

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

REPORT ON FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2011 AND 2010

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

We have audited the accompanying Statements of Net Assets of Crockett Community Services District (CCSD) as of June 30, 2011 and 2010 and the related Statements of Revenues, Expenses and Changes in Fund Net Assets, and Cash Flows for the years then ended. These financial statements are the responsibility of CCSD's management. Our responsibility is to express an opinion on these financial statements based on our audits. Prior year summarized comparative information has been derived from our report dated September 13, 2010 in which we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of CCSD as of June 30, 2011 and 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT (CONT'D)

In accordance with *Government Auditing Standards*; we have also issued a report dated October 5, 2011 on our consideration of Crockett Community Services District's internal control over financial reporting and 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 the 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.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Crockett Community Services District taken as a whole. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DENNIS L. LORETTE
ACCOUNTANCY CORPORATION
Fresno, California
October 5, 2011

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF NET ASSETS
JUNE 30, 2011 AND 2010

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	Department							Totals	
	Community Services	Recreation	Veterans Memorial	Port Costa Operating Fund	Sanitary		Crockett Reserve Fund	2011	2010 **
					Crockett Operating Fund	Crockett Construction Fund			
ASSETS:									
Cash and investments (Note 2)	\$ 25,556	\$ 43,059	\$ 24,928	\$ 34,107	\$ 163,891	\$ 11,861	\$ 309	\$ 303,711	\$ 422,929
Investments	-	140,694	-	-	1,604,881	588,973	65,378	2,399,926	2,095,820
Advances on supplemental taxes	-	(1,938)	-	-	4,118	-	-	2,180	2,039
Accounts receivable	-	-	-	-	-	-	-	-	1,960
Capital assets, net	<u>4,236</u>	<u>1,557,162</u>	<u>-</u>	<u>1,764,408</u>	<u>3,716,999</u>	<u>-</u>	<u>-</u>	<u>7,042,805</u>	<u>6,508,871</u>
TOTAL ASSETS	\$ <u>29,792</u>	\$ <u>1,738,977</u>	\$ <u>24,928</u>	\$ <u>1,798,515</u>	\$ <u>5,489,889</u>	\$ <u>600,834</u>	\$ <u>65,687</u>	\$ <u>9,748,622</u>	\$ <u>9,031,619</u>
LIABILITIES:									
Accounts payable (warrants)	\$ -	\$ 109,650	\$ -	\$ 6,206	\$ 176,054	\$ -	\$ -	\$ 291,910	\$ 90,638
Non-current liabilities:									
Due within one year	-	-	-	64,002	58,577	-	-	122,579	117,395
Due in more than one year	-	-	-	<u>790,707</u>	<u>946,804</u>	-	-	<u>1,737,511</u>	<u>1,860,094</u>
TOTAL LIABILITIES	-	109,650	-	860,915	1,181,435	-	-	2,152,000	2,068,127
NET ASSETS:									
Reserved for future capital projects (Note 8)	29,792	72,165	24,928	-	1,596,836	-	65,687	1,789,408	2,243,321
Invested in capital assets, net of related debt	-	1,557,162	-	909,699	2,711,618	-	-	5,178,479	4,093,759
Unreserved	-	-	-	<u>27,901</u>	<u>-</u>	<u>600,834</u>	<u>-</u>	<u>628,735</u>	<u>626,412</u>
TOTAL NET ASSETS	<u>29,792</u>	<u>1,629,327</u>	<u>24,928</u>	<u>937,600</u>	<u>4,308,454</u>	<u>600,834</u>	<u>65,687</u>	<u>7,596,622</u>	<u>6,963,492</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>29,792</u>	\$ <u>1,738,977</u>	\$ <u>24,928</u>	\$ <u>1,798,515</u>	\$ <u>5,489,889</u>	\$ <u>600,834</u>	\$ <u>65,687</u>	\$ <u>9,748,622</u>	\$ <u>9,031,619</u>

