

CROCKETT COMMUNITY SERVICES DISTRICT  
CROCKETT, CALIFORNIA

REPORT ON FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2016  
(WITH SUMMARIZED INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015)

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

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CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT

To: 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crockett Community Services District (CCSD), as of and for the year ended 2016, and the related notes to the financial statements, which collectively comprise CCSD's basic financial statements as listed in the table of contents. Prior year summarized comparative information has been derived from our report dated October 17, 2015 in which we expressed an unqualified opinion on those financial statements.

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

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 of 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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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.

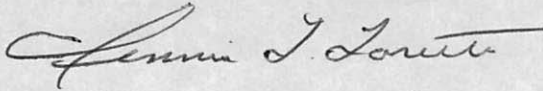
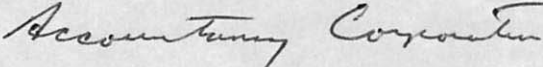
We believe that our audit provides a reasonable basis for our opinion.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of CCSD as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2016 on our consideration of CCSD'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

DENNIS L. LORETTE  
ACCOUNTANCY CORPORATION  
Pinole, California  
August 10, 2016

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF FUND NET POSITION

JUNE 30, 2016

(WITH SUMMARIZED INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015)

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|   | Department         |                  |           |                     |        |                   |                  |                     |       |                           | Totals  |                   |          |                  |         |                       |     |                     |  |  |        |
|---|--------------------|------------------|-----------|---------------------|--------|-------------------|------------------|---------------------|-------|---------------------------|---------|-------------------|----------|------------------|---------|-----------------------|-----|---------------------|--|--|--------|
|   | Community Services |                  |           | Recreation          |        |                   | Maintenance Fund |                     |       | Port Costa Operating Fund |         |                   | Sanitary |                  |         | Crockett Reserve Fund |     |                     |  |  |        |
|   |                    |                  |           |                     |        |                   |                  |                     |       |                           |         |                   |          |                  |         |                       |     |                     |  |  |        |
| <b>ASSETS:</b>                                |                    |                  |           |                     |        |                   |                  |                     |       |                           |         |                   |          |                  |         |                       |     |                     |  |  |        |
| Cash and cash equivalents (Note 2)            | \$                 | 54,604           | \$        | 47,283              | \$     | 31,537            | \$               | 108,843             | \$    | 160,411                   | \$      | 70,312            | \$       | 290              | \$      | 473,280               | \$  | 459,021             |  |  |        |
| Investments                                   | -                  |                  | -         | 387,246             | -      | 100,139           | -                | -                   | -     | 1,633,305                 | -       | 739,537           | -        | 66,420           | -       | 2,926,647             | -   | 2,617,832           |  |  |        |
| Advances on supplemental taxes                | -                  |                  | -         | -                   | -      | -                 | -                | -                   | -     | -                         | -       | -                 | -        | -                | -       | -                     | -   | 4,118               |  |  |        |
| Accounts receivable                           | -                  |                  | -         | -                   | -      | -                 | -                | -                   | -     | 544,866                   | -       | -                 | -        | -                | -       | 544,866               | -   | 2,751               |  |  |        |
| Intercompany loan receivable                  | -                  |                  | -         | -                   | -      | -                 | -                | 1,525,850           | -     | 3,823,708                 | -       | -                 | -        | -                | -       | 6,719,081             | -   | 217,831             |  |  |        |
| Capital assets, net                           | -                  |                  | -         | 1,369,523           | -      | -                 | -                | -                   | -     | -                         | -       | -                 | -        | -                | -       | -                     | -   | 6,833,429           |  |  |        |
| Prepaid taxes                                 | -                  |                  | -         | -                   | -      | -                 | -                | -                   | -     | -                         | -       | -                 | -        | -                | -       | -                     | -   | 1,948               |  |  |        |
| <b>TOTAL ASSETS</b>                           |                    | <b>54,604</b>    |           | <b>1,804,052</b>    |        | <b>131,676</b>    |                  | <b>1,634,693</b>    |       | <b>6,162,290</b>          |         | <b>809,849</b>    |          | <b>66,710</b>    |         | <b>10,663,874</b>     |     | <b>10,136,930</b>   |  |  |        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>         |                    |                  |           |                     |        |                   |                  |                     |       |                           |         |                   |          |                  |         |                       |     |                     |  |  |        |
| Pension deferrals                             | -                  |                  | -         | 238,581             | -      | 1,977             | -                | 21,862              | -     | 157,645                   | -       | -                 | -        | -                | -       | 420,065               | -   | -                   |  |  |        |
| <b>LIABILITIES:</b>                           |                    |                  |           |                     |        |                   |                  |                     |       |                           |         |                   |          |                  |         |                       |     |                     |  |  |        |
| Accounts payable                              | -                  |                  | -         | 1,378               | -      | -                 | -                | 47,182              | -     | -                         | -       | -                 | -        | -                | -       | 48,560                | -   | 113,663             |  |  |        |
| Intercompany loan payable                     | -                  |                  | -         | -                   | -      | -                 | -                | 544,866             | -     | -                         | -       | -                 | -        | -                | -       | 544,866               | -   | 217,831             |  |  |        |
| Payroll liabilities                           | (1,555)            |                  | -         | -                   | -      | -                 | -                | -                   | -     | -                         | -       | -                 | -        | -                | (1,555) | -                     | -   | -                   |  |  |        |
| Non-current liabilities:                      |                    |                  |           |                     |        |                   |                  |                     |       |                           |         |                   |          |                  |         |                       |     |                     |  |  |        |
| Due within one year                           | -                  |                  | -         | -                   | -      | -                 | -                | -                   | -     | 70,791                    | -       | -                 | -        | -                | -       | 70,791                | -   | 67,255              |  |  |        |
| Due in more than one year                     | -                  |                  | -         | -                   | -      | -                 | -                | -                   | -     | 648,920                   | -       | -                 | -        | -                | -       | 648,920               | -   | 1,071,418           |  |  |        |
| Net pension liability                         | -                  |                  | -         | 268,661             | -      | 2,226             | -                | 24,619              | -     | 177,520                   | -       | -                 | -        | -                | -       | 473,025               | -   | 78,166              |  |  |        |
| <b>TOTAL LIABILITIES</b>                      |                    | <b>(1,555)</b>   |           | <b>270,039</b>      |        | <b>2,226</b>      |                  | <b>616,667</b>      |       | <b>897,231</b>            |         |                   |          |                  |         | <b>1,784,607</b>      |     | <b>1,548,333</b>    |  |  |        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>          |                    |                  |           |                     |        |                   |                  |                     |       |                           |         |                   |          |                  |         |                       |     |                     |  |  |        |
| Pension deferrals                             | -                  |                  | -         | -                   | -      | -                 | -                | -                   | -     | -                         | -       | -                 | -        | -                | -       | -                     | -   | -                   |  |  | 32,819 |
| <b>NET POSITION:</b>                          |                    |                  |           |                     |        |                   |                  |                     |       |                           |         |                   |          |                  |         |                       |     |                     |  |  |        |
| Reserved for future capital projects (Note 8) |                    |                  |           |                     |        |                   |                  |                     |       |                           |         |                   |          |                  |         |                       |     |                     |  |  |        |
| Net investment in capital assets              | 58,967             |                  | -         | 74,170              | -      | 74,170            | -                | 1,038,555           | -     | 1,260,234                 | -       | -                 | -        | 66,160           | -       | 1,459,531             | -   | 1,459,531           |  |  |        |
| Unrestricted                                  | (2,808)            |                  | 1,709,150 | 63,444              | 57,257 | 57,257            | 1,333            | 1,039,888           | 1,333 | 3,512,729                 | 809,849 | 809,849           | 550      | 6,260,434        | 550     | 5,991,221             | 550 | 1,105,026           |  |  |        |
| <b>TOTAL NET POSITION</b>                     |                    | <b>\$ 56,159</b> |           | <b>\$ 1,772,594</b> |        | <b>\$ 131,427</b> |                  | <b>\$ 1,039,888</b> |       | <b>\$ 5,422,704</b>       |         | <b>\$ 809,849</b> |          | <b>\$ 66,710</b> |         | <b>\$ 9,299,331</b>   |     | <b>\$ 8,555,778</b> |  |  |        |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT  
CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
JUNE 30, 2016  
(WITH SUMMARIZED INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015)

