

# **Crockett Community Services District**

**Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2021**

**CROCKETT COMMUNITY SERVICES DISTRICT**

Annual Financial Report

For the Fiscal Year Ended June 30, 2021

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**david farnsworth cpa**  
ACCOUNTING • ADVISORY • ASSURANCE

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Crockett Community Services District ("District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Crockett Community Services District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

*Restatement of Net Position*

As discussed in note 9 to the financial statements, the July 1, 2020, beginning position has been restated. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate of the net pension liability, and schedule of employer's contributions on pages 29–33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

The Crockett Community Services District's management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be essential part of the financial reporting for placing the basic financial statements in an appropriation operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the Crockett Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Crockett Community Services District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crockett Community Services District's internal control over financial reporting and compliance.

*David Farnsworth, CPA*

Dublin, California  
June 30, 2022

## **FINANCIAL STATEMENTS**

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 722,632	\$ 4,815,270	\$ 5,537,902
Accounts receivable	-	147,522	147,522
Prepaid expenses	8,662	19,552	28,214
Capital assets, not being depreciated	442,968	1,893	444,861
Capital assets, net of accumulated depreciation	1,951,236	9,218,369	11,169,605
<b>Total assets</b>	<b>3,125,498</b>	<b>14,202,606</b>	<b>17,328,104</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	13,225	29,478	42,703
<b>Total deferred outflows of resources</b>	<b>13,225</b>	<b>29,478</b>	<b>42,703</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	28,870	97,952	126,822
Interest payable	10,253	3,690	13,943
Noncurrent liabilities:			
Due within one year:			
Notes payable	23,625	87,580	111,205
Compensated absences	1,751	499	2,250
Due in more than one year:			
Net pension liability	46,928	104,598	151,526
Notes payable	607,346	258,587	865,933
Compensated absences	15,763	4,491	20,254
<b>Total liabilities</b>	<b>734,536</b>	<b>557,397</b>	<b>1,291,933</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	4,534	11,277	15,811
<b>Total deferred inflows of resources</b>	<b>4,534</b>	<b>11,277</b>	<b>15,811</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,763,233	8,874,095	10,637,328
Unrestricted net position	636,420	4,789,315	5,425,735
<b>Total net position</b>	<b>\$ 2,399,653</b>	<b>\$ 13,663,410</b>	<b>\$ 16,063,063</b>

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Statement of Activities**  
**For the Year ended June 30, 2021**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	<u>Total</u>
Functions/Programs:						
Primary government:						
Governmental activities:						
General government	\$ 3,502	\$ -	\$ -	\$ (3,502)	\$ -	\$ (3,502)
Culture and recreation	603,711	84,790	81,529	(437,392)	-	(437,392)
Total governmental activities	<u>607,213</u>	<u>84,790</u>	<u>81,529</u>	<u>(440,894)</u>	<u>-</u>	<u>(440,894)</u>
Business-type activities:						
Sewer	1,836,022	1,940,756	31,818	-	136,552	136,552
Total business-type activities	<u>1,836,022</u>	<u>1,940,756</u>	<u>31,818</u>	<u>-</u>	<u>136,552</u>	<u>136,552</u>
Total primary government	<u>\$ 2,443,235</u>	<u>\$ 2,025,546</u>	<u>\$ 113,347</u>	<u>(440,894)</u>	<u>136,552</u>	<u>(304,342)</u>
General Revenues and transfers:						
General revenues:						
Property taxes				547,135	-	547,135
Investment earnings				4,511	38,206	42,717
Miscellaneous				15,067	38,881	53,948
Transfers				(249,005)	249,005	-
Total general revenues and transfers				<u>317,708</u>	<u>326,092</u>	<u>643,800</u>
Change in net position				(123,186)	462,644	339,458
Net position - beginning				<u>2,522,839</u>	<u>13,200,766</u>	<u>15,723,605</u>
Net position - ending				<u>\$ 2,399,653</u>	<u>\$ 13,663,410</u>	<u>\$ 16,063,063</u>

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

**CROCKETT COMMUNITY SERVICES DISTRICT**

**Balance Sheet  
Governmental Funds  
June 30, 2021**

	<u>General</u>
<b>ASSETS</b>	
Cash and investments	\$ 722,632
Prepaid expenses	8,662
Total assets	<u>\$ 731,294</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 9,885
Accrued expenses	18,985
Total liabilities	<u>28,870</u>
<b>FUND BALANCES</b>	
Nonspendable:	
Prepaid expenses	8,662
Assigned:	
Capital projects	175,813
Unassigned	517,949
Total fund balances	<u>702,424</u>
Total liabilities and fund balances	<u>\$ 731,294</u>

