments	4,132,594
Total cash and investments	<u>\$ 4,866,639</u>

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

As of June 30, 2020, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1 year	1 - 5 years
Contra Costa County Investment Pool	\$ 409,119	\$ 409,119	\$ -
LAIF	4,457,520	4,457,520	-
Total investments	<u>\$ 4,866,639</u>	<u>\$ 4,866,639</u>	<u>\$ -</u>

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. The investment policy requires that fixed income securities and equities have an average maturity no more than two years.

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investments that are in the possession of an outside party to a transaction, the District will not be able to recover the value of its investments that are in the possession of an outside party. The investment policy does not provide guidance about custodial credit risk.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District’s investment policy does not provide guidance about concentration of credit risk.

Fair Value of Investments – The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy has three levels and is based on the valuation inputs used to measure an asset’s fair value. Deposits and withdrawals in the CCCIP are made in the basis of \$1 and not fair value. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the District’s position in the pool. Accordingly, the District’s proportionate share of investments in those funds at June 30, 2020, is an uncategorized input not defined as Level 1, Level 2 or Level 3 input.

Note 3—Interfund Obligations

The outstanding balances between funds result mainly from the time lag between the dates that (1) inter-fund goods and services are provided, or reimbursable expenditure occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

At June 30, 2020 the advances to and advances from funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Crockett Sewer Fund	Port Costa Fund	\$ 439,276

The amounts payable to the crocket sewer fund are related to two separate interfund advances made to the port costa fund and interest payable at June 30, 2020. The interfund advance includes \$11,313 of interest payable. The following are the terms of the interfund advances:

The first interfund advance commenced June 24, 2015 for \$381,493 to pay off Port Costa Fund's note payable. The terms of the interfund advance is as follows:

Interest rate: 1.5% more than the interest the District receives on its LAIF accounts for the quarter ending June 30 of each year.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 73,977	\$ 10,173	\$ 84,150
2022	38,561	4,121	42,682
2023	39,648	3,408	43,056
2024	40,766	2,641	43,407
2025	41,915	1,819	43,734
2026	43,096	940	44,036
Total	\$ 277,963	\$ 23,102	\$ 257,029

The second interfund advance commenced April 22, 2020 to pay for capital expenditures. The terms of the interfund advance is as follows:

Interest rate: 1.5% more than the interest the District receives
on its LAIF accounts for the quarter ending June 30 of each year.

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 5,400	\$ 5,400
2022	-	5,400	5,400
2023	-	5,400	5,400
2024	21,429	5,400	26,829
2025	21,429	4,629	26,058
2026	21,429	3,857	25,286
2027	21,429	3,086	24,515
2028	21,429	2,314	23,743
2029	21,429	1,543	22,972
2030	21,426	771	22,197
Total	\$ 150,000	\$ 37,800	\$ 187,800

Note 4—Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer Out</u>	<u>Transfer in</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Crockett Operating Fund	Budgetary Transfer	\$333,813
Total			\$333,813

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

Note 5—Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2020</u>
Government Activities				
Capital assets subject to depreciation:				
Buildings, improvements, and infrastructure	2,993,480	46,272	-	3,039,752
Machinery and equipment	57,495	-	-	57,495
Total capital assets being depreciated	<u>3,050,975</u>	<u>46,272</u>	<u>-</u>	<u>3,097,247</u>
Less accumulated depreciation for:				
Buildings, improvements, and infrastructure	(1,780,218)	(117,638)	-	(1,897,856)
Machinery and equipment	(25,763)	(2,875)	-	(28,638)
Total accumulated depreciation	<u>(1,805,981)</u>	<u>(120,513)</u>	<u>-</u>	<u>(1,926,494)</u>
Total capital assets being depreciated, net	<u>1,244,994</u>	<u>(74,241)</u>	<u>-</u>	<u>1,170,753</u>
Capital assets, net	<u>\$ 1,244,994</u>	<u>\$ (74,241)</u>	<u>\$ -</u>	<u>\$ 1,170,753</u>

Depreciation expense was charged to functions/programs/funds as follows:

Parks, recreation, and cultural	<u>\$ 120,513</u>
Total governmental activities	<u>\$ 120,513</u>

A summary of changes in proprietary fund capital assets for the year ended June 30, 2020 follows:

<u>Crockett Operating Fund</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets not subject to depreciation:				
Land	\$ 1,712	\$ -	\$ -	\$ 1,712
Total capital assets not subject to depreciation	<u>1,712</u>	<u>-</u>	<u>-</u>	<u>1,712</u>
Capital assets subject to depreciation:				
Utility plant in service	10,692,912	810,979	-	11,503,891
Machinery and equipment	164,754	-	-	164,754
Total capital assets being depreciated	<u>10,857,666</u>	<u>810,979</u>	<u>-</u>	<u>11,668,645</u>
Less accumulated depreciation for:				
Utility plant in service	(6,429,087)	(140,165)	-	(6,569,252)
Machinery and equipment	(137,549)	(14,636)	-	(152,185)
Total accumulated depreciation	<u>(6,566,636)</u>	<u>(154,801)</u>	<u>-</u>	<u>(6,721,437)</u>
Total capital assets being depreciated, net	<u>4,291,030</u>	<u>656,178</u>	<u>-</u>	<u>4,947,208</u>
Capital assets, net	<u>\$ 4,292,742</u>	<u>\$ 656,178</u>	<u>\$ -</u>	<u>\$ 4,948,920</u>

