

CROCKETT COMMUNITY SERVICES DISTRICT
CROCKETT, CALIFORNIA

REPORT ON FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2018
(WITH SUMMARIZED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017)

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 2018, 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 December 11, 2017 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 entity's preparation and fair presentation of the

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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.

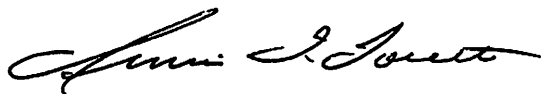

We believe that our audit provides a reasonable basis for our opinion.

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 December 13, 2018 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 audit.

DENNIS L. LORETTE
ACCOUNTANCY CORPORATION
Pinole, California
December 13, 2018

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF FUND NET POSITION
 JUNE 30, 2018
 (WITH SUMMARIZED INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2017)

| | Department | | | | | | | Totals | |
|---|--------------------|---------------------|-------------------|---------------------------|-------------------------|----------------------------|-----------------------|----------------------|----------------------|
| | Community Services | Recreation | Maintenance Fund | Port Costa Operating Fund | Sanitary | | | | |
| | | | | | Crockett Operating Fund | Crockett Construction Fund | Crockett Reserve Fund | | |
| ASSETS: | | | | | | | | | |
| Cash (Note 2) | \$ 60,178 | \$ 63,757 | \$ 28,527 | \$ 105,638 | \$ 173,591 | \$ 17,392 | \$ 281 | \$ 449,364 | \$ 931,752 |
| Investments (Note 2) | - | 437,495 | 126,317 | - | 2,254,386 | 854,350 | 67,643 | 3,740,191 | 2,951,350 |
| Intercompany loan receivable | - | - | - | - | 367,895 | - | - | 367,895 | 456,853 |
| Prepaid - Worker's compensation | 1,215 | - | - | - | - | - | - | 1,215 | - |
| Capital assets, net | - | 1,554,210 | - | 1,360,658 | 4,037,899 | - | - | 6,952,767 | 6,734,697 |
| TOTAL ASSETS | \$ 61,393 | \$ 2,055,462 | \$ 154,844 | \$ 1,466,296 | \$ 6,833,771 | \$ 871,742 | \$ 67,924 | \$ 11,511,432 | \$ 11,074,652 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | | |
| Pension deferrals (Estimate-Note 6) | \$ 46,394 | - | - | - | - | - | - | \$ 46,394 | \$ 29,181 |
| LIABILITIES: | | | | | | | | | |
| Accounts payable | \$ - | \$ 3,380 | \$ - | \$ 115,740 | \$ - | \$ - | \$ - | \$ 119,120 | \$ 115,608 |
| Intercompany loan payable | - | - | - | 367,895 | - | - | - | 367,895 | 456,853 |
| Non-current liabilities: | | | | | | | | | |
| Due within one year | - | - | - | - | 75,684 | - | - | 75,684 | 72,937 |
| Due in more than one year | - | - | - | - | 500,792 | - | - | 500,792 | 576,476 |
| Net pension liability (Estimate-Note 6) | 154,528 | - | - | - | - | - | - | 154,528 | 99,485 |
| TOTAL LIABILITIES | \$ 154,528 | \$ 3,380 | \$ - | \$ 483,635 | \$ 576,476 | \$ - | \$ - | \$ 1,218,019 | \$ 1,321,359 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | | | |
| Pension deferrals (Estimate-Note 6) | - | 1,532 | - | 314 | 3,175 | - | - | 5,022 | - |
| NET POSITION: | | | | | | | | | |
| Reserved for future capital projects | \$ - | \$ - | \$ 175,813 | \$ - | \$ 408,492 | \$ 833,740 | \$ 67,138 | \$ 1,485,183 | \$ 1,485,183 |
| Net investment in capital assets | - | 1,709,150 | - | 1,038,555 | 3,512,729 | - | - | 6,260,434 | 6,260,434 |
| Unrestricted | (46,741) | 341,400 | (20,969) | (56,208) | 2,332,899 | 38,002 | 786 | 2,589,169 | 2,036,857 |
| TOTAL NET POSITION | \$ (46,741) | \$ 2,050,550 | \$ 154,844 | \$ 982,347 | \$ 6,254,120 | \$ 871,742 | \$ 67,924 | \$ 10,334,786 | \$ 9,782,474 |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 JUNE 30, 2018
 (WITH SUMMARIZED INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2017)