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



**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2021**

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

Total fund balances - governmental funds	\$ 702,424
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	2,394,204
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance. However, the statement of net position includes those deferred outflows of resources.	
Pension related	13,225
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Notes payable	(630,971)
Compensated absences	(17,514)
Net pension liability	(46,928)
Interest payable	(10,253)
Deferred inflows of resources used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	
Pension related	<u>(4,534)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 2,399,653</u></u>

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

<b>REVENUES</b>	<u><b>General</b></u>
Property taxes	\$ 543,736
Intergovernmental	84,928
Charges for services	84,790
Investment earnings	4,511
Miscellaneous	<u>15,067</u>
Total revenues	<u>733,032</u>
<b>EXPENDITURES</b>	
Current:	
General government	3,502
Culture and recreation	435,703
Debt service:	
Principal	11,529
Interest	10,441
Capital outlay:	
Culture and recreation	<u>664,782</u>
Total expenditures	<u>1,125,957</u>
Excess (deficiency) of revenues over expenditures	(392,925)
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer in	137,041
Transfers out	(386,046)
Notes issued	<u>642,500</u>
Total other financing sources (uses)	<u>393,495</u>
Net change in fund balances	570
Fund balances - beginning	<u>701,854</u>
Fund balances - ending	<u><u>\$ 702,424</u></u>

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

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

Net change in fund balances - total governmental funds	\$	570
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay		664,782
Depreciation expense		(137,767)

Repayment of notes payable principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.		11,529
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Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:

Note issued		(642,500)
Changes in compensated absences		(2,670)
Changes in net pension liability and related deferred outflows and inflows of resources		(6,877)
Accrued interest on long-term debt		(10,253)
		(10,253)

Change in net position of governmental activities	\$	<u>(123,186)</u>
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**CROCKETT COMMUNITY SERVICES DISTRICT**

**Statement of Net Position**

**Proprietary Funds**

**June 30, 2021**

	<b>Business-type Activities</b>		
	<b>Port Costa Operating</b>	<b>Crockett Operating</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 162,474	\$ 4,652,796	\$ 4,815,270
Accounts receivable, net	-	147,522	147,522
Advances to other funds	-	38,561	38,561
Prepaid items	2,257	17,295	19,552
Total current assets	<u>164,731</u>	<u>4,856,174</u>	<u>5,020,905</u>
Noncurrent Assets:			
Advances to other funds	-	315,426	315,426
Land	181	1,712	1,893
Buildings	1,212,772	7,020,824	8,233,596
Machinery, equipment, and vehicles	-	186,159	186,159
Sewer distribution system	1,354,214	2,940,524	4,294,738
Less accumulated depreciation	<u>(1,180,463)</u>	<u>(2,315,661)</u>	<u>(3,496,124)</u>
Total noncurrent assets	<u>1,386,704</u>	<u>8,148,984</u>	<u>9,535,688</u>
Total assets	<u>1,551,435</u>	<u>13,005,158</u>	<u>14,556,593</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	<u>3,309</u>	<u>26,169</u>	<u>29,478</u>
Total deferred outflows of resources	<u>3,309</u>	<u>26,169</u>	<u>29,478</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	5,480	78,345	83,825
Accrued expenses	-	17,817	17,817
Advance from other funds	38,561	-	38,561
Notes payable - current	-	87,580	87,580
Compensated absences - current	100	399	499
Total current liabilities	<u>44,141</u>	<u>184,141</u>	<u>228,282</u>
Noncurrent liabilities:			
Advance from other funds	315,426	-	315,426
Compensated absences	898	3,593	4,491
Notes payable	-	258,587	258,587
Net pension liability	11,743	92,855	104,598
Total noncurrent liabilities	<u>328,067</u>	<u>355,035</u>	<u>683,102</u>
Total liabilities	<u>372,208</u>	<u>539,176</u>	<u>911,384</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	<u>1,264</u>	<u>10,013</u>	<u>11,277</u>
Total deferred inflows of resources	<u>1,264</u>	<u>10,013</u>	<u>11,277</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,032,717	7,487,391	8,520,108
Unrestricted net position	148,555	4,994,747	5,143,302
Total net position	<u>\$ 1,181,272</u>	<u>\$ 12,482,138</u>	<u>\$ 13,663,410</u>