|                                 | Department         |            |                  |                |                |                         |                            | Totals                |                            |              |
|---------------------------------|--------------------|------------|------------------|----------------|----------------|-------------------------|----------------------------|-----------------------|----------------------------|--------------|
|                                 | Community Services | Recreation | Maintenance Fund | Port Costa     |                | Sanitary                |                            | Crockett Reserve Fund | Crockett Construction Fund | 2015         |
|                                 |                    |            |                  | Operating Fund | Operating Fund | Crockett Operating Fund | Crockett Construction Fund |                       |                            |              |
| <b>OPERATIONS:</b>              |                    |            |                  |                |                |                         |                            |                       |                            |              |
| Revenues:                       |                    |            |                  |                |                |                         |                            |                       |                            |              |
| Cost recovery                   | \$ -               | \$ 10,220  | \$ -             | \$ -           | \$ 545         | \$ -                    | \$ -                       | \$ -                  | \$ 10,765                  | \$ 68,833    |
| Facilities rent                 | -                  | 172,939    | -                | -              | -              | -                       | -                          | -                     | 172,739                    | 105,831      |
| Senior outreach                 | -                  | 4,000      | -                | -              | -              | -                       | -                          | -                     | 4,000                      | 3,500        |
| Outside classes/programs        | -                  | 1,290      | -                | -              | -              | -                       | -                          | -                     | 1,290                      | 3,931        |
| Damage/cleaning deposits        | -                  | 42,600     | -                | -              | -              | -                       | -                          | -                     | 42,600                     | 34,440       |
| Pool/rents/concessions/lessons  | -                  | 28,607     | -                | -              | -              | -                       | -                          | -                     | 28,607                     | 25,992       |
| Security services               | -                  | 13,349     | -                | -              | -              | -                       | -                          | -                     | 13,349                     | 11,600       |
| Cleaning services               | -                  | 5,730      | -                | -              | -              | -                       | -                          | -                     | 5,730                      | 6,570        |
| Aquatic programs                | -                  | 46,941     | -                | -              | -              | -                       | -                          | -                     | 46,941                     | 47,502       |
| Donations-restricted            | -                  | 1,274      | 25,794           | -              | -              | -                       | -                          | -                     | 27,068                     | 24,650       |
| Donations-operations            | -                  | 25         | 2,550            | -              | -              | -                       | -                          | -                     | 2,575                      | 4,843        |
| Grants temporarily restricted   | -                  | -          | 3,000            | -              | -              | -                       | -                          | -                     | 3,000                      | 81,136       |
| Sewer use charges               | -                  | -          | -                | 227,081        | 1,419,495      | -                       | -                          | -                     | 1,646,576                  | 1,597,453    |
| Permit service fees             | -                  | -          | -                | 180            | 2,130          | -                       | -                          | -                     | 2,310                      | 3,215        |
| Capacity charges                | -                  | -          | -                | -              | 2,425          | -                       | -                          | -                     | 2,425                      | -            |
| Parking fines                   | -                  | 1,526      | -                | -              | -              | -                       | -                          | -                     | 1,526                      | 1,639        |
| Miscellaneous                   | -                  | 675        | -                | -              | -              | -                       | -                          | -                     | 875                        | 593          |
| Non-operating income            | -                  | -          | -                | -              | 9,500          | -                       | -                          | -                     | 9,500                      | -            |
| <b>TOTAL OPERATING REVENUES</b> | \$ -               | \$ 329,176 | \$ 31,344        | \$ 227,261     | \$ 1,434,095   | \$ -                    | \$ -                       | \$ -                  | \$ 2,021,876               | \$ 2,021,728 |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