| | Department | | | | | | | Totals | |
|---------------------------------|--------------------|-------------------|------------------|---------------------------|-------------------------|----------------------------|-----------------------|---------------------|---------------------|
| | Community Services | Recreation | Maintenance Fund | Port Costa Operating Fund | Crockett Operating Fund | Crockett Construction Fund | Crockett Reserve Fund | 2018 | 2017 |
| OPERATIONS: | | | | | | | | | |
| Revenues: | | | | | | | | | |
| Cost recovery | \$ - | \$ 6,960 | \$ - | \$ - | \$ 14,305 | \$ - | \$ - | \$ 21,265 | \$ 15,884 |
| Facilities rent | - | 163,658 | - | - | - | - | - | 163,658 | 160,185 |
| Senior outreach | - | 5,200 | - | - | - | - | - | 5,200 | 5,200 |
| Outside classes/programs | - | 1,320 | - | - | - | - | - | 1,320 | 4,624 |
| Damage/cleaning deposits | - | 32,998 | - | - | - | - | - | 32,998 | 39,524 |
| Pool/rents/concessions/lessons | - | 28,099 | - | - | - | - | - | 28,099 | 33,078 |
| Security services | - | 10,213 | - | - | - | - | - | 10,213 | 8,960 |
| Cleaning services | - | 4,592 | - | - | - | - | - | 4,592 | 3,914 |
| Aquatic programs | - | 60,425 | - | - | - | - | - | 60,425 | 53,888 |
| Donations-restricted | - | 2,010 | 26,000 | - | - | - | - | 28,010 | 29,632 |
| Donations-operations | - | 150 | 7,900 | - | - | - | - | 8,050 | 747 |
| Grants temporarily restricted | - | - | - | - | - | - | - | - | 43,540 |
| Sewer use charges | - | - | - | 237,236 | 1,467,417 | - | - | 1,704,653 | 1,686,530 |
| Permit service fees | - | - | - | - | 3,240 | - | - | 3,240 | 2,640 |
| Capacity charges | - | - | - | - | 17,784 | - | - | 17,784 | 4,850 |
| Parking fines | - | 1,593 | - | - | - | - | - | 1,593 | 559 |
| Miscellaneous | - | 1,055 | - | - | 199 | - | - | 1,254 | 2,553 |
| TOTAL OPERATING REVENUES | \$ - | \$ 318,273 | \$ 33,900 | \$ 237,236 | \$ 1,502,945 | \$ - | \$ - | \$ 2,092,354 | \$ 2,096,308 |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

JUNE 30, 2018

(WITH SUMMARIZED INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017)