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Business-type Activities</b>		
	<b>Port Costa Operating</b>	<b>Crockett Operating</b>	<b>Total Enterprise Funds</b>
Operating revenues:			
Sewer use charges	\$ 302,509	1,638,247	\$ 1,940,756
Operating grants	-	31,818	31,818
Miscellaneous	-	38,881	38,881
Total operating revenues	<u>302,509</u>	<u>1,708,946</u>	<u>2,011,455</u>
Operating expenses:			
Personnel services	24,795	205,795	230,590
Materials and supplies	92,005	302,045	394,050
Contractual services	35,391	664,105	699,496
Depreciation	123,767	354,341	478,108
Total operating expenses	<u>275,958</u>	<u>1,526,286</u>	<u>1,802,244</u>
Operating income	26,551	182,660	209,211
Nonoperating revenues (expenses):			
Investment earnings	2	38,204	38,206
Interest expense	(8,273)	(25,507)	(33,780)
Total nonoperating revenues (expenses)	<u>(8,271)</u>	<u>12,697</u>	<u>4,426</u>
Income before transfers	18,280	195,357	213,637
Transfers in	121,886	417,945	539,831
Transfers out	(109,773)	(181,053)	(290,826)
Change in net position	30,393	432,249	462,642
Net position - beginning	1,150,879	12,049,889	13,200,768
Net position - ending	<u>\$ 1,181,272</u>	<u>\$ 12,482,138</u>	<u>\$ 13,663,410</u>

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Business-type Activities</b>		
	<b>Port Costa Operating</b>	<b>Crockett Operating</b>	<b>Total Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 302,509	\$ 1,570,284	\$ 1,872,793
Other receipts	-	38,881	38,881
Payments to suppliers and service providers	(126,980)	(998,229)	(1,125,209)
Payments to employees for salaries and benefits	(27,699)	(211,009)	(238,708)
Net cash provided by operating activities	<u>147,830</u>	<u>399,927</u>	<u>547,757</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers and advances from other funds	121,886	503,236	625,122
Transfers to and advances to other funds	(195,063)	(181,053)	(376,116)
Net cash provided by noncapital financing activities	<u>(73,177)</u>	<u>322,183</u>	<u>249,006</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on capital debt	-	(76,079)	(76,079)
Interest paid on capital debt	(8,272)	(21,816)	(30,088)
Acquisition and construction of capital assets	-	(46,127)	(46,127)
Net cash provided (used in) capital and related financing activities	<u>(8,272)</u>	<u>(144,022)</u>	<u>(152,294)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	2	38,204	38,206
Net cash provided by investing activities	<u>2</u>	<u>38,204</u>	<u>38,206</u>
Net (decrease) in cash and cash equivalents	66,383	616,292	682,675
Cash and cash equivalents - beginning	<u>96,091</u>	<u>4,036,504</u>	<u>4,132,595</u>
Cash and cash equivalents - ending	<u>\$ 162,474</u>	<u>\$ 4,652,796</u>	<u>\$ 4,815,270</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 26,551	\$ 182,660	\$ 209,211
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	123,767	354,341	478,108
(Increase) decrease in accounts receivable	-	(99,780)	(99,780)
(Increase) decrease in prepaid items	(113)	8,545	8,432
Decrease in accounts payable	529	(40,624)	(40,095)
Decrease in accrued expenses	(2,815)	(2,976)	(5,791)
Increase in net pension liability	1,948	15,394	17,342
Decrease in pension related deferred outflows	(259)	(2,038)	(2,297)
Increase in pension related deferred inflows	35	276	311
Decrease in compensated absences	(1,813)	(15,871)	(17,684)
Net cash provided by operating activities	<u>\$ 147,830</u>	<u>\$ 399,927</u>	<u>\$ 547,757</u>

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 1—Summary of Significant Accounting Policies**

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On June 6, 2006 residents of the towns of Crockett and Port Costa approved Measure D which voted into existence the Crockett Community Services District (District). On July 13, 2006, the Crockett Community Services District (CCSD) officially came into existence by combining what were formerly the Crockett-Valona Sanitary District, the Port Costa Sanitation District No. 5 and Crockett's P-1 advisory committee. The District is governed by an elected Board of Directors. The financial statements of CCSD includes the Port Costa Sanitary operations, for which the final transfer of assets and authority was effective on May 14, 2008. By binding agreement, neither town will subsidize the other.