JUNE 30, 2016

(WITH SUMMARIZED INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015)

|                                | Department         |            |  |            |            |    |                  |           |           |                           | Totals |           |                         |           |            |                            |           |           |                       |            |    |           |           |           |            |
|--------------------------------|--------------------|------------|--|------------|------------|----|------------------|-----------|-----------|---------------------------|--------|-----------|-------------------------|-----------|------------|----------------------------|-----------|-----------|-----------------------|------------|----|-----------|-----------|-----------|------------|
|                                | Community Services |            |  | Recreation |            |    | Maintenance Fund |           |           | Port Costa Operating Fund |        |           | Crockett Operating Fund |           |            | Sanitary Construction Fund |           |           | Crockett Reserve Fund |            |    |           |           |           |            |
|                                | 2016               | 2015       |  | 2016       | 2015       |    | 2016             | 2015      |           | 2016                      | 2015   |           | 2016                    | 2015      |            | 2016                       | 2015      |           | 2016                  | 2015       |    | 2016      | 2015      |           |            |
| Operating Expenses:            |                    |            |  |            |            |    |                  |           |           |                           |        |           |                         |           |            |                            |           |           |                       |            |    |           |           |           |            |
| Salaries and wages             | \$ 288,614         | \$ 318,581 |  | \$ 15,021  | \$ 108,313 | \$ | \$ 1,358         | \$ 1,358  | \$ 15,021 | \$ 108,313                | \$     | \$ 1,358  | \$ 1,358                | \$ 15,021 | \$ 108,313 | \$                         | \$ 1,358  | \$ 1,358  | \$ 15,021             | \$ 108,313 | \$ | \$ 1,358  | \$ 1,358  | \$ 15,021 | \$ 108,313 |
| Maintenance and repairs        | 252,325            | 266,812    |  | 86,289     | 81,774     |    | 3,646            | 3,646     | 86,289    | 81,774                    |        | 3,646     | 3,646                   | 86,289    | 81,774     |                            | 3,646     | 3,646     | 86,289                | 81,774     |    | 3,646     | 3,646     | 86,289    | 81,774     |
| Memberships                    | 13,054             | 4,625      |  | -          | 11,393     |    | -                | -         | -         | 11,393                    |        | -         | -                       | -         | 11,393     |                            | -         | -         | -                     | 11,393     |    | -         | -         | -         | 11,393     |
| Program supplies               | 4,026              | 7,108      |  | -          | -          |    | -                | -         | -         | -                         |        | -         | -                       | -         | -          |                            | -         | -         | -                     | -          |    | -         | -         | -         | -          |
| Office                         | 10,865             | 9,194      |  | 245        | 4,484      |    | 233              | 233       | 245       | 4,484                     |        | 233       | 233                     | 245       | 4,484      |                            | 233       | 233       | 245                   | 4,484      |    | 233       | 233       | 245       | 4,484      |
| Professional services (Note 7) | 30,144             | 28,140     |  | 9,578      | 8,213      |    | 36               | 36        | 9,578     | 8,213                     |        | 36        | 36                      | 9,578     | 8,213      |                            | 36        | 36        | 9,578                 | 8,213      |    | 36        | 36        | 9,578     | 8,213      |
| Printing/publications          | 1,468              | 1,413      |  | 271        | 480        |    | -                | -         | 271       | 480                       |        | -         | -                       | 271       | 480        |                            | -         | -         | 271                   | 480        |    | -         | -         | 271       | 480        |
| Training/travel                | 1,121              | 1,084      |  | -          | 340        |    | -                | -         | -         | 340                       |        | -         | -                       | -         | 340        |                            | -         | -         | -                     | 340        |    | -         | -         | -         | 340        |
| Food concession supplies       | 6,454              | 6,441      |  | -          | -          |    | -                | -         | -         | -                         |        | -         | -                       | -         | -          |                            | -         | -         | -                     | -          |    | -         | -         | -         | -          |
| Utilities                      | 71,608             | 79,104     |  | 4,118      | 23,607     |    | 337              | 337       | 4,118     | 23,607                    |        | 337       | 337                     | 4,118     | 23,607     |                            | 337       | 337       | 4,118                 | 23,607     |    | 337       | 337       | 4,118     | 23,607     |
| County charges                 | 12,248             | 13,292     |  | 775        | 6,298      |    | 70               | 70        | 775       | 6,298                     |        | 70        | 70                      | 775       | 6,298      |                            | 70        | 70        | 775                   | 6,298      |    | 70        | 70        | 775       | 6,298      |
| Insurance                      | 46,492             | 46,860     |  | 3,777      | 30,836     |    | 521              | 521       | 3,777     | 30,836                    |        | 521       | 521                     | 3,777     | 30,836     |                            | 521       | 521       | 3,777                 | 30,836     |    | 521       | 521       | 3,777     | 30,836     |