| | Department | | | | | | | Totals | |
|---------------------------------|--------------------|----------------|------------------|---------------------------|-------------------------|----------------------------|-----------------------|------------------|------------------|
| | Community Services | Recreation | Maintenance Fund | Sanitary | | | Crockett Reserve Fund | 2018 | 2017 |
| | | | | Port Costa Operating Fund | Crockett Operating Fund | Crockett Construction Fund | | | |
| Operating Expenses: | | | | | | | | | |
| Salaries and wages | \$ - | \$ 170,794 | \$ 2,085 | \$ 14,737 | \$ 93,817 | \$ - | \$ - | \$ 281,433 | \$ 288,567 |
| Maintenance and repairs | - | 83,239 | 3,686 | 95,387 | 144,415 | - | - | 326,727 | 322,184 |
| Memberships | - | 412 | - | - | 4,764 | - | - | 5,176 | 11,482 |
| Program supplies | - | 5,617 | - | - | - | - | - | 5,617 | 4,664 |
| Office | - | 4,652 | 58 | 193 | 4,076 | - | - | 8,979 | 11,025 |
| Professional services (Note 7) | - | 16,598 | 26 | 9,023 | 14,231 | - | - | 39,878 | 39,379 |
| Printing/publications | - | 721 | - | 1,393 | 780 | - | - | 2,894 | 3,515 |
| Training/travel | - | 1,853 | - | - | 821 | - | - | 2,674 | 1,829 |
| Food concession supplies | - | 5,677 | - | - | - | - | - | 5,677 | 5,660 |
| Utilities | - | 50,587 | 272 | 3,694 | 30,830 | - | - | 85,383 | 87,749 |
| County charges | - | 5,478 | 7 | 557 | 5,959 | 55 | 4 | 12,060 | 12,180 |
| Insurance | - | 13,487 | 551 | 4,137 | 30,445 | - | - | 48,620 | 47,838 |
| Easements | - | - | - | - | 2,392 | - | - | 2,392 | 2,338 |
| Employee benefits | - | 25,523 | 250 | 1,693 | 12,805 | - | - | 40,271 | 34,218 |
| Vehicles | - | 2,200 | - | 26 | 876 | - | - | 3,102 | 3,454 |
| Office rent | - | - | - | - | 2,400 | - | - | 2,400 | 2,400 |
| Telephone | - | 4,708 | - | - | 4,961 | - | - | 9,669 | 10,140 |
| Refunds | - | 42,910 | - | - | - | - | - | 42,910 | 44,357 |
| Recoverable charges | - | 2,397 | 71 | - | 9,486 | - | - | 11,954 | 21,178 |
| Uniforms | - | 1,629 | - | - | - | - | - | 1,629 | 2,285 |
| Elections | - | - | - | 28 | - | - | - | 28 | 413 |
| C&H - JTP OM | - | - | - | - | 663,217 | - | - | 663,217 | 733,267 |
| Capital replacement | - | 28,566 | - | 8,892 | 51,620 | - | - | 89,078 | 105,645 |
| Law enforcement penalty | - | - | - | - | - | - | - | - | 21,000 |
| Net pension expense | 42,852 | - | - | - | - | - | - | 42,852 | 19,380 |
| Other operating | - | 9,428 | 30 | 4,873 | 2,903 | - | - | 17,234 | 11,831 |
| TOTAL OPERATING EXPENSES | 42,852 | 476,476 | 7,036 | 144,633 | 1,080,798 | 55 | 4 | 1,751,854 | 1,847,978 |
| Operating income (loss) | \$ (42,852) | \$ (158,203) | \$ 26,864 | \$ 92,603 | \$ 422,147 | \$ (55) | \$ (4) | \$ 340,500 | \$ 248,330 |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 JUNE 30, 2018
 (WITH SUMMARIZED INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2017)