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

Financial Statement Presentation

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

- Management's Discussion and Analysis - GAAP requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of management's discussion and analysis ("MD&A"). The District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

- Government-Wide and Fund Financial Statements

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

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

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

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

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

Fund Financial Statements - The fund financial statements provide information about the District's governmental funds. Separate statements for each fund category – governmental – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Separate financial statements are provided for the major individual governmental funds reported as separate columns in the fund financial statements.

Required Supplementary Information (“RSI”) - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GAAP reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results. In addition to budgetary information, the RSI section also presents trend information related to the District's pension.

Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a Primary Government's reporting entity for the basic financial statements is financial accountability wherein the entity is both fiscally dependent on the Primary Government and provides either a benefit or creates a burden on the Primary Government. The District does not have any component units.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be



**CROCKETT COMMUNITY SERVICES DISTRICT**  
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**June 30, 2021**

available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures as well as expenditures related to compensated absences and claims, and judgments are recorded only when payment is due.

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

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

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

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

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

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

**B. Cash and Cash Equivalents**

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

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

**C. Receivables and Payables**

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

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

**D. Capital Assets**

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

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

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

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

Assets	Years
Buildings	30
Plant, equipment, and system	20-30
Motor vehicles	5
Equipment	3-10
Infrastructure	30

**E. Deferred Outflows and Inflows of Resources**

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

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

**F. Compensated Absences**

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

**G. Pensions**

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
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**H. Use of Estimates**

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

**I. Fund Balance**

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

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

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

**J. Net Position**

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflow of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
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**K. Long-Term Obligations**

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

**Note 2—Deposits and Investments**

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**Policies**

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

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

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

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

*Contra Costa County Investment Pool* – The District is a voluntary participant in the Contra Costa County Investment Pool (CCCIP) that is regulated by California Government Code Section 53600 under the oversight of the treasurer of the County of Contra Costa. Deposits and withdrawals in the Contra Costa County Investment Pool are made in the basis of \$1 and not fair value. The balance available for withdrawal is based on the accounting records maintained by Contra Costa County Investment Pool which is recorded on an amortized cost basis. The pool is not registered with the SEC and is unrated. At June 30, 2021, these investments in CCCIP have an average maturity of less than one year.

*Local Agency Investment Fund* – The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, loans to certain state funds, United States Treasury Notes and Bills and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2021, these investments have an average maturity of less than one year.

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Classification**

The District's cash and investments consist of the following at June 30, 2021:

Government-wide Statement of Net Position	<u>Total</u>
Governmental activities - Cash and investments	\$ 722,632
Business-type activities - Cash and investments	4,815,270
Total cash and investments	<u>\$ 5,537,902</u>

As of June 30, 2021, the District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1 year</u>	<u>1 - 5 years</u>
Contra Costa County Investment Pool	\$ 517,397	\$ 517,397	\$ -
LAIF	5,020,505	5,020,505	-
Total investments	<u>\$ 5,537,902</u>	<u>\$ 5,537,902</u>	<u>\$ -</u>

*Credit Risk.* – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The investment policy requires that fixed income securities and equities have an average maturity no more than two years.

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

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

**Note 3—Interfund Obligations**

The outstanding balances between funds result mainly from (1) an advance to fully pay-off an outstanding note payable, and (2) advances were made to finance capital assets.

At June 30, 2021 the advances to and advances from funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Crockett Sewer Fund	Port Costa Fund	\$ 353,987

The amounts payable to the crockett sewer fund are related to two separate interfund advances made to the port costa fund and interest payable at June 30, 2021. The following are the terms of the interfund advances:

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

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
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<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	38,561	4,121	42,682
2023	39,648	3,408	43,056
2024	40,766	2,641	43,407
2025	41,915	1,819	43,734
2026	43,097	940	44,036
<b>Total</b>	<b>\$ 203,987</b>	<b>\$ 12,929</b>	<b>\$216,915</b>

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

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

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ -	\$ 5,400	\$ 5,400
2023	-	5,400	5,400
2024	-	5,400	5,400
2025	21,429	5,400	26,829
2026	21,429	4,629	26,058
2027	21,429	3,857	25,286
2028	21,429	3,086	24,515
2029	21,429	2,314	23,743
2030	21,429	1,543	22,972
2031	21,426	771	22,197
<b>Total</b>	<b>\$ 150,000</b>	<b>\$ 37,800</b>	<b>\$187,800</b>

**Note 4—Interfund Transfers**

The composition of interfund transfers for the year ended June 30, 2021 is as follows:

<b>Transfer Out</b>	<b>Transfer in</b>	<b>Amount</b>
General	Crockett Operating	\$386,045
Port Costa	General	77,873
Port Costa	Crockett Operating	31,900
Crockett Operating	General	59,167
Crockett Operating	Port Costa Operating	121,886
<b>Total</b>		<b>\$676,871</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
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**Note 5—Capital Assets**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Prior Period Adjustment</u>	<u>Balance, Restated July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2021</u>
<b>Government Activities</b>						
Capital assets not subject to depreciation:						
Land	\$ -	\$ 313,866	\$ 313,866	\$ 129,102	\$ -	\$ 442,968
Total capital assets not being depreciated	<u>-</u>	<u>313,866</u>	<u>313,866</u>	<u>129,102</u>	<u>-</u>	<u>442,968</u>
Capital assets subject to depreciation:						
Buildings, improvements, and infrastructure	3,039,752	(113,677)	2,926,075	535,680	-	3,461,755
Machinery and equipment	57,495	6,206	63,701	-	-	63,701
Total capital assets being depreciated	<u>3,097,247</u>	<u>(107,471)</u>	<u>2,989,776</u>	<u>535,680</u>	<u>-</u>	<u>3,525,456</u>
Less accumulated depreciation for:						
Buildings, improvements, and infrastructure	(1,897,856)	506,093	(1,391,763)	(131,024)	-	(1,522,787)
Machinery and equipment	(28,638)	(16,052)	(44,690)	(6,743)	-	(51,433)
Total accumulated depreciation	<u>(1,926,494)</u>	<u>490,041</u>	<u>(1,436,453)</u>	<u>(137,767)</u>	<u>-</u>	<u>(1,574,220)</u>
Total capital assets being depreciated, net	<u>1,170,753</u>	<u>382,570</u>	<u>1,553,323</u>	<u>397,913</u>	<u>-</u>	<u>1,951,236</u>
Capital assets, net	<u>\$ 1,170,753</u>	<u>\$ 696,436</u>	<u>\$ 1,867,189</u>	<u>\$ 527,015</u>	<u>\$ -</u>	<u>\$ 2,394,204</u>

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

Parks, recreation, and cultural	<u>\$ 137,767</u>
Total governmental activities	<u>\$ 137,767</u>

A summary of changes in proprietary fund capital assets for the year ended June 30, 2021 follows:

	<u>Balance July 1, 2020</u>	<u>Prior Period Adjustment</u>	<u>Balance, Restated July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2021</u>
<b>Crockett Operating Fund</b>						
Capital assets not subject to depreciation:						
Land	\$ 1,712		\$ 1,712	\$ -	\$ -	\$ 1,712
Total capital assets not subject to depreciation	<u>1,712</u>	<u>-</u>	<u>1,712</u>	<u>-</u>	<u>-</u>	<u>1,712</u>
Capital assets subject to depreciation:						
Utility plant in service	11,503,891	(8,563,367)	2,940,524	-	-	2,940,524
Buildings, improvements, and infrastructure	-	6,974,697	6,974,697	46,127	-	7,020,824
Machinery and equipment	164,754	21,405	186,159	-	-	186,159
Total capital assets being depreciated	<u>11,668,645</u>	<u>(1,567,265)</u>	<u>10,101,380</u>	<u>46,127</u>	<u>-</u>	<u>10,147,507</u>
Less accumulated depreciation for:						
Utility plant in service	(6,569,252)	5,723,109	(846,143)	(98,017)	-	(944,160)
Buildings, improvements, and infrastructure	-	(996,338)	(996,338)	(237,708)	-	(1,234,046)
Machinery and equipment	(152,185)	33,346	(118,839)	(18,616)	-	(137,455)
Total accumulated depreciation	<u>(6,721,437)</u>	<u>4,760,117</u>	<u>(1,961,320)</u>	<u>(354,341)</u>	<u>-</u>	<u>(2,315,661)</u>
Total capital assets being depreciated, net	<u>4,947,208</u>	<u>3,192,852</u>	<u>8,140,060</u>	<u>(308,214)</u>	<u>-</u>	<u>7,831,846</u>
Capital assets, net	<u>\$ 4,948,920</u>	<u>\$ 3,192,852</u>	<u>\$ 8,141,772</u>	<u>\$(308,214)</u>	<u>\$ -</u>	<u>\$ 7,833,558</u>