| Easements                      | 2,310              | 2,310      |  | -          | 2,310      |    | -                | -         | -         | 2,310                     |        | -         | -                       | -         | 2,310      |                            | -         | -         | -                     | 2,310      |    | -         | -         | -         | 2,310      |
| Employee benefits              | 33,605             | 38,236     |  | 1,749      | 12,612     |    | 158              | 158       | 1,749     | 12,612                    |        | 158       | 158                     | 1,749     | 12,612     |                            | 158       | 158       | 1,749                 | 12,612     |    | 158       | 158       | 1,749     | 12,612     |
| Vehicles                       | 3,928              | 3,649      |  | 34         | 1,364      |    | -                | -         | 34        | 1,364                     |        | -         | -                       | 34        | 1,364      |                            | -         | -         | 34                    | 1,364      |    | -         | -         | -         | 34         |
| Office rent                    | 2,400              | 2,400      |  | -          | 2,400      |    | -                | -         | -         | 2,400                     |        | -         | -                       | -         | 2,400      |                            | -         | -         | -                     | 2,400      |    | -         | -         | -         | 2,400      |
| Office relocation              | -                  | 366        |  | -          | -          |    | -                | -         | -         | -                         |        | -         | -                       | -         | -          |                            | -         | -         | -                     | -          |    | -         | -         | -         | -          |
| Telephone                      | 7,799              | 7,642      |  | -          | 2,919      |    | -                | -         | -         | 2,919                     |        | -         | -                       | -         | 2,919      |                            | -         | -         | -                     | 2,919      |    | -         | -         | -         | 2,919      |
| Refunds                        | 44,076             | 35,862     |  | -          | -          |    | -                | -         | -         | -                         |        | -         | -                       | -         | -          |                            | -         | -         | -                     | -          |    | -         | -         | -         | -          |
| Recoverable charges            | 11,596             | 20,929     |  | 178        | 8,910      |    | -                | -         | 178       | 8,910                     |        | -         | -                       | 178       | 8,910      |                            | -         | -         | 178                   | 8,910      |    | -         | -         | -         | 178        |
| Uniforms                       | 2,479              | 913        |  | -          | -          |    | -                | -         | -         | -                         |        | -         | -                       | -         | -          |                            | -         | -         | -                     | -          |    | -         | -         | -         | -          |
| Elections                      | -                  | 401        |  | -          | -          |    | -                | -         | -         | -                         |        | -         | -                       | -         | -          |                            | -         | -         | -                     | -          |    | -         | -         | -         | -          |
| C&H - JTP OM                   | -                  | -          |  | -          | -          |    | -                | -         | -         | -                         |        | -         | -                       | -         | -          |                            | -         | -         | -                     | -          |    | -         | -         | -         | -          |
| Capital replacement            | 555,458            | 668,588    |  | -          | 555,458    |    | 1,385            | 1,385     | -         | 62,420                    |        | 1,385     | 1,385                   | -         | 62,420     |                            | 1,385     | 1,385     | -                     | 62,420     |    | 1,385     | 1,385     | -         | 62,420     |
| Net pension expenses           | 95,244             | 93,327     |  | -          | 10,047     |    | -                | -         | 995       | 10,047                    |        | -         | -                       | 995       | 10,047     |                            | -         | -         | 995                   | 10,047     |    | -         | -         | -         | 995        |
| Other operating                | 15,889             | 14,523     |  | 19,749     | 883        |    | 929              | 929       | 19,749    | 883                       |        | 929       | 929                     | 19,749    | 883        |                            | 929       | 929       | 19,749                | 883        |    | 929       | 929       | 19,749    | 883        |
| TOTAL OPERATING EXPENSES       | 1,541,819          | 1,685,010  |  | 455,303    | 935,061    |    | 8,673            | 8,673     | 142,779   | 935,061                   |        | 8,673     | 8,673                   | 142,779   | 935,061    |                            | 8,673     | 8,673     | 142,779               | 935,061    |    | 8,673     | 8,673     | 142,779   | 935,061    |
| Operating income (loss)        | \$ 480,057         | \$ 336,718 |  | \$ 84,482  | \$ 499,034 |    | \$ 22,671        | \$ 22,671 | \$ 84,482 | \$ 499,034                |        | \$ 22,671 | \$ 22,671               | \$ 84,482 | \$ 499,034 |                            | \$ 22,671 | \$ 22,671 | \$ 84,482             | \$ 499,034 |    | \$ 22,671 | \$ 22,671 | \$ 84,482 | \$ 499,034 |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT  
CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
JUNE 30, 2016  
(WITH SUMMARIZED INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015)