| | Department | | | | | | | Totals | |
|---|--------------------|---------------------|-------------------|---------------------------|-------------------------|----------------------------|-----------------------|----------------------|---------------------|
| | Community Services | Recreation | Maintenance Fund | Port Costa Operating Fund | Crockett Operating Fund | Sanitary | | 2017 | 2016 |
| | | | | | | Crockett Construction Fund | Crockett Reserve Fund | | |
| NON-OPERATING REVENUES: | | | | | | | | | |
| Taxes | \$ 345,816 | \$ 136,180 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 481,996 | \$ 460,677 |
| Grants (Note 5) | - | 48,695 | 6,000 | - | 51,700 | - | - | 106,395 | 122,248 |
| Cost recovery and other | - | 11,704 | 5,900 | - | 11,030 | - | - | 28,634 | 85,396 |
| Interest | - | 4,148 | 1,475 | - | 32,154 | 10,573 | - | 48,350 | 28,395 |
| TOTAL NON-OPERATING REVENUES | 345,816 | 200,727 | 13,375 | - | 94,884 | 10,573 | - | 665,375 | 696,716 |
| NON-OPERATING EXPENSES: | | | | | | | | | |
| Depreciation | - | 114,663 | - | 105,245 | 179,439 | - | - | 399,347 | 390,306 |
| Interest expense | - | - | - | 26,153 | - | - | - | 26,153 | - |
| Other | - | 9,164 | 5,900 | - | - | - | - | 15,064 | 73,301 |
| TOTAL NON-OPERATING EXPENSES | - | 123,827 | 5,900 | 131,398 | 179,439 | - | - | 440,564 | 463,607 |
| TOTAL NON-OPERATING REVENUES OVER EXPENSES | 345,816 | 76,900 | 7,475 | (131,398) | (84,555) | 10,573 | - | 224,811 | 233,109 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | 302,964 | (81,303) | 34,339 | (38,795) | 337,592 | 10,518 | (4) | 565,311 | 481,439 |
| CAPITAL CONTRIBUTIONS: | | | | | | | | | |
| Transfers in (out) | | | | | | | | | |
| Cash | (342,000) | 27,820 | 2,586 | (16,542) | 328,136 | - | - | - | - |
| Capital assets | 16,667 | 294,803 | (57,894) | 142,179 | (423,859) | 27,484 | 790 | 170 | - |
| CHANGE IN NET POSITION | (22,369) | 241,320 | (20,969) | 86,842 | 241,869 | 38,002 | 786 | 565,481 | 481,439 |
| PRIOR PERIOD ADJUSTMENTS | (13,169) | - | - | - | - | - | - | (13,169) | - |
| NET POSITION, BEGINNING OF YEAR, restated | (11,203) | 1,809,230 | 175,813 | 895,505 | 6,012,251 | 833,740 | 67,138 | 9,782,474 | 9,262,275 |
| NET POSITION, END OF YEAR | \$ (46,741) | \$ 2,050,550 | \$ 154,844 | \$ 982,347 | \$ 6,254,120 | \$ 871,742 | \$ 67,924 | \$ 10,334,786 | \$ 9,782,474 |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF CASH FLOWS
 YEAR ENDED JUNE 30, 2018
 (WITH SUMMARIZED INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2017)

CASH FLOWS FROM OPERATING ACTIVITIES:

| | <u>2018</u> | <u>2017</u> |
|--|------------------|-----------------|
| Increase (Decrease) in net assets | \$ 565,481 | \$ 500,819 |
| Adjustments to reconcile change in net assets to net cash provided by operations: | | |
| Depreciation and amortization | 399,347 | 390,309 |
| Changes in certain assets and liabilities: | | |
| Prepaid Worker's compensation | (1,215) | - |
| Accounts payable/warrants payable | 3,610 | 67,049 |
| Payroll liability | - | 1,555 |
| Net pension liability | 54,944 | 33,380 |
| Deferred inflows of resources | 5,022 | (23,912) |
| Deferred outflows of resources | <u>(17,213)</u> | <u>(29,181)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>1,009,976</u> | <u>940,019</u> |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | | |
|--|-----------------|-----------------|
| Principal payments | <u>(72,937)</u> | <u>(70,299)</u> |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | <u>(72,937)</u> | <u>(70,299)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | | |
|---|--------------------|-------------------|
| Net decrease (increase) in investments | (788,841) | (24,703) |
| Increase in depreciable assets (Note 3) | <u>(617,417)</u> | <u>(405,925)</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>(1,406,258)</u> | <u>(430,628)</u> |
| NET (DECREASE) INCREASE IN CASH | (469,219) | 439,092 |
| CASH, BEGINNING OF YEAR | 931,752 | 473,280 |
| PRIOR PERIOD ADJUSTMENTS | <u>(13,169)</u> | <u>19,380</u> |
| CASH, END OF YEAR | <u>\$ 449,364</u> | <u>\$ 931,752</u> |
| Supplementary cash flow information | | |
| Cash paid during the year for: | | |
| Interest paid on Board Financing | <u>\$ 26,153</u> | <u>\$ 41,246</u> |

See accompanying notes.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 1 of 16

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 2 of 16

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

o Budget

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

o Capital Assets

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

The District follows provisions of GASB Statement No. 34 which specifies that capital assets must be reported at original acquisition cost. The District engaged an independent appraiser who estimated the acquisition costs and the related depreciation of buildings, pumping and treatment facilities, and capital improvements. 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.