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2021**

<u>Port Costa Operating Fund</u>	<u>Balance July 1, 2020</u>	<u>Prior Period Adjustment</u>	<u>Balance, Restated July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2021</u>
Capital assets not subject to depreciation:						
Land	\$ 181	\$ -	\$ 181	\$ -	\$ -	\$ 181
Total capital assets not subject to depreciation	<u>181</u>	<u>-</u>	<u>181</u>	<u>-</u>	<u>-</u>	<u>181</u>
Capital assets subject to depreciation:						
Utility plant in service	1,623,289	(269,075)	1,354,214	-	-	1,354,214
Buildings, improvements, and infrastructure	943,697	269,075	1,212,772	-	-	1,212,772
Total capital assets being depreciated	<u>2,566,986</u>	<u>-</u>	<u>2,566,986</u>	<u>-</u>	<u>-</u>	<u>2,566,986</u>
Less accumulated depreciation for:						
Utility plant in service	(678,737)	175,752	(502,985)	(67,711)	-	(570,696)
Buildings, improvements, and infrastructure	(559,922)	6,211	(553,711)	(56,056)	-	(609,767)
Total accumulated depreciation	<u>(1,238,659)</u>	<u>181,963</u>	<u>(1,056,696)</u>	<u>(123,767)</u>	<u>-</u>	<u>(1,180,463)</u>
Total capital assets being depreciated, net	<u>1,328,327</u>	<u>181,963</u>	<u>1,510,290</u>	<u>(123,767)</u>	<u>-</u>	<u>1,386,523</u>
Capital assets, net	<u>\$ 1,328,508</u>	<u>\$ 181,963</u>	<u>\$ 1,510,471</u>	<u>\$(123,767)</u>	<u>\$ -</u>	<u>\$ 1,386,704</u>

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

Crockett operating fund	\$ 354,341
Port costa operating fund	<u>123,767</u>
Total business-type activities	<u>\$ 478,108</u>

**Note 6—Long-term Obligations**

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

<b>Primary Government:</b>	<b>Balance July 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2021</b>	<b>Due Within One Year</b>
Governmental Activities Obligations:					
Compensated absences	\$ 14,844	\$ 8,443	\$ (5,773)	\$ 17,514	\$ 1,751
Notes payable	-	642,500	(11,529)	630,971	23,625
Net pension liability	39,147	-	7,781	46,928	-
Total Governmental Obligations	<u>\$ 53,991</u>	<u>\$ 650,943</u>	<u>\$ (9,521)</u>	<u>\$ 695,413</u>	<u>\$ 25,376</u>
Enterprise Obligations:					
Compensated abences	22,674	2,773	(20,457)	4,990	499
Notes payable	422,246	-	(76,079)	346,167	87,580
Net pension liability	87,256	17,342	-	104,598	-
Total Enterprise Obligations	<u>\$ 532,176</u>	<u>\$ 20,115</u>	<u>\$ (96,536)</u>	<u>\$ 455,755</u>	<u>\$ 92,517</u>



**CROCKETT COMMUNITY SERVICES DISTRICT**  
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Annual requirements to amortize long-term debt and related interest are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 111,205	\$ 29,437
2023	107,561	26,290
2024	73,618	23,236
2025	75,785	21,069
2026	78,016	18,840
2027 to 2031	174,279	71,883
2032 to 2036	174,096	45,606
2037 to 2041	182,578	15,152
	<u>\$ 977,138</u>	<u>\$ 251,513</u>

Details of long-term indebtedness are as follows:

**Governmental Activities and Enterprise Obligations:**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Notes Payable</b>
Notes Payable Obligations:			
\$122,291 notes payable issued May 13, 2002, principal payable in various annual installments through October 17, 2021; interest payable annually at 2.400%.	\$ -	\$ 7,487	\$ 7,487
\$495,153 notes payable issued December 9, 2002, principle payable in various annual installments through December 18, 2022; interest payable annually at 2.700%.	-	70,294	70,294
\$290,844 notes payable issued August 20, 2020, principal payable in various bi-annual installments through August 11, 2026; interest payable semi-annually at 2.75%.	-	268,386	268,386
\$642,500 notes payable issued August 20, 2020, principal payable in various bi-annual installments through August 11, 2040; interest payable semi-annually at 3.25%	630,971	-	630,971
Total notes payable	630,971	346,167	977,138
Less current portion	(23,625)	(87,580)	(111,205)
Long-term notes payable	<u>\$ 607,346</u>	<u>\$ 258,587</u>	<u>\$ 865,933</u>

**Note 7—Litigation**

At June 30, 2021, there were no matters of litigation involving the District or which would materially affect the District's financial position should any court decisions on pending matters not be favorable to such entities.