* differences due to rounding
** For comparative purposes only

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
JUNE 30, 2011 AND 2010

Page 1 of 3

	Department							Totals	
	Community Services	Recreation	Veterans Memorial	Sanitary			Crockett Reserve Fund		
				Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund		2011	2010 **
OPERATIONS:									
Revenues:									
Cost recovery	\$ -	\$ 9,558	\$ -	\$ -	\$ 45,229	\$ -	\$ -	\$ 54,787	\$ 60,530
Facilities rent	-	65,613	-	-	-	-	-	65,613	76,297
Senior outreach	-	3,600	-	-	-	-	-	3,600	3,600
Outside classes	-	2,080	-	-	-	-	-	2,080	2,156
Damage/cleaning deposits	-	22,150	-	-	-	-	-	22,150	14,625
Pool/rents/concessions/lessons	-	9,009	-	-	-	-	-	9,009	27,436
Security services	-	4,604	-	-	-	-	-	4,604	4,767
Cleaning services	-	2,330	-	-	-	-	-	2,330	3,740
Aquatic programs	-	23,787	-	-	-	-	-	23,787	36,831
Donations-restricted	-	-	895	-	-	-	-	895	1,743
Grants restricted	-	8,690	-	-	-	-	-	8,690	11,977
Sewer use charges	-	-	-	206,586	1,296,051	-	-	1,502,637	1,447,600
Permit service fees	-	-	-	150	2,730	-	-	2,880	3,329
Capacity charges	-	-	-	-	1,617	-	-	1,617	7,595
Parking fines	-	2,082	-	-	-	-	-	2,082	4,617
Miscellaneous	-	-	-	-	-	-	-	-	7,747
TOTAL OPERATING REVENUES	\$ -	\$ 153,503	\$ 895	\$ 206,736	\$ 1,345,627	\$ -	\$ -	\$ 1,706,761	\$ 1,714,590

* Differences due to rounding

** For comparative purposes only

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CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
JUNE 30, 2011 AND 2010

	Department							Totals		**
	Community Services	Recreation	Veterans Memorial	Sanitary				2011	2010	
				Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund	Crockett Reserve Fund			
Operating Expenses:										
Salaries and wages	\$ -	\$ 110,373	\$ -	\$ 9,632	\$ 127,357	\$ -	\$ -	\$ 247,362	\$ 232,592	
Maintenance and repairs	-	70,783	720	61,349	155,981	-	-	288,833	267,476	
Memberships	-	205	-	-	4,155	-	-	4,360	4,213	
Program supplies	-	13,884	39	16	-	-	-	13,939	20,169	
Office	-	3,141	-	123	2,955	-	-	6,219	8,105	
Professional services (Note 7)	-	6,905	55,168	6,505	25,318	-	-	93,896	29,928	
Printing/publications	-	1,721	-	178	420	-	-	2,319	3,922	
Training/travel	-	96	-	-	228	-	-	324	1,011	
Food concession supplies	-	7,426	-	-	-	-	-	7,426	9,647	
Utilities	-	27,750	65	5,323	30,684	-	-	63,822	64,684	
U County charges	-	3,024	-	761	6,117	-	-	9,902	5,245	
Insurance	-	11,515	-	4,437	31,187	-	-	47,139	26,551	
Easements	-	-	-	-	2,114	-	-	2,114	2,085	
Employee benefits (Note 6)	-	23,701	-	-	43,161	-	-	66,862	67,605	
Vehicles	-	-	-	268	1,164	-	-	1,432	204	
Office rent	-	-	-	-	5,760	-	-	5,760	5,760	
Telephone	-	4,455	-	422	2,223	-	-	7,100	5,105	
Refunds	-	22,791	-	-	-	-	-	22,791	41,177	
Recoverable charges	-	9,234	-	-	9,809	-	-	19,043	42,097	
Uniforms	-	1,031	-	-	172	-	-	1,203	1,488	
Elections	-	185	-	13	-	-	-	198	-	
C&H - JTP OM	-	-	-	-	598,895	-	-	598,895	599,571	
Capital replacement	-	15,260	-	1,297	134,844	-	-	151,401	49,810	
Other operating	-	1,926	75	3,384	2,840	-	-	8,225	9,722	
TOTAL OPERATING EXPENSES	-	335,406	56,067	93,708	1,185,384	-	-	1,670,565	1,498,167	
Operating income (loss)	\$ -	\$ (181,903)	\$ (55,172)	\$ 113,028	\$ 160,243	\$ -	\$ -	\$ 36,196	\$ 216,423	