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

Port Costa Operating Fund	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020
Capital assets not subject to depreciation:				
Land	\$ 181	\$ -	\$ -	\$ 181
Total capital assets not subject to depreciation	181	-	-	181
Capital assets subject to depreciation:				
Utility plant in service	1,354,214	269,075	-	1,623,289
Buildings, improvements, and infrastructure	943,697	-	-	943,697
Total capital assets being depreciated	2,297,911	269,075	-	2,566,986
Less accumulated depreciation for:				
Utility plant in service	(619,250)	(59,487)	-	(678,737)
Buildings, improvements, and infrastructure	(512,736)	(47,186)	-	(559,922)
Total accumulated depreciation	(1,131,986)	(106,673)	-	(1,238,659)
Total capital assets being depreciated, net	1,165,925	162,402	-	1,328,327
Capital assets, net	\$ 1,166,106	\$ 162,402	\$ -	\$ 1,328,508

Depreciation expense was charged to functions/programs/funds as follows:

Crockett operating fund	154,801
Port costa operating fund	106,673
Total business-type activities	<u>\$ 261,474</u>

Note 6—Long-term Obligations

A summary of changes in long-term obligations is as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
Primary Government:					
Governmental Obligations:					
Incurring by District:					
Compensated absences	\$ 9,295	\$ 6,470	\$ (921)	\$ 14,844	\$ 1,484
Net pension liability	36,862	2,285	-	39,147	-
Total Governmental Obligations	\$ 46,157	\$ 8,755	\$ (921)	\$ 53,991	\$ 1,484
Enterprise Obligations:					
Compensated absences	\$ 17,692	\$ 6,363	\$ (1,381)	\$ 22,674	\$ 2,267
Notes payable	500,791	-	(78,545)	422,246	81,524
Net pension liability	82,159	5,097	-	87,256	-
Total Enterprise Obligations	\$ 600,642	\$ 11,460	\$ (79,926)	\$ 532,176	\$ 83,791

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

Annual requirements to amortize long-term debt and related interest are as follows:

Year Ending June 30	Principal	Interest
2021	\$ 81,524	\$ 17,565
2022	84,628	14,462
2023	80,193	\$ 11,230
2024	47,255	8,047
2025	49,599	5,703
2026 to 2030	<u>79,047</u>	<u>3,905</u>
	<u>\$ 422,246</u>	<u>\$ 60,912</u>

Details of long-term indebtedness are as follows:

Enterprise Obligations:

Notes Payable Obligations:

\$122,291 notes payable issued May 13, 2002, principal payable in various annual installments through October 17, 2021; interest payable annually at 2.400%.	\$ 14,798
\$495,153 notes payable issued December 9, 2002, principle payable in various annual installments through December 18, 2022; interest payable annually at 2.700%.	102,764
\$700,000 notes payable issued July 17, 2006, principal payable in various bi-annual; through August 11, 2026; interest payable semi-annually at 4.90%.	<u>304,684</u>
Total notes payable	422,246
Less current portion	<u>(81,524)</u>
Long-term notes payable	<u>\$ 340,722</u>

Note 7—Commitments, Contingencies, and Subsequent Events

The District purchased a new administrative building for \$615,000 on August 20, 2020.

Note 8—Litigation

At June 30, 2020, there were no matters of litigation involving the District or which would materially affect the District's financial position should any court decisions on pending matters not be favorable to such entities.

Note 9—Pension Plan

General Information about the Pension Plan

Plan Description. The District contributes to the California Public Employees' Retirement System (CalPERS), a cost sharing multiple-employer public employee retirement system. CalPERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

and all other requirements are established by state statute and District resolution. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained from CalPERS, 400 Q Street, Sacramento, CA 95811.

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. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W 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 at June 30, 2020 are summarized as follows:

	Prior to January 1, 2013	On or After January 1, 2013
Formula	2% @ 55	2% @ 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 percent of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	8.08%	6.96%

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 the Plan is 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.

For the year ended June 30, 2020, the contributions to the Plan were \$18,092.

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

As of June 30, 2020, the District reported net pension liability for its proportionate share of collective net pension liability in the amount of \$126,403.