**Note 8—Pension Plan:**

**General Information about the Pension Plan**

**Plan Description.** The District contributes to the California Public Employees' Retirement System (CalPERS), a cost sharing multiple-employer public employee retirement system. CalPERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District resolution. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained from CalPERS, 400 Q Street, Sacramento, CA 95811.

**Benefits Provided.** CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2021**

credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	<b>Prior to January 1, 2013</b>	<b>On or After January 1, 2013</b>
Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a percent of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	8.794%	7.732%

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

For the year ended June 30, 2021, the contributions to the Plan were \$16,394.

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

As of June 30, 2021, the District reported net pension liability for its proportionate share of collective net pension liability in the amount of \$151,526.

The District's net pension liability for the Plan is measured as the proportionate share of the collective plans net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of the June 30, 2019 and 2020 measurement dates was as follows:

Proportion - June 30, 2019	0.00123%
Proportion - June 30, 2020	<u>0.00139%</u>
Change	<u><u>0.00016%</u></u>

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2021**

For the year ended June 30, 2021, the District recognized pension expense of \$38,625. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 16,394	\$ -
Differences between actual and expected experience	7,809	1,081
Changes in assumptions		-
Difference between projected and actual contributions	-	14,730
Net differences between projected and actual earnings on plan investment	4,501	-
Adjustments due to differences in proportion	13,999	-
Total	<u>\$ 42,703</u>	<u>\$ 15,811</u>

The \$16,394 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ending June 30,</b>	<b>Pension Expense Amount</b>
2022	\$ 1,313
2023	3,102
2024	3,924
2025	2,159
2026	-
Thereafter	-
Total	<u>\$ 10,498</u>

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions for the plan:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Costs
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases (1)	2.75%
Investment Rate of Return (2)	7.15%
Mortality (3)	

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

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

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<b>Asset Class<sup>1</sup></b>	<b>New</b>	<b>Real Return</b>	<b>Real Return</b>
	<b>Strategic</b>	<b>Years 1 - 10(a)<sup>2</sup></b>	<b>Years 11+(b)<sup>3</sup></b>
	<b>Allocation</b>		
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	77.00%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%		-0.092%
<b>Total</b>	<b>100.00%</b>		

<sup>1</sup> In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments;

Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used of this period.

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

<b>Discount Rate</b>	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	<b>(6.15%)</b>	<b>(7.15%)</b>	<b>(8.15%)</b>
Proportionate share of the Net Pension Liability / (Asset)	\$ 256,017	\$ 151,526	\$ 65,189

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 9 Prior Period Adjustment**

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The District restated certain prior year balances after identifying instances during 2021 where activities in the previous fiscal years were inaccurately recorded in the financial statements.

	<u>Governmental Activities</u>	<u>Port Costa Operating</u>	<u>Crockett Operating</u>	<u>Business-Type Activities</u>	<u>Primary Government</u>
Government-wide					
Net position, June 30, 2020, previously reported	\$ 1,826,403	\$ 968,916	\$ 8,857,037	\$ 9,825,953	\$ 11,652,356
Prior year capital assets, net	696,436	181,963	3,192,852	3,374,815	4,071,251
Balance as restated, June 30, 2020	<u>\$ 2,522,839</u>	<u>\$ 1,150,879</u>	<u>\$ 12,049,889</u>	<u>\$ 13,200,768</u>	<u>\$ 15,723,607</u>

## **Required Supplementary Information**

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.00359%	0.00316%	0.00375%	0.00371%	0.00381%	0.00360%	0.00126%
District's Proportionate Share of the Net Pension Liability	\$ 151,526	\$ 126,403	\$ 119,019	\$ 120,894	\$ 99,584	\$ 66,105	\$ 78,166
District's Covered Payroll	\$ 166,553	\$ 239,969	\$ 209,198	\$ 202,584	\$ 184,808	\$ 179,936	\$ 206,787
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	90.98%	52.67%	56.89%	59.68%	53.89%	36.74%	37.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.32%	81.26%	81.21%	79.65%	81.85%	86.54%	83.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00431%	0.00410%	0.00392%	0.00392%	0.00411%	0.00392%	0.00411%

Information is presented for year after the implementation of GASB 68.

See Notes to Required Supplementary Information.

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**  
**Pension Fund**  
**June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 16,394	\$ 18,092	\$ 15,437	\$ 14,059	\$ 17,053	\$ 11,270	\$ 16,388
Contributions in Relation to the Actuarially Determined Contribution	16,394	18,092	15,437	14,059	19,594	17,909	16,719
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,541)</u>	<u>\$ (6,639)</u>	<u>\$ (331)</u>
 District's Pension							
Covered Payroll	\$ 166,553	\$ 239,969	\$ 209,198	\$ 202,584	\$ 184,808	\$ 179,936	\$ 206,787
Contributions as a Percentage of Covered Payroll	9.84%	7.54%	7.38%	6.94%	9.23%	6.26%	7.93%

Information is presented for year after the implementation of GASB 68.