* Differences due to rounding

** For comparative purposes only

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
JUNE 30, 2011 AND 2010

	Department							Totals	
	Community Services	Recreation	Veterans Memorial	Sanitary			Crockett Reserve Fund		
				Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund		2011	2010 **
NON-OPERATING REVENUES:									
Taxes	\$ 261,854	\$ 61,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,554	\$ 308,922
Grants (Note 5)	-	483,831	45,000	-	57,269	-	-	586,100	178,243
Interest	-	816	-	-	4,697	2,537	332	8,382	43,436
TOTAL NON-OPERATING REVENUES	261,854	546,347	45,000	-	61,966	2,537	332	918,036	530,601
NON-OPERATING EXPENSES:									
Depreciation	281	54,708	-	-	99,945	166,168	-	321,102	314,134
Other	-	-	-	-	-	-	-	-	2,958
TOTAL NON-OPERATING EXPENSES	281	54,708	-	-	99,945	166,168	-	321,102	317,092
TOTAL NON-OPERATING REVENUES OVER EXPENSES	261,573	491,639	45,000	-	(37,979)	(163,631)	332	596,934	213,509
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	261,573	309,736	(10,172)	37,176	198,116	(163,631)	332	633,130	429,932
CAPITAL CONTRIBUTIONS:									
Transfers in (out)									
Cash	(252,000)	35,000	-	-	207,788	9,212	-	-	-
Capital Assets	(884)	(1,490)	-	(102,757)	(60,942)	166,078	(5)	-	-
CHANGE IN NET ASSETS	8,689	343,246	(10,712)	10,271	269,110	11,659	327	633,130	429,932
NET ASSETS, BEGINNING OF YEAR	21,103	1,286,081	35,100	927,329	4,039,344	589,175	65,360	6,963,492	6,533,560
NET ASSETS, END OF YEAR	\$ 29,792	\$ 1,629,327	\$ 24,928	\$ 937,600	\$ 4,308,454	\$ 600,834	\$ 65,687	\$ 7,596,622	\$ 6,963,492

* Differences due to rounding

** For comparative purposes only

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

	<u>2011</u>	<u>2010</u> **
Increase in net assets	\$ 633,130	\$ 429,932
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	321,102	314,134
Changes in certain assets and liabilities:		
Accounts receivable	1,960	(1,960)
Advance of supplemental taxes	(141)	8,963
Prepaid insurance	-	12,840
Accounts payable	201,272	(102,434)
Due to other funds	-	(99)
	<u>1,157,323</u>	<u>661,376</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,157,323</u>	<u>661,376</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments	<u>(117,400)</u>	<u>(131,436)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(117,400)</u>	<u>(131,436)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net (increase) decrease in investments	(304,106)	(56,074)
Increase in depreciable assets (Note 3)	<u>(855,035)</u>	<u>(300,655)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,159,141)</u>	<u>386,729)</u>
NET INCREASE (DECREASE) IN CASH	(119,218)	143,211
CASH BEGINNING OF YEAR	<u>422,929</u>	<u>279,718</u>
CASH END OF YEAR	<u>\$ 303,711</u>	<u>\$ 422,929</u>

** For comparative purposes only

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 1 of 12

1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

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 May 14, 2008. By binding Agreement, neither town will subsidize the other.

Basis of Accounting

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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

= Basis of Accounting (cont'd)

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.

= Budget

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

= Capital Assets

Through fiscal year 2003 capital assets for the former Crockett-Valona Sanitary District were reported based on estimated replacement values. Depreciation was computed using a modified optional depreciation method as defined in Paragraph 8107 of the 1970 Uniform System of Accounts for Waste Management Districts. This method was not in accordance with accounting principles generally accepted in the United States of America.

The District depreciates its capital assets using the straight-line method with estimated lives of 10 - 40 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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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

= Capital Assets (cont'd)

treatment facilities, and capital improvements. For purposes of this report, depreciation was not taken on the Crockett Community Center facility obtained by the County. Specifically, due to its age its estimated fair market value, the facility has been fully depreciated. Estimates of sewer facilities acquisition costs were conducted by management but are not depreciated in accordance with generally accepted accounting principals.