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.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 3 of 16

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>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Crockett Community Services | \$ 60,178 | \$ 59,101 |
| Crockett Recreation Department | 63,757 | 89,124 |
| Crockett Recreation Department-investments | 437,495 | 387,246 |
| Maintenance Department | 28,527 | 50,971 |
| Maintenance Department-investments | 126,317 | 124,842 |
| Crockett Sanitary Department | 173,591 | 533,607 |
| Crockett Sanitary Department-investments | 2,254,386 | 1,633,305 |
| Crockett Sanitary Department-reserve | 871,742 | 833,740 |
| Port Costa Sanitary Department | 105,638 | 104,028 |
| Crockett Sanitary Department-capital reserve | <u>67,924</u> | <u>67,138</u> |
| | <u>\$ 4,189,555</u> | <u>\$ 3,883,102</u> |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

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

| | Fixed Assets | | | Accumulated Depreciation | | | Net Assets 6/30/18 |
|--------------------------------|----------------------|-------------------|----------------------|--------------------------|------------------------------|---------------------|-----------------------|
| | Balance 7/1/17 | Additions | Balance 6/30/18 | Balance 7/1/17 | Current year Depreciation | Balance 6/30/18 | |
| COMMUNITY SERVICES | | | | | | | |
| Community Services | \$ 255,334 | \$ - | \$ 255,334 | \$ 252,784 | \$ 281 | \$ 253,065 | \$ 2,269 |
| Maintenance Department: | | | | | | | |
| Plaza/street lighting | 572,354 | - | 572,354 | 314,659 | 12,719 | 327,378 | 244,976 |
| Fences | 93,082 | - | 93,082 | 17,882 | 2,068 | 19,950 | 73,132 |
| Memorial Hall | 63,783 | 55,308 | 119,091 | 1,132 | 2,032 | 3,164 | 115,927 |
| | 729,219 | 55,308 | 784,527 | 333,673 | 16,819 | 350,492 | 434,035 |
| Recreation Dept.: | | | | | | | |
| Outdoor facilities | 1,271,604 | 41,238 | 1,312,842 | 785,527 | 64,611 | 850,138 | 462,704 |
| Swimming pool remodel | 613,271 | - | 613,271 | 181,646 | 30,664 | 212,310 | 400,961 |
| Capital equipment | 41,301 | 8,915 | 50,216 | 20,949 | 2,288 | 23,237 | 26,979 |
| | 1,926,176 | 50,153 | 1,976,329 | 988,122 | 97,563 | 1,085,685 | 890,644 |
| | 2,910,729 | 105,461 | 3,016,190 | 1,574,579 | 114,663 | 1,689,242 | 1,326,948 |
| PORT COSTA SANITARY | | | | | | | |
| Land | 181 | - | 181 | - | - | - | 181 |
| Treatment plant | 256,950 | 10,511 | 267,461 | 20,637 | 4,034 | 24,671 | 242,790 |
| Building & improvements | 943,697 | - | 943,697 | 418,366 | 47,185 | 465,551 | 478,146 |
| Long-term debt-treatment plant | 1,080,513 | - | 1,080,513 | 481,680 | 54,026 | 535,706 | 544,807 |
| | 2,281,341 | 10,511 | 2,291,852 | 920,683 | 105,245 | 1,025,928 | 1,265,924 |
| SANITARY DEPT. | | | | | | | |
| 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 | 3,108,992 | 7,296 | 3,116,288 | 2,976,547 | 88,932 | 3,065,479 | 50,809 |
| Sewers | 6,993,535 | 494,149 | 7,487,684 | 3,089,803 | 90,507 | 3,180,310 | 4,307,374 |
| | 10,229,811 | 501,445 | 10,731,256 | 6,191,922 | 179,439 | 6,371,361 | 4,359,895 |
| TOTALS | \$ 15,421,881 | \$ 617,417 | \$ 16,039,298 | \$ 8,687,184 | \$ 399,347 | \$ 9,086,531 | \$ 6,952,767 |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 4 - NON-CURRENT LIABILITIES