|   | Department         |                     |                   |                           |                         |                            |                       |                     |                     |  | Totals |  |
|---|--------------------|---------------------|-------------------|---------------------------|-------------------------|----------------------------|-----------------------|---------------------|---------------------|--|--------|--|
|   | Sanitary           |                     |                   |                           |                         | Crockett Reserve Fund      |                       |                     |                     |  |        |  |
|   | Community Services | Recreation          | Maintenance Fund  | Port Costa Operating Fund | Crockett Operating Fund | Crockett Construction Fund | Crockett Reserve Fund | 2016                | 2015                |  |        |  |
| <b>NON-OPERATING REVENUES:</b>                    |                    |                     |                   |                           |                         |                            |                       |                     |                     |  |        |  |
| Taxes   | \$ (6,413)         | \$ 183,898          | \$ -              | \$ -                      | \$ 260,000              | \$ -                       | \$ -                  | \$ 437,485          | \$ 419,398          |  |        |  |
| Grants (Note 5)                                   | -                  | 84,735              | -                 | -                         | 72,259                  | -                          | -                     | 156,994             | 136,191             |  |        |  |
| Cost recovery and other                           | -                  | 7,923               | -                 | -                         | -                       | -                          | -                     | 7,923               | 3,888               |  |        |  |
| Interest  | -                  | 774                 | 139               | -                         | 7,802                   | -                          | -                     | 11,603              | 8,300               |  |        |  |
| <b>TOTAL NON-OPERATING REVENUES</b>               | <b>(6,413)</b>     | <b>277,330</b>      | <b>139</b>        | <b>-</b>                  | <b>340,061</b>          | <b>2,650</b>               | <b>238</b>            | <b>614,005</b>      | <b>567,777</b>      |  |        |  |
| <b>NON-OPERATING EXPENSES:</b>                    |                    |                     |                   |                           |                         |                            |                       |                     |                     |  |        |  |
| Depreciation                                      | 281                | 94,579              | 5,657             | 104,694                   | 179,520                 | -                          | -                     | 384,731             | 388,276             |  |        |  |
| Other   | -                  | 7,743               | -                 | 25,079                    | -                       | -                          | -                     | 32,822              | 23,523              |  |        |  |
| <b>TOTAL NON-OPERATING EXPENSES</b>               | <b>281</b>         | <b>102,322</b>      | <b>5,657</b>      | <b>129,773</b>            | <b>179,520</b>          | <b>-</b>                   | <b>-</b>              | <b>417,553</b>      | <b>411,799</b>      |  |        |  |
| <b>TOTAL NON-OPERATING REVENUES OVER EXPENSES</b> | <b>(6,694)</b>     | <b>175,008</b>      | <b>(5,518)</b>    | <b>(129,773)</b>          | <b>160,541</b>          | <b>2,650</b>               | <b>238</b>            | <b>196,452</b>      | <b>155,978</b>      |  |        |  |
| <b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b> | <b>(6,694)</b>     | <b>48,881</b>       | <b>17,153</b>     | <b>(45,291)</b>           | <b>659,575</b>          | <b>2,650</b>               | <b>234</b>            | <b>676,509</b>      | <b>492,696</b>      |  |        |  |
| <b>CAPITAL CONTRIBUTIONS:</b>                     |                    |                     |                   |                           |                         |                            |                       |                     |                     |  |        |  |
| Transfers in (out)                                |                    |                     |                   |                           |                         |                            |                       |                     |                     |  |        |  |
| Cash  | (307,828)          | 36,395              | 1,813             | 366,504                   | (127,333)               | 30,449                     | -                     | -                   | -                   |  |        |  |
| Capital assets                                    | 307,716            | (110,908)           | 3,649             | (200,792)                 | (6,525)                 | (9)                        | -                     | (6,869)             | -                   |  |        |  |
| <b>CHANGE IN NET POSITION</b>                     | <b>(6,806)</b>     | <b>(25,632)</b>     | <b>22,615</b>     | <b>120,421</b>            | <b>525,717</b>          | <b>33,090</b>              | <b>234</b>            | <b>669,640</b>      | <b>492,696</b>      |  |        |  |
| <b>GASB 68 ADJUSTMENT</b>                         | <b>-</b>           | <b>41,980</b>       | <b>348</b>        | <b>3,847</b>              | <b>27,739</b>           | <b>-</b>                   | <b>-</b>              | <b>73,914</b>       | <b>(96,462)</b>     |  |        |  |
| <b>NET POSITION, BEGINNING OF YEAR, restated</b>  | <b>62,965</b>      | <b>1,756,246</b>    | <b>108,464</b>    | <b>915,620</b>            | <b>4,869,248</b>        | <b>776,759</b>             | <b>66,476</b>         | <b>8,555,778</b>    | <b>8,159,544</b>    |  |        |  |
| <b>NET POSITION, END OF YEAR</b>                  | <b>\$ 56,159</b>   | <b>\$ 1,772,594</b> | <b>\$ 131,427</b> | <b>\$ 1,039,888</b>       | <b>\$ 5,422,704</b>     | <b>\$ 809,849</b>          | <b>\$ 66,710</b>      | <b>\$ 9,299,332</b> | <b>\$ 8,555,778</b> |  |        |  |

See accompanying notes.



## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

STATEMENTS OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016  
(WITH SUMMARIZED INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015)

CASH FLOWS FROM OPERATING ACTIVITIES:

|  | <u>2016</u>    | <u>2015</u>    |
|--|----------------|----------------|
| Increase (Decrease) in net assets  | \$ 669,640     | \$ 492,696     |
| Adjustments to reconcile change in<br>in net assets to net cash provided<br>by operations: |                |                |
| Depreciation and amortization  | 384,729        | 388,276        |
| Changes in certain assets and liabilities:   |                |                |
| Accounts receivable  | 2,752          | (2,751)        |
| Advances of supplemental taxes   | 4,118          | (965)          |
| Prepaid taxes  | 1,948          | (1,948)        |
| Deferred outflows of resources   | (420,065)      |                |
| Accounts payable/warrants payable  | (65,103)       | (56,079)       |
| Payroll liability  | (1,555)        | (137)          |
| Net pension liability  | 394,859        | 78,166         |
| Deferred inflows of resources  | (32,819)       | 32,819         |
| NET CASH PROVIDED BY<br>OPERATING ACTIVITIES   | <u>938,504</u> | <u>930,077</u> |