= Estimates

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

NOTE 2 - CASH AND INVESTMENTS

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

The California Government Code (Section 53601) requires California banks and savings and loan associations to secure a depositor'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.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 2 - CASH AND INVESTMENTS (CONT'D)

For purposes of the Statement 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>2011</u>	<u>2010</u>
Crockett Community Services	\$ 25,556	\$ 18,665
Crockett Recreation Department	183,753	182,949
Veterans Memorial	24,928	35,100
Crockett Sanitary Department	1,768,772	1,603,254
Crockett Sanitary - Department Construction Reserve	600,834	589,175
Port Costa Sanitary Department	34,107	24,246
Crockett Sanitary - Department Capital Reserve	65,687	65,360
	<u>\$ 2,703,637</u>	<u>\$ 2,518,749</u>

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.

	<u>Balance 7/1/10</u>	<u>Additions</u>	<u>Total</u>	<u>Depreciation for Period</u>	<u>Accumulated Depreciation</u>	<u>Balance 6/30/11</u>
<u>COMMUNITY SERVICES</u>						
Community Services	\$ 255,334	\$ -	\$ 255,334	\$ 281	\$ 251,098	\$ 4,236
Maintenance Dept.:						
Plaza/street lighting	570,105	-	570,105	1,105	247,614	322,491
Fences	93,082	-	93,082	1,030	6,512	86,570
	663,187	-	663,187	2,135	254,126	409,061
Recreation Dept.:						
Outdoor facilities	1,087,528	-	1,087,528	50,328	440,156	647,372
Swimming pool Remodel	-	491,260	491,260	-	-	491,260
Capital equip.	9,089	5,882	14,971	2,245	5,502	9,469
	1,096,617	497,142	1,593,759	52,573	445,658	1,148,101
	<u>1,759,804</u>	<u>497,142</u>	<u>2,256,946</u>	<u>54,708</u>	<u>699,784</u>	<u>1,557,162</u>

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 3 - CAPITAL ASSETS (CONT'D)

	Balance 7/1/10	Additions	Total	Depreciation for Period	Accumulated Depreciation	Balance 6/30/11
<u>PORT COSTA SANITARY:</u>						
Land	181	-	181	-	-	181
Treatment plant	88,812	-	88,812	1,411	4,233	84,579
Bldg. & improv.	890,187	-	890,187	44,509	133,527	756,660
Long-term debt- treatment plant	<u>1,035,000</u>	<u>45,513</u>	<u>1,080,513</u>	<u>54,025</u>	<u>157,525</u>	<u>922,988</u>
	<u>2,014,180</u>	<u>45,513</u>	<u>2,059,693</u>	<u>99,945</u>	<u>295,285</u>	<u>1,764,408</u>
<u>SANITARY DEPT.:</u>						
Land	1,712	-	1,712	-	-	1,712
Office equipment	15,953	2,809	18,762	(29)	15,953	2,809)
Capital equipment	83,809	1,340	85,149	8,515	68,337	16,812
Pump/treatment plant	2,984,335	7,553	2,991,888	85,483	2,460,021	531,867
Sewers	<u>5,475,232</u>	<u>300,678</u>	<u>5,775,910</u>	<u>72,199</u>	<u>2,612,111</u>	<u>3,163,799</u>
	<u>8,561,041</u>	<u>312,380</u>	<u>8,873,421</u>	<u>166,168</u>	<u>5,156,422</u>	<u>3,716,999</u>
TOTALS	<u>\$12,590,359</u>	<u>\$ 855,035</u>	<u>\$13,445,394</u>	<u>\$ 321,102</u>	<u>\$ 6,402,589</u>	<u>\$ 7,042,805</u>

NOTE 4 - NON-CURRENT LIABILITIES

At June 30, 2011, 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 10/17/09	\$ 67,849
Current portion of principal	<u>(5,906)</u>
	<u>\$ 61,943</u>

