

**CROCKETT COMMUNITY SERVICES DISTRICT
CROCKETT, CALIFORNIA**

REPORT ON FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2013 AND 2012

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

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DENNIS L. LORETTE
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Accountancy Corporation
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CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crockett Community Services District (CCSD), as of and for the years ended 2013 and 2012, and the related notes to the financial statements, which collectively comprise CCSD's basic financial statements as listed in the table of contents. Prior year summarized comparative information has been derived from our report dated October 11, 2012 in which we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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.

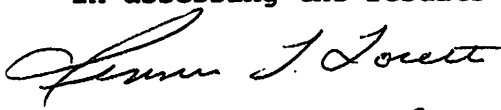
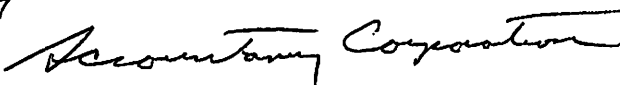
We believe that our audits provide a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of CCSD as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of CCSD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

DENNIS L. LORETTE
ACCOUNTANCY CORPORATION
Pinole, California
October 11, 2013

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENTS OF NET ASSETS
JUNE 30, 2013 AND 2012

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	Department							Totals	
	Community Services	Recreation	Maintenance Fund	Port Costa Operating Fund	Sanitary		Crockett Reserve Fund	2013	2012 *
					Crockett Operating Fund	Crockett Construction Fund			
ASSETS:									
Cash and investments (Note 2)	\$ 57,113	\$ 48,707	\$ 95,378	\$ 61,019	\$ 71,905	\$ 10,249	\$ 301	\$ 344,672	\$ 1,007,656
Investments	-	185,778	-	-	1,288,092	693,352	65,859	2,233,081	1,902,280
Advances on supplemental taxes	(1,820)	-	-	-	4,118	-	-	2,298	2,044
Accounts receivable	-	-	-	1,750	-	-	-	1,750	1,722
Capital assets, net	3,674	1,532,272	-	1,673,082	3,750,856	-	-	6,959,884	7,073,390
TOTAL ASSETS	\$ 58,967	\$ 1,766,757	\$ 95,378	\$ 1,735,851	\$ 5,114,971	\$ 703,601	\$ 66,160	\$ 9,541,685	\$ 9,987,092
LIABILITIES:									
Accounts payable (warrants)	\$ -	\$ 28,655	\$ 21,208	\$ 18,216	\$ 103,838	\$ -	\$ -	\$ 171,917	\$ 178,696
Accrued expenses	-	-	-	-	3,421	-	-	3,422	-
Due to C & H	-	-	-	-	-	-	-	-	604,815
Non-current liabilities:									
Due within one year	-	-	-	70,691	62,987	-	-	133,678	128,001
Due in more than one year	-	-	-	652,749	823,082	-	-	1,475,831	1,609,507
TOTAL LIABILITIES	-	28,655	21,208	741,656	993,328	-	-	1,784,848	2,521,019
NET ASSETS:									
Reserved for future capital projects (Note 8)	58,967	-	74,170	-	1,260,234	-	66,160	1,459,531	1,318,039
Invested in capital assets, net of related debt	-	1,532,272	-	949,642	2,864,787	-	-	5,346,701	5,420,291
Unreserved	-	205,830	-	44,553	-	703,601	-	953,984	727,743
TOTAL NET ASSETS	58,967	1,738,102	74,170	994,195	4,121,642	703,601	66,160	7,756,837	7,466,073
TOTAL LIABILITIES AND NET ASSETS	\$ 58,967	\$ 1,766,757	\$ 95,378	\$ 1,735,851	\$ 5,114,970	\$ 703,601	\$ 66,160	\$ 9,541,685	\$ 9,987,092