See Notes to Required Supplementary Information.



**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to Required Supplementary Information**  
**District Pension Plan**  
**June 30, 2021**

1. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Costs
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases (1)	2.75%
Investment Rate of Return (2)	7.15%
Mortality (3)	

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

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**General Fund**  
**Statement of Revenues Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 213,234	\$ 213,234	\$ 543,736	\$ 330,502
Intergovernmental	293,380	293,380	84,928	(208,452)
Charges for services	277,642	277,642	84,790	(192,852)
Investment earnings	9,705	9,705	4,511	(5,194)
Miscellaneous	6,690	6,690	15,067	8,377
<b>Total revenues</b>	<u>800,651</u>	<u>800,651</u>	<u>733,032</u>	<u>(67,619)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	3,502	(3,502)
Culture and recreation	402,691	402,691	435,703	(33,012)
Debt service:				
Principal	-	-	11,529	(11,529)
Interest	-	-	10,441	(10,441)
Capital outlay:				
Culture and recreation	112,500	112,500	664,782	(552,282)
<b>Total expenditures</b>	<u>515,191</u>	<u>515,191</u>	<u>1,125,957</u>	<u>(610,766)</u>
Excess (deficiency) of revenues over expenditures	285,460	285,460	(392,925)	(678,385)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	137,041	(137,041)
Transfers out	-	-	(386,046)	(386,046)
Notes issued	-	-	642,500	642,500
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>393,495</u>	<u>119,413</u>
Net change in fund balances	285,460	285,460	570	(284,890)
Fund balances - beginning	701,854	701,854	701,854	-
Fund balances - ending	<u>\$ 987,314</u>	<u>\$ 987,314</u>	<u>\$ 702,424</u>	<u>(284,890)</u>

See Notes to Required Supplementary Information.

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Notes to Required Supplementary Information**  
**June 30, 2021**

**Note 1 – Budgetary Basis of Accounting**

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Budget for the general fund is prepared on the generally accepted accounting principles basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

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

**Note 2 – Expenditures in Excess of Appropriations**

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Expenditures in the general fund exceeded appropriations in the current year by \$610,767.

## **Other Auditor's Report**



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

To the 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, and each major fund of the Crockett Community Services District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Crockett Community Services District's basic financial statements and have issued our report thereon dated June 30, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Crockett Community Services District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001.

**Crockett Community Services District's Response to Findings**

Crockett Community Services District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Crockett Community Services District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*David Farnsworth, CPA*

Dublin, California  
June 30, 2022

**CROCKETT COMMUNITY SERVICES DISTRICT**  
**Schedule of Findings and Recommendations**  
**June 30, 2021**

**2021-001 Capital Assets (Material Weakness)**

**Criteria**

An organization should have policies and procedures to ensure that capital assets are property value are accurately recorded.

**Conditions**

Capital asset schedule were not accurately recorded that resulted in a restatement of prior year financial statements.

**Cause**

The District did not have sufficient policies and procedures to accurately record capital assets.

**Effect of Condition**

The District capital asset balances were not correctly recorded that resulted in a restatement of the prior year financial statements. The effect recorded the following prior period adjustments:

	<u>Governmental Activities</u>	<u>Port Costa Operating</u>	<u>Crockett Operating</u>	<u>Business-Type Activities</u>	<u>Primary Government</u>
Government-wide					
Net position, June 30, 2020, previously reported	\$ 1,826,403	\$ 968,916	\$ 8,857,037	\$ 9,825,953	\$ 11,652,356
Prior year capital assets, net	696,436	181,963	3,192,852	3,374,815	4,071,251
Balance as restated, June 30, 2020	<u>\$ 2,522,839</u>	<u>\$ 1,150,879</u>	<u>\$ 12,049,889</u>	<u>\$ 13,200,768</u>	<u>\$ 15,723,607</u>

**Recommendation**

We recommend implementing policies and procedures over capital assets to ensure capital assets are properly reported.

**Views of Responsible Officials**

Management accepts the audit finding and is planning on fixing the material weakness. Management plans on mandating that all capital assets are recorded at the detailed level to properly account for individual cost, accumulated depreciation, and depreciation expense.