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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4 - NON-CURRENT LIABILITIES (CONT'D)(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 12/18/09	\$ 341,851
Current portion of principal	<u>(26,237)</u>
	<u>\$ 315,614</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 6/30/11	\$ 595,680
Current portion of principal	<u>(26,434)</u>
	<u>\$ 569,246</u>

(d) Municipal Finance Corporation

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

Loan balance at 6/30/11	\$ 469,506
Current portion of principal	<u>(20,503)</u>
	<u>\$ 449,003</u>

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 7 of 12

4 - NON-CURRENT LIABILITIES (CONT'D)(a) State Revolving Loan Fund

On July 24, 2007, CCSD borrowed \$ 485,000 from the County of Contra Costa. The loan was to finance sewer replacement and treatment facility upgrades at Port Costa. The interest rate is 5 per cent per annum. over 10 years.

Loan balance at 6/30/11	\$ 385,204
Current portion of principal	(43,499)
	<u>\$ 341,705</u>

In summary, the above liabilities are:

	<u>Non-current</u>	<u>Current</u>
<u>Crockett:</u>		
Loan (a)	\$ 61,943	\$ 5,906
Loan (b)	315,614	26,237
Loan (c)	569,246	26,434
	<u>\$ 946,803</u>	<u>\$ 58,577</u>
<u>Port Costa:</u>		
Loan (d)	\$ 449,003	\$ 20,503
Loan (e)	341,705	43,499
	<u>\$ 790,708</u>	<u>\$ 64,002</u>

5 - GRANTS

Grants totaling \$ 586,100 were received during the year.

6 - EMPLOYEE PENSION PLAN

Effective October 1, 2007, CCSD began participating in the Public Employees' Retirement System (CALPERS). Because CCSD had more than 100 active Plan members since June 30, 2003, it is required to participate in a "Miscellaneous 2 percent at 60 Risk Pool." This plan is a cost-sharing multiple-employer defined

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)

Benefit plan. Under Government Auditing Standards Board (GASB) Statement No. 27, employers are required to report required Supplementary Information (Page 21) for the most recent valuation and the two years preceding valuations. This requirement results in identifying the employers contractually Required Plan Contributions (ARC). The ARC for any fiscal year is the CALPERS employer contribution rate for that fiscal year multiplied by the employer payroll for that same fiscal year.

GASB requires the following information in the notes to the employers (District) financial statements applicable to the plan:

o Plan Description

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

o Description of Major Plan Benefits

	<u>Coverage Group</u>
	70001 *
<u>Benefit Provisions</u>	
Benefit Formula	<u>2.0%@60</u>
Social Security Coverage	no
Full/Modified	full
Final Average Compensation Period	36 mos.
Sick Leave Credit	yes
Non-Industrial Disability	standard
Industrial Disability	no

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 9 of 12

NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)

	<u>Coverage Group</u>
	70001 *
<u>Benefit Provisions</u>	
Pre-Retirement Death Benefits	
Optional Settlement 2W	yes
1959 Survivor Benefit Level	level 4
Special	no
Alternate (firefighters)	no
Post-Retirement Death Benefits	
Lump Sum	\$500
Survivor Allowance (PRSA)	no
COLA	2%
Employee Contributions	
Contractual employer paid	no
Contractual employee cost sharing	0%

* District's Coverage Group

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

o Funding policy- Authority

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 10 of 12

NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)

o Funding policy (cont'd)

- Required contribution rate - Members

Active Plan members must contribute 7.0 percent of their earnings.

- Required contribution rate - District

Fiscal Year

2008/2009	31.949 %
2009/2010	31.225 %
2010/2011	21.115 %
2011/2012	7.733 %
2012/2013	8.100 % (Projected)

o Annual Pension Cost (APC)

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

The APC and actual contributions made by the District for FY 2011 and 2010 were \$ 38,715 and \$ 36,823, respectively:

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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

Fiscal Year	ARC Amount	Int. on NPO	Amort. of NPO	APC Amount	Contr. Made	NPO Beg. Of Year	NPO End of Year	CALPERS Amort. Factor	Int. Rate
2008	\$32,754	-	-	\$32,754	\$ 35,590	-	\$(2,836)	36.833	7.75%
2009	\$23,010	\$220	\$89	\$23,141	\$ 28,101	\$(2,836)	\$(4,960)	31.949	7.75%
2010	\$22,448	\$347	\$84	\$23,711	\$ 36,823	\$(4,960)	\$(9,152)	24.253	7.75%
2011	\$24,716	\$372	\$86	\$25,174	\$ 38,715	\$(9,152)	\$(4,389)	21.115	7.75%
					<u>\$139,229</u>				

The above \$ 38,715 is included in employee benefits on page 5 to this report.