The District's net pension liability for the Plan is measured as the proportionate share of the collective plans net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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 plan relative to the projected contributions of all participating employers, actuarially determined.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

The District's proportionate share of the net pension liability for the Plan as of the June 30, 2018 and 2019 measurement dates was as follows:

Proportion - June 30, 2018	0.00124%
Proportion - June 30, 2019	<u>0.00123%</u>
Change	<u><u>0.00001%</u></u>

For the year ended June 30, 2020, the District recognized pension expense of \$16,633. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 18,092	\$ -
Differences between actual and expected experience	8,779	680
Changes in assumptions	6,027	2,137
Difference between projected and actual contributions	-	10,350
Net differences between projected and actual earnings on plan investment	-	2,208
Adjustments due to differences in proportion	6,481	-
Total	<u>\$ 39,379</u>	<u>\$ 15,375</u>

The \$18,092 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ 8,511
2022	(2,277)
2023	(773)
2024	451
2025	-
Thereafter	-
Total	<u>\$ 5,912</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions for the plan:

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Costs

Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases (1)	2.75%
Investment Rate of Return (2)	7.15%
Mortality (3)	

- (1) Annual increases vary by category, entry age, and duration of service
- (2) Net of pension plan investment expenses, includes inflation
- (3) The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

Discount Rate. The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plans, 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). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.9% used for this period.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2020

The sensitivity of the district's net pension liability to changes in the discount rate is presented below. The district's net pension liability calculated using the discount rate of 7.15% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.15%) or 1.0% higher (8.15%) than the current rate.

Discount Rate	1% Decrease (6.15%)	Current Rate (7.15%)	1% Increase (8.15%)
Proportionate share of the Net Pension Liability / (Asset)	\$ 217,113	\$ 126,403	\$ 51,529

Required Supplementary Information

CROCKETT COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.00316%	0.00375%	0.00371%	0.00381%	0.00360%	0.00126%
District's Proportionate Share of the Net Pension Liability	126,403	119,019	120,894	99,584	66,105	78,166
District's Covered Payroll	239,969	209,198	202,584	184,808	179,936	206,787
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	52.67%	56.89%	59.68%	53.89%	36.74%	37.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.26%	81.21%	79.65%	81.85%	86.54%	83.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00410%	0.00392%	0.00392%	0.00411%	0.00392%	0.00411%

See Notes to Required Supplementary Information.

CROCKETT COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Schedule of Employer Contributions
Pension Fund
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 18,092	\$ 15,437	\$ 14,059	\$ 17,053	\$ 11,270	\$ 16,388
Contributions in Relation to the Actuarially Determined Contribution	<u>18,092</u>	<u>15,437</u>	<u>14,059</u>	<u>19,594</u>	<u>17,909</u>	<u>16,719</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,541</u>	<u>\$ 6,639</u>	<u>\$ 331</u>
 Crockett Community Services District's Pension Covered Payroll	 239,969	 209,198	 202,584	 184,808	 179,936	 206,787
Contributions as a Percentage of Covered Payroll	7.54%	7.38%	6.94%	10.60%	9.95%	8.09%

See Notes to Required Supplementary Information.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Required Supplementary Information

District Pension Plan

June 30, 2020

1. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Costs
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases (1)	2.75%
Investment Rate of Return (2)	7.15%
Mortality (3)	

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment expenses, includes inflation

(3) The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

CROCKETT COMMUNITY SERVICES DISTRICT
General Fund
Statement of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amount</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 509,293	\$ 509,293	\$ 525,971	\$ 16,678
Intergovernmental	391,952	391,952	102,214	(289,738)
Charges for services	298,159	298,159	216,636	(81,523)
Investment earnings	12,906	12,906	12,495	(411)
Miscellaneous	28,439	28,439	35,221	6,782
TOTAL REVENUES	<u>1,240,749</u>	<u>1,240,749</u>	<u>892,537</u>	<u>(348,212)</u>
EXPENDITURES				
Current:				
General government	40,439	40,439	30,920	9,519
Culture and recreation	504,273	504,273	496,720	7,553
Capital outlay:				
Culture and recreation	61,300	61,300	46,272	15,028
TOTAL EXPENDITURES	<u>606,012</u>	<u>606,012</u>	<u>573,912</u>	<u>32,100</u>
Excess (deficiency) of revenues over expenditures	634,737	634,737	318,625	(316,112)
OTHER FINANCING SOURCES (USES)				
Transfers out	(323,000)	(323,000)	(333,813)	(10,813)
Total other financing sources (uses)	<u>(323,000)</u>	<u>(323,000)</u>	<u>(333,813)</u>	<u>(10,813)</u>
Net change in fund balances	311,737	311,737	(15,188)	(326,925)
Fund balances - beginning	717,042	717,042	717,042	-
Fund balances - ending	<u>\$ 1,028,779</u>	<u>\$ 1,028,779</u>	<u>\$ 701,854</u>	<u>(326,925)</u>

See Notes to Required Supplementary Information.

CROCKETT COMMUNITY SERVICES DISTRICT

Notes to Required Supplementary Information

Statement of Revenues Expenditures and Changes in Fund Balance – Budget and Actual

June 30, 2020

BUDGETARY BASIS OF ACCOUNTING

Budgets for the general fund are prepared on the generally accepted accounting principles 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.

OTHER AUDITOR'S REPORT



**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 Crockett Community Services District
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, and each major fund of the Crockett Community Services District ("District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2021.

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 Crockett Community Services 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

Dublin, California
March 18, 2021