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

|   |                  |                 |
|---|------------------|-----------------|
| Principal payments                                  | <u>(418,962)</u> | <u>(89,174)</u> |
| NET CASH PROVIDED (USED) BY<br>FINANCING ACTIVITIES | <u>(418,962)</u> | <u>(89,174)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

|   |                  |                  |
|---|------------------|------------------|
| Net (decrease)increase in investments               | (308,815)        | (354,979)        |
| Increase in depreciable assets (Note 3)             | <u>(270,382)</u> | <u>(366,990)</u> |
| NET CASH PROVIDED (USED) BY<br>INVESTING ACTIVITIES | <u>(579,197)</u> | <u>(721,969)</u> |

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| NET (DECREASE) INCREASE IN CASH | (59,655)          | 118,934           |
| CASH, BEGINNING OF YEAR         | 459,021           | 436,549           |
| GASB 68 ADJUSTMENT              | <u>73,914</u>     | <u>(96,462)</u>   |
| CASH, END OF YEAR               | <u>\$ 473,280</u> | <u>\$ 459,021</u> |

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Supplementary cash flow information |                  |                  |
| Cash paid during the year for:      |                  |                  |
| Interest paid on Board Financing    | <u>\$ 54,104</u> | <u>\$ 72,986</u> |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 1 of 14

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o Organization

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

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

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

o Basis of Accounting

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

District operations are accounted using a flow-of-economic-resources method. Specifically, all assets and liabilities associated with operations of its funds are included on the Statement of Net Assets. Net Assets (page 3) are segregated

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 2 of 14

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

o Basis of Accounting (cont'd)

into reserved for future capital projects, invested in capital assets and unreserved components which report increases and decreases in total net assets.

o Budget

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

o Capital Assets

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

The District follows provisions of GASB Statement No. 34 which specifies that capital assets must be reported at original acquisition cost. The District engaged an independent appraiser who estimated the acquisition costs and the related depreciation of buildings, pumping and treatment facilities, and capital improvements. Estimates of sewer facilities acquisition costs were conducted by management but are not depreciated in accordance with generally accepted accounting principles.

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

o Estimates

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

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 3 of 14

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)o Pensions (cont'd)

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - CASH AND INVESTMENTS

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

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

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

|  | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| Crockett Community Services                            | \$ 54,604           | \$ 61,017           |
| Crockett Recreation Department                         | 434,529             | 306,711             |
| Maintenance Department                                 | 131,676             | 108,464             |
| Crockett Sanitary Department                           | 1,793,716           | 1,651,522           |
| Crockett Sanitary - Department<br>Construction Reserve | 809,849             | 776,759             |
| Port Costa Sanitary Department                         | 108,843             | 105,904             |
| Crockett Sanitary - Department<br>Capital Reserve      | 66,710              | 66,476              |
|  | <u>\$ 3,399,927</u> | <u>\$ 3,076,853</u> |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 3 - CAPITAL ASSETS

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

|                                | Fixed Assets         |                   | Balance<br>7/1/15    | Balance<br>6/30/16  | Accumulated Depreciation |                              | Net Assets<br>6/30/16 |
|--------------------------------|----------------------|-------------------|----------------------|---------------------|--------------------------|------------------------------|-----------------------|
|                                | Balance<br>7/1/15    | Additions         |                      |                     | Balance<br>7/1/15        | Current Year<br>Depreciation |                       |
| <b>COMMUNITY SERVICES</b>      |                      |                   |                      |                     |                          |                              |                       |
| Community Services             | \$ 255,334           | \$ -              | \$ 255,334           | \$ 252,222          | \$ 281                   | \$ 252,503                   | \$ 2,831              |
| Maintenance Department:        |                      |                   |                      |                     |                          |                              |                       |
| Plaza/street lighting          | 604,921              | -                 | 604,921              | 288,498             | 13,442                   | 301,940                      | 302,981               |
| Fences                         | 93,082               | -                 | 93,082               | 13,746              | 2,068                    | 15,814                       | 77,268                |
|                                | 698,003              | -                 | 698,003              | 302,244             | 15,510                   | 317,754                      | 380,249               |
| Recreation Dept.:              |                      |                   |                      |                     |                          |                              |                       |
| Outdoor facilities             | 1,231,121            | 14,606            | 1,245,727            | 660,673             | 61,921                   | 722,594                      | 523,133               |
| Swimming pool remodel          | 611,419              | 1,852             | 613,271              | 120,365             | 30,617                   | 150,982                      | 462,289               |
| Capital equipment              | 40,338               | 963               | 41,301               | 16,843              | 2,041                    | 18,884                       | 22,417                |
|                                | 1,882,878            | 17,421            | 1,900,299            | 797,881             | 94,579                   | 892,460                      | 1,007,839             |
|                                | 2,836,215            | 17,421            | 2,853,636            | 1,352,347           | 110,370                  | 1,462,717                    | 1,390,919             |
| <b>PORT COSTA SANITARY</b>     |                      |                   |                      |                     |                          |                              |                       |
| Land                           | 181                  | -                 | 181                  | -                   | -                        | -                            | 181                   |
| Treatment plant                | 212,392              | 29,208            | 241,600              | 13,310              | 3,492                    | 16,802                       | 224,798               |
| Building & improvements        | 943,697              | -                 | 943,697              | 323,996             | 47,185                   | 371,181                      | 572,516               |
| Long-term debt-treatment plant | 1,080,513            | -                 | 1,080,513            | 373,628             | 54,026                   | 427,654                      | 652,859               |
|                                | 2,236,783            | 29,208            | 2,265,991            | 710,934             | 104,703                  | 815,637                      | 1,450,354             |
| <b>SANITARY DEPT.</b>          |                      |                   |                      |                     |                          |                              |                       |
| Land                           | 1,712                | -                 | 1,712                | -                   | -                        | -                            | 1,712                 |
| Office equipment               | 18,762               | -                 | 18,762               | 18,762              | -                        | 18,762                       | -                     |
| Capital equipment              | 106,810              | -                 | 106,810              | 106,810             | -                        | 106,810                      | -                     |
| Pump/treatment plant           | 3,025,177            | 8,129             | 3,033,306            | 2,802,803           | 86,496                   | 2,889,299                    | 144,007               |
| Sewers                         | 6,520,114            | 215,625           | 6,735,739            | 2,920,490           | 83,160                   | 3,003,650                    | 3,732,089             |
|                                | 9,672,575            | 223,754           | 9,896,329            | 5,848,865           | 169,656                  | 6,018,521                    | 3,877,808             |
| <b>TOTALS</b>                  | <b>\$ 14,745,573</b> | <b>\$ 270,383</b> | <b>\$ 15,015,956</b> | <b>\$ 7,912,146</b> | <b>\$ 384,729</b>        | <b>\$ 8,296,875</b>          | <b>\$ 6,719,081</b>   |