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

(a) State Revolving Loan Fund (Construction Financing)

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

| | |
|------------------------------|------------------|
| Loan balance at 6/30/18 | \$ 28,911 |
| Current portion of principal | <u>(6,973)</u> |
| | <u>\$ 21,938</u> |

(b) State Revolving Loan Fund (Construction Financing)

On December 9, 2002 and July 2, 2003, CCSD borrowed a total of \$ 553,065 from the State of California-State 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 6/30/18 | \$ 166,849 |
| Current portion of principal | <u>(31,616)</u> |
| | <u>\$ 135,233</u> |

(c) Municipal Finance Corporation (Other)

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

| | |
|------------------------------|-------------------|
| Loan balance at 6/30/18 | \$ 380,717 |
| Current portion of principal | <u>(37,096)</u> |
| | <u>\$ 343,621</u> |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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

The following schedule summarizes principal amounts due on these notes:

| | <u>State Revolving Loan Fund</u> | <u>State Water Resourced Control Board</u> | <u>Municipal Finance Corporation</u> | <u>Totals</u> |
|-----------------|--|--|--|-------------------|
| 6/30/2019 | \$ 6,973 | \$ 31,616 | \$ 37,095 | \$ 75,684 |
| 6/29/2001 | 7,140 | 32,469 | 38,936 | 78,545 |
| 6/29/2021 | 7,311 | 33,346 | 40,868 | 81,525 |
| 6/29/2022 | 7,487 | 34,247 | 42,894 | 84,628 |
| 6/29/2023 | - | 35,171 | 45,021 | 80,192 |
| Thereafter | - | - | <u>175,903</u> | <u>175,903</u> |
| | 28,911 | 166,849 | 380,717 | 576,477 |
| Current Portion | <u>(6,973)</u> | <u>(31,616)</u> | <u>(37,095)</u> | <u>(75,684)</u> |
| | <u>\$ 21,938</u> | <u>\$ 135,233</u> | <u>\$ 343,622</u> | <u>\$ 500,793</u> |
| Interest Paid | | | | |
| for the Year | <u>\$ 858</u> | <u>\$ 5,336</u> | <u>\$ 19,959</u> | <u>\$ 26,153</u> |

NOTE 5 - GRANTS

Grants totaling \$ 106,395 were received during the year.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

In prior years our firm hired and paid for an outside contractor to compute the pension liability. We declined this approach this year, instead we estimated the amounts for 2018 based on the latest GASB 68 Accounting Valuation Report.

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Crockett Community Services District. The Crockett Community Services District's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Misc.). The Crockett Community Services District does not have any rate plans in the safety risk pool.

Benefits Provided

The Plan 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. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

Employer Rate Plans in the Miscellaneous Risk Pool

| <u>Employer rate plan</u> | <u>Miscellaneous</u> | <u>EPERA Misc.</u> |
|---|------------------------------|------------------------------------|
| | Prior to January 01, 2013 | On or after January 01, 2013 |
| Hire Date | | |
| Benefit formula | 2.0% @ 60 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50 | 52 |
| Monthly benefits, as of % of eligible compensation | 1.092% to 2.418% | 1.0% to 2.5% |
| Required employee contribution rates | 6.886% | 6.250% |
| Required employer Contribution rates | 7.159% | 6.555% |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The Crockett Community Services District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Crockett Community Services District's contributions to the risk pools in the Plan for the year ended June 30, 2018, were as follows:

| | <u>Contributions</u> |
|-------------------------|----------------------|
| Miscellaneous Risk Pool | \$ 14,059 |
| Safety Rick Pool | <u>0</u> |
| Total contributions | <u>\$ 14,059</u> |

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

As of June 30, 2018, Crockett Community Services District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

| | <u>Proportionate Share of Net Pension Liability</u> |
|-----------------------------|---|
| Miscellaneous Risk Pool | \$ 154,528 |
| Safety Rick Pool | <u>0</u> |
| Total net pension liability | <u>\$ 154,528</u> |