NOTE 7 - PROFESSIONAL SERVICES

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

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. It rents its administration facilities on a month-to-month basis.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 10 - CONTINGENCY

The District is involved in a dispute with the C & H Corporation of Crockett over unpaid charges for use of sewer facilities. At June 30, 2010, the unpaid charges by C&H were about \$ 543,792. No provision is made in the financial statements because of the uncertain nature of the dispute. Further, the \$ 543,792 unpaid by C&H to CCSD is balanced by \$ 553,094 withheld by CCSD for wastewater treatment until resolution of the dispute.

Starting September 7, 2007, assessment of fees for sewer charges are included in C & H property tax bills. C & H are current in their monthly sewer assessment payments to CCSD except for the above amount under Case #07-1747.

SUPPLEMENTARY INFORMATION

DENNIS L. LORETTE
DENNIS L. LORETTE

Accountancy Corporation
Member American Institute of CPAs
Member California Society of CPAs

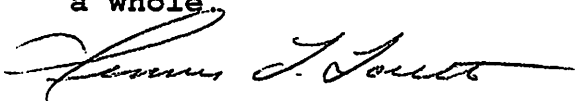
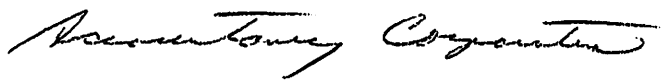
CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

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

Our report on our audit of the basic financial statements of Crockett Community Services District for 2011 appears on pages 1 and 2 of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the period has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DENNIS L. LORETTE
ACCOUNTANCY CORPORATION
Pinole, California
October 5, 2011

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

EMPLOYER PENSION PLAN - REQUIREDSUPPLEMENTARY INFORMATION

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

0 Three-year history of valuation date

-	<u>ACTUARIAL VALUE OF PLAN ASSETS</u>	
	2008 - \$ 24,448	
	2009 - -0-	
	2010 - -0-	
-	<u>ACTUARIAL ACCURED LIABILITY</u>	
	2008 - -0-	
	2009 - -0-	
	2010 - -0-	
-	<u>TOTAL UNFUNDED ACCRUED LIABILITY</u>	
	2008 - -0-	
	2009 - -0-	
	2010 - -0-	
-	<u>FUNDED RATIO</u>	
	2008 - 100.5 %	
	2009 - 97.4 %	
	2010 - 69.2 %	
-	<u>ANNUAL COVERED PAYROLL</u>	
	2008 - \$ 72,020	
	2009 - \$ 64,776	
	2010 - \$161,168	
-	<u>UNFUNDED LIABILITY</u>	
	2008 - -0-	
	2009 - -0-	
	2010 - -0-	

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

BOARD OF DIRECTORS AND MANAGEMENT

JUNE 30, 2011

Fred Clerici

Patrick Glover

Steve Loveseth

John MacKenzie

Kris Vickers

GENERAL MANAGER

Dale A. McDonald

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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 the financial statements of Crockett Community Services District (a non-profit organization) as of and for the year ended June 30, 2011 and have issued our report thereon dated October 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crockett Community Services District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on internal controls over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal controls over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

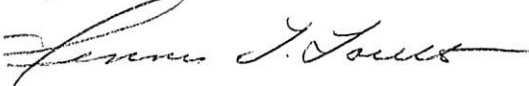

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Page 2 of 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crockett Community Services District'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management of Crockett Community Services District, awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DENNIS L. LORETTE
ACCOUNTANCY CORPORATION
Pinole, California
October 5, 2011

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED JUNE 30, 2010 AND 2009

There were no material audit findings in prior years.