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 4 - NON-CURRENT LIABILITIES

At June 30, 2016, the District had the following non-current liabilities:

(a) State Revolving Loan Fund

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

|                              |                  |
|------------------------------|------------------|
| Loan balance at 6/30/16      | \$ 42,370        |
| Current portion of principal | <u>(6,641)</u>   |
|                              | \$ <u>35,729</u> |

(b) State Revolving Loan Fund

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

|                              |                   |
|------------------------------|-------------------|
| Loan balance at 6/30/16      | \$ 227,609        |
| Current portion of principal | <u>(30,785)</u>   |
|                              | \$ <u>196,824</u> |

(c) Municipal Finance Corporation

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

|                              |                   |
|------------------------------|-------------------|
| Loan balance at 6/30/16      | \$ 449,731        |
| Current portion of principal | <u>(33,365)</u>   |
|                              | \$ <u>416,366</u> |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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

(d) This loan was paid off in December 2015.

In summary, the above liabilities are:

|                  | <u>Non-current</u> | <u>Current</u>   |
|------------------|--------------------|------------------|
| <u>Crockett:</u> |                    |                  |
| Loan (a)         | \$ 35,730          | \$ 6,641         |
| Loan (b)         | 196,824            | 30,785           |
| Loan (c)         | <u>416,366</u>     | <u>33,365</u>    |
|                  | <u>\$ 648,920</u>  | <u>\$ 70,791</u> |

NOTE 5 - GRANTS

Grants totaling \$ 156,994 were received during the year.

NOTE 6 - PENSION PLANS

Plan Description

The public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively, individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors in each risk pool.

PERF C was established to provide retirement, death and disability benefits to public agencies' rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30,

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - PENSION PLANS (CONT'D)

Plan Description (cont'd)

2014 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website.

Basis of Presentation and Basis of Accounting

Employers participating in the Plan are required to report pension information in their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Schedules of Employer Allocations by Rate Plan of the miscellaneous and safety risk pools and Schedule of Collective Pension Amounts (the Schedules) provide employers with certain required information for financial reporting related to CalPERS pensions.

The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, CalPERS adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB).

Allocation of Pension Amounts to Individual Employer Rate Plan

CalPERS has prepared separate GASB 68 Accounting Valuation Reports for the miscellaneous risk pool and the safety risk pool. The Schedules of employer allocations provide allocation factors by rate plan for rate plans within the miscellaneous and safety risk pools based on the following allocation methodology:

The schedules of employer allocation by rate plan include three ratios:

1. *Actuarial Accrued Liability* - Determined based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2014 used for funding purposes.



CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - PENSION PLANS (CONT'D)

Allocation of Pension Amounts to Individual Employer Rate Plan (cont'd)

2. *Market Value of Assets* - Determined based on the sum of the Market Value of Assets (MVA) from the most recent Actuarial Valuation as of June 30, 2014 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.
3. *Contributions* - Determined based on the legally or statutorily required employer contributions for the fiscal year ended June 30, 2015, including reported contribution adjustments and suspended payroll information. Legally or statutorily required employer contributions were determined by multiplying the employer's contribution rate by the annual benefit compensation (payroll) for the fiscal year and excluding payments for benefit improvements known as Golden Handshakes, which CalPERS considers to be separately financed employer-specific liabilities.

When applying the allocation methodology to the collective miscellaneous or safety risk pool pension amounts, employers should determine proportionate shares for individual rate plans using the employer rate plan allocation factors as follows:

1. *Total Pension Liability (TPL)* - Allocate based on the rate plan's share of the Actuarial Accrued Liability.
2. *Fiduciary Net Position (FNP)* - Allocate based on the rate plan's share of the Market Value of Assets.
3. *Net Pension Liability* - After completing the above calculations, subtract (or deduct) FNP from TPL to calculate the individual rate plan's Net Pension Liability.
4. *Deferred Outflows of Resources, Deferred Inflows of Resources, and Pension Expense* - Allocate based on the rate plan's share of Contributions.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - PENSION PLANS (CONT'D)

Allocation of Pension Amounts to Individual Employer Rate Plan (cont'd)

Employers should add the proportionate share percentages of their respective miscellaneous and safety rate plans to determine the employer's total proportion of the related miscellaneous and safety risk pools, and apply those proportionate share percentages to the appropriate pension amounts reported in the Schedule of Collective Pension Amounts.