- * The proportionate share of the total NPL to each of the enterprise and internal service funds is not being allocated because it is deemed to have an immaterial effect on the financial statements.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont'd)

The Crockett Community Services District's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The Crockett Community Services District's proportionate share of the net pension liability as of June 30, 2016, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2016. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Crockett Community Services District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Crockett Community Services District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Crockett Community Services District's proportionate share of the net pension liability as of June 30, 2017, the measurement date, was calculated as follows:

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont'd)

Each risk pool's total pension liability was computed at the measurement date, June 30, 2017, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2016, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2017, was calculated by applying Crockett Community Services District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2017, to obtain the total pension liability and fiduciary net position as of June 30, 2017. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The Crockett Community Services District's proportionate share percentage of the net pension liability for each risk pool as of June 30, 2016, and June 30, 2017, was as follows:

| | <u>Miscellaneous Risk Pool</u> |
|--|------------------------------------|
| Proportion at measurement date - June 30, 2016 | 0.002867% |
| Proportion at measurement date - June 30, 2017 | 0.003920% |
| Change - increase (decrease) | 0.001053% |

For the year ended June 30, 2018, the Crockett Community Services District recognized pension expense of (\$ 42,854). At June 30, 2018, the Crockett Community Services District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont'd)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | \$ 26,199 | \$(1,998) |
| Changes of Assumptions | 211 | (3,025) |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 5,925 | 0 |
| Adjustment due to Differences in Proportions | 0 | 0 |
| Differences between Actual and Required Contributions | 0 | 0 |
| Contributions after Measurement Date | <u>14,059</u> | <u>0</u> |
| Total | <u>\$ 46,394</u> | <u>\$(5,023)</u> |

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement Date June 30: | Deferred Outflows/(Inflows) |
|---------------------------|-----------------------------|
| 2017 | \$ (1,448) |
| 2018 | 423 |
| 2019 | 6,800 |
| 2020 | 6,353 |
| 2021 | (3,518) |
| 2022 | 0 |
| Total | <u>\$ 8,610</u> |

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont'd)

| | <u>Miscellaneous</u> |
|-------------------------------|---|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Projected Salary Increase (1) | Varies by Age & Length of Service |
| Investment Rate of Return (2) | 7.5% |
| Mortality Rate Table (3) | Derived Using CalPERS' Membership Data |

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2017 based on June 30, 2016 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)Discount Rate (cont'd)

assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference. CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the year ended 2017-18. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 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 the Plan. 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 geometric rates of return are net of administrative expenses.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)

Discount Rate (cont'd)

| <u>Asset Class</u> | <u>New Strategic Allocation</u> | <u>Real Return Years 1-10 (a)</u> | <u>Real Return Years 11 + (b)</u> |
|-------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Global Equity | 51.0% | 5.25% | 5.71% |
| Global Fixed Income | 20.0 | 0.99 | 2.43 |
| Inflation Sensitive | 6.0 | 0.45 | 3.36 |
| Private Equity | 10.0 | 6.83 | 6.95 |
| Real Estate | 10.0 | 4.5 | 5.13 |
| Infrastructure and Forestland | 2.0 | 4.5 | 5.09 |
| Liquidity | 1.0 | (0.55) | (1.05) |

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Crockett Community Services District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Crockett Community Services District's proportionate share of the net pension liability of the risk pool as of the measurement date, calculated using the discount rate, as well as what the

Sensitivity of the Crockett Community Services District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (cont'd)

Crockett Community Services District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

| | <u>Discount Rate</u> | <u>Current Discount Rate</u> | <u>Discount Rate +1%</u> |
|---|----------------------|------------------------------|--------------------------|
| | <u>-1% (6.65%)</u> | <u>Rate (7.65%)</u> | <u>(8.5%)</u> |
| Crockett Community Services District's proportionate Share of the miscellaneous Risk Pool's net pension liability | \$ 173,435 | \$ 99,584 | \$ 38,551 |