* For comparative purposes only

Differences due to rounding

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, 2013 AND 2012

Page 1 of 3

	Department							Totals	
	Community Services	Recreation	Maintenance Fund	Sanitary			Crockett Reserve Fund	2013	2012 *
				Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund			
OPERATIONS:									
Revenues:									
Cost recovery	\$ -	\$ 14,157	\$ 3,052	\$ -	\$ 50,394	\$ -	\$ -	\$ 67,603	\$ 49,551
Facilities rent	-	71,710	-	-	-	-	-	71,710	81,722
Senior outreach	-	3,600	-	-	-	-	-	3,600	3,600
Outside classes	-	1,760	-	-	-	-	-	1,760	1,440
Damage/cleaning deposits	-	22,792	-	-	-	-	-	22,792	24,330
4 Pool/rents/concessions/lessons	-	26,583	-	-	-	-	-	26,583	22,696
Security services	-	5,146	-	-	-	-	-	5,146	4,381
Cleaning services	-	2,700	-	-	-	-	-	2,700	2,840
Aquatic programs	-	45,181	-	-	-	-	-	45,181	36,301
Donations-restricted	-	879	44,000	-	-	-	-	44,879	5,564
Donations-operations	-	2,423	1,077	-	-	-	-	3,500	-
Grants-unrestricted	-	-	-	-	-	-	-	-	7,550
Sewer use charges	-	-	-	215,184	1,234,048	-	-	1,449,232	1,422,132
Permit service fees	-	-	-	896	2,520	-	-	3,416	2,620
Capacity charges	-	-	-	-	4,042	-	-	4,042	-
Parking fines	-	5,197	-	-	-	-	-	5,197	2,636
Miscellaneous	-	747	-	-	-	-	-	747	-
TOTAL OPERATING REVENUES	\$ -	\$ 202,875	\$ 48,129	\$ 216,080	\$ 1,291,004	\$ -	\$ -	\$ 1,758,088	\$ 1,667,363

* For comparative purposes only

Differences due to rounding

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, 2013 AND 2012

	Department							Totals	
	Community Services	Recreation	Maintenance Fund	Sanitary			Crockett Reserve Fund	2013	2012 *
				Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund			
Operating Expenses:									
Salaries and wages	\$ -	\$ 126,236	\$ 602	\$ 11,933	\$ 138,030	\$ -	\$ -	\$ 276,801	\$ 258,268
Maintenance and repairs	-	71,683	6,155	86,814	136,399	-	-	301,051	224,872
Memberships	-	380	2	15	4,238	-	-	4,635	4,457
Program supplies	-	22,229	26	-	-	-	-	22,255	25,614
Office	-	6,750	5	346	5,896	-	-	12,997	4,070
Professional services (Note 7)	-	3,969	46	890	15,793	-	-	20,698	73,834
Printing/publications	-	2,252	-	66	-	-	-	2,318	13,186
Training/travel	-	385	-	-	-	-	-	385	2,370
Food concession supplies	-	6,956	-	-	-	-	-	6,956	9,353
Utilities	-	43,041	160	4,933	17,088	-	-	65,222	56,062
County charges	-	2,367	-	833	-	28	4	3,232	6,237
Insurance	-	9,384	96	5,792	28,539	-	-	43,811	38,739
Easements	-	-	-	-	2,251	-	-	2,251	-
Employee benefits (Note 6)	-	20,443	-	-	20,165	-	-	40,608	38,810
Vehicles	-	385	-	309	1,422	-	-	2,116	2,361
Office rent	-	-	-	-	6,102	-	-	6,102	5,904
Telephone	-	3,847	-	-	2,355	-	-	6,202	5,416
Refunds	-	24,088	-	-	-	-	-	24,088	24,720
Recoverable charges	-	16,735	22,994	14	774	-	-	40,517	12,586
Uniforms	-	1,372	-	-	-	-	-	1,372	579
Elections	-	5,180	-	12	-	-	-	5,192	-
C&H - JTP OM	-	-	-	-	675,654	-	-	675,654	553,024
Capital replacement	-	18,785	-	-	60,142	-	-	78,927	38,486
Other operating	-	1,811	896	-	-	-	-	2,707	12,459
TOTAL OPERATING EXPENSES	-	388,278	30,982	111,957	1,114,848	28	4	1,646,097	1,411,407
Operating income (loss)	\$ -	\$ (185,403)	\$ 17,147	\$ 104,123	\$ 176,156	\$ (28)	\$ (4)	\$ 111,991	\$ 255,956

* For comparative purposes only

Differences due to rounding

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, 2013 AND 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