An employer's proportionate share of pension amounts for PERF C equals the sum of the proportionate shares of pension amounts for the employer's respective miscellaneous and safety rate plans.

Use of Estimates in the Preparation of Financial Schedules

The preparation of the Schedules in conformity with U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The components of the net pension liability of PERF C as of June 30, 2015 are as follows (dollars expressed in thousands):

|                                    |                     |
|------------------------------------|---------------------|
| Total pension liability            | \$ 31,771,217       |
| Less: Plan fiduciary net position  | <u>24,907,306</u>   |
| Net pension liability of employers | \$ <u>6,863,911</u> |

The total pension liability above reported for PERF C differs from the amount reported in the CalPERS Comprehensive Annual Financial Report (CAFR) as of and for the fiscal year ended June 30, 2015 as it reflects adjustments totaling approximately \$ 29 million for GASB 68 accounting and reporting purposes, which was deemed immaterial to CalPERS audited financial statements as of and for the fiscal year ended June 30, 2015.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - PENSION PLANS (CONT'D)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (cont'd)

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability determined in the June 30, 2014 actuarial accounting valuation. The June 30, 2015 total pension liability was based on the following actuarial methods and assumptions:

|                         |   |
|-------------------------|---|
| Actuarial Cost Method   | Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions   |   |
| Discount Rate           | 7.65%   |
| Inflation               | 2.75%   |
| Salary increases        | Varies by Entry Age and Service   |
| Mortality Rate Table    | Derived using CalPERS' Membership Data for all Funds                          |
| Post Retirement Benefit | Contract COLA up to 2.75% until Purchasing Power                              |
| Increase                | Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter      |

The morality 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 detail on the table, please refer to the 2015 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of any actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be found on CalPERS' website under Forms and Publications.

Change of Assumption

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - PENSION PLANS (CONT'D)

Change of Assumption (cont'd)

discount rate was changed from 7.50 percent (net of administrative expense in 2015) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on CalPERS' website under the GASB 68 section.

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, 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. The expected rate of return was set by calculating the single equivalent expected return that arrived at the

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - PENSION PLANS (CONT'D)Discount Rate (cont'd)

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 long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report of the fiscal year ended June 30, 2015.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

|  |   |
|--|---|
| Net difference between projected and actual earnings on pension plan investments | 5-year straight-line amortization   |
| All other amounts  | Straight-line amortization over the expected average remaining service lifetime (EARS <sub>L</sub> ) of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period |

The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - PENSION PLANS (CONT'D)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Projected and Actual Investment Earnings on Pension Plan Investments at the measurement date is to be amortized over the remaining four-year period. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the EARSLS of members provided with pensions through the Plan. The EARSLS for PERF C for the June 30, 2015 measurement date is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of all active employees) by 122,410 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The Schedule of Collective Pension Amounts does not reflect employer-specific amounts such as changes in proportion, differences between actual employer contributions and employers' proportionate shares of contributions, and employer contributions to PERF C subsequent to the measurement date as defined in GASB Statement No. 68 paragraphs 54, 55, and 57. Appropriate treatment of such amounts is the responsibility of the employers.

Additional Financial and Actuarial Information

Additional financial and actuarial information required for GASB Statement No. 68 disclosures is located in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015, and the CalPERS' GASB 68 Accounting Valuation Reports for the public agency miscellaneous and safety risk pools, which can be found in CalPERS' website.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 7 - PROFESSIONAL SERVICES

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

NOTE 8 - RESERVED FOR FUTURE CAPITAL PROJECTS

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

NOTE 9 - LEASE COMMITMENTS

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

NOTE 10 - EVALUATION OF SUBSEQUENT EVENTS

The Crockett Community Services District has evaluated subsequent events through August 10, 2016, the date which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



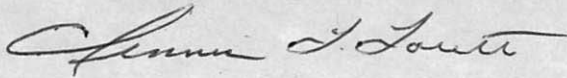
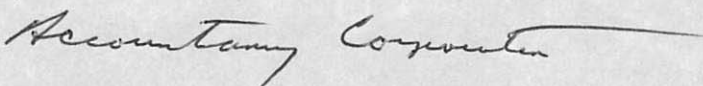
CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Crockett Community Services District as of and for the year ended June 30, 2016, and have issued our report thereon dated August 10, 2016 contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DENNIS L. LORETTE  
ACCOUNTANCY CORPORATION  
Pinole, California  
August 10, 2016

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

BOARD OF DIRECTORS AND MANAGEMENT

JUNE 30, 2016

Frank Brosnan, Director

Harold Burnett, Vice-President

Fred Clerici, Director

Alicia Johnson, Director

John MacKenzie, President

GENERAL MANAGER

Dale A. McDonald

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

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

Page 1 of 2

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Crockett Community Services District (CCSD) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise CCSD's basic financial statements, and have issued our report thereon dated August 10, 2016.

Internal Control Over Financial Reporting

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

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

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

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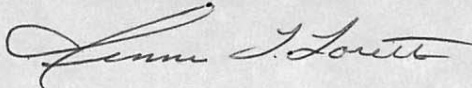
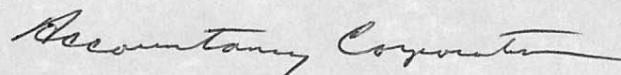
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not 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 CCSD's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 CCSD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCSD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DENNIS L. LORETTE  
ACCOUNTANCY CORPORATION  
Pinole, California  
August 10, 2016

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

There were no material audit findings in prior years.