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)Schedule of Crockett Community Services District's Proportionate Share of the Net Pension Liability

| Miscellaneous Plan | LAST TEN YEARS* | | |
|---|----------------------|----------------------|----------------------|
| | Measurement Date | Measurement Date | Measurement Date |
| | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2016</u> |
| Plan's Proportion of the PERF C Net Pension Liability/(Asset) | 0.001256% | 0.000963% | 0.001151% |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) | \$ 78,166 | \$ 66,105 | \$ 99,584 |
| Plan's Covered-Employee Payroll** | \$ 212,675 | \$ 196,914 | \$ 215.265 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) As a Percentage of its Covered-Employee Payroll | 36.75% | 33.57% | 46.26% |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 83.03% | 86.54% | 81.85% |

Notes to Schedule:

Changes of benefit terms - In 2018, there were no changes to the benefit terms.

Changes in assumptions - In 2018, there were no changes in assumptions.

* Fiscal Year 2015 was the first year of implementation, therefore only 3 years are shown.

** Valuation year payroll increased by assumed 3% increase.

SCHEDULE OF THE CROCKETT COMMUNITY SERVICES DISTRICT'S PENSION PLAN CONTRIBUTIONS

June 30, 2018

LAST TEN YEARS*

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT'D)Schedule of Crockett Community Services District's Proportionate Share of the Net Pension Liability (cont'd)

| Miscellaneous Plan | CalPERS Fiscal Year <u>2015-16</u> | CalPERS Fiscal Year <u>2016-17</u> | CalPERS Fiscal Year <u>2017-18</u> |
|--|--|--|--|
| Actuarially Determined Contributions | \$ 15,889 | \$ 13,488 | \$ 17,053 |
| Actual Contributions During the Measurement | (15,889) | 13,488 | (17,053) |
| Contribution Deficiency (Excess) | \$ <u>-0-</u> | \$ <u>-0-</u> | \$ <u>-0-</u> |
| Covered Employee Payroll | \$ 196,914 | \$ 215,265 | \$ 194,130 |
| Contributions as a Percentage of Covered-Employee Payroll | 8.07% | 6.27% | 8.78% |
| Notes to Schedule: | | | |
| Contribution Valuation Date: | June 30, 2012 | June 30, 2013 | June 30, 2014 |

* Fiscal Year 2015 was the first year of implementation, therefore only 3 years are shown.

NOTE 7 - PROFESSIONAL SERVICES

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

NOTE 8 - 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 9 - EVALUATION OF SUBSEQUENT EVENTS

The Crockett Community Services District has evaluated subsequent events through December 13, 2018, the date which the financial statements were available to be issued.

NOTE 10 - PRIOR PERIOD ADJUSTMENTS

There are employee benefits (such as worker's compensation liability) payments, but not expensed in the correct fiscal year.

SUPPLEMENTARY INFORMATION

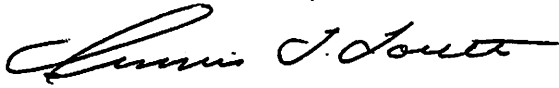

CROCKETT COMMUNITY SERVICES DISTRICT

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, 2018, and have issued our report thereon dated December 13, 2018 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
December 13, 2018

CROCKETT COMMUNITY SERVICES DISTRICT
CROCKETT, CALIFORNIA

BOARD OF DIRECTORS AND MANAGEMENT

JUNE 30, 2018

Luigi Barassi, President

Fred Clerici, Member

Alicia Johnson, Director

John MacKenzie, Member

Kent Peterson, Vice-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, 2018, and the related notes to the financial statements, which collectively comprise CCSD's basic financial statements, and have issued our report thereon dated December 13, 2018.

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

Page 2 of 2

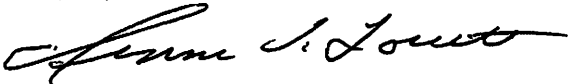
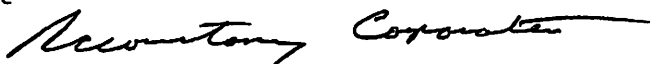
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not 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
December 13, 2018

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

There were no material audit findings in prior years.