	<u>2013</u>	<u>2012</u> *
Increase (Decrease) in net assets	\$ 290,764	\$ (130,549)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	376,559	362,024
Changes in certain assets and liabilities:		
Accounts receivable	(28)	(1,722)
Advance of supplemental taxes	(254)	136
Accounts payable and accrued expenses	(3,354)	(113,217)
C & H Settlement-net	<u>(604,815)</u>	<u>604,815</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>58,872</u>	 <u>721,487</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments	<u>(128,002)</u>	<u>(122,579)</u>
 NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	 <u>(128,002)</u>	 <u>(122,579)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net (decrease)increase in investments	(330,801)	497,646
Increase in depreciable assets (Note 3)	<u>(263,053)</u>	<u>(392,609)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>(593,854)</u>	 <u>105,037</u>

NET (DECREASE) INCREASE IN CASH	(662,984)	703,945
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CASH, BEGINNING OF YEAR	<u>1,007,656</u>	<u>303,711</u>
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CASH, END OF YEAR	\$ <u>344,672</u>	\$ <u>1,007,656</u>
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Supplementary cash flow information
Cash paid during the year for:

Interest paid on Board Financing	\$ <u>77,500</u>	\$ <u>82,922</u>
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* 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 11

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o Organization

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

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

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

o Basis of Accounting

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

District operations are accounted using a flow-of-economic-resources method. Specifically, all assets and liabilities associated with operations of its funds are included on the Statement of Net Assets. Net Assets (page 3) are segregated into reserved for future capital projects, invested in capital assets and unreserved components which report increases and decreases in total net assets.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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

o Budget

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

o Capital Assets

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

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

o Estimates

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

NOTE 2 - CASH AND INVESTMENTS

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 2 - CASH AND INVESTMENTS (CONT'D)

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

For purposes of the 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>2013</u>	<u>2012</u>
Crockett Community Services	\$ 57,113	\$ 42,568
Crockett Recreation Department	234,485	188,128
Maintenance Department	95,378	68,032
Crockett Sanitary Department	1,359,998	1,804,084
Crockett Sanitary - Department Construction Reserve	703,601	667,211
Port Costa Sanitary Department	61,019	73,965
Crockett Sanitary - Department Capital Reserve	66,159	65,948
	<u>\$ 2,577,753</u>	<u>\$ 2,909,936</u>

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

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

	Fixed Assets			Accumulated Depreciation			Net Assets 6/30/13
	Balance 7/1/12	Additions	Balance 6/30/13	Balance 7/1/12	Current year Depreciation	Balance 6/30/13	
<u>COMMUNITY SERVICES</u>							
Community Services	\$ 255,334	\$ -	\$ 255,334	\$ 251,379	\$ 281	\$ 251,660	\$ 3,674
Maintenance Department:							
Plaza/street lighting	582,751	10,507	593,258	248,819	13,067	261,886	331,372
Fences	93,082	-	93,082	7,542	2,068	9,610	83,472
	<u>675,833</u>	<u>10,507</u>	<u>686,340</u>	<u>256,361</u>	<u>15,135</u>	<u>271,496</u>	<u>414,844</u>
Recreation Dept.:							
Outdoor facilities	1,087,528	11,288	1,098,816	490,484	54,659	545,143	553,673
Swimming pool remodel	596,751	-	596,751	29,838	29,838	59,676	537,075
Capital equipment	37,822	1,696	39,518	10,905	1,934	12,839	26,680
	<u>1,722,101</u>	<u>12,984</u>	<u>1,735,085</u>	<u>531,227</u>	<u>86,430</u>	<u>617,657</u>	<u>1,117,428</u>
	<u>2,397,934</u>	<u>23,491</u>	<u>2,421,425</u>	<u>787,588</u>	<u>101,565</u>	<u>889,153</u>	<u>1,532,272</u>
<u>PORT COSTA SANITARY</u>							
Land	181	-	181	-	-	-	181
Treatment plant	96,493	55,025	151,518	5,718	1,908	7,626	143,892
Building & improvements	943,697	-	943,697	182,441	47,185	229,626	714,071
Long-term debt-treatment plant	1,080,513	-	1,080,513	211,550	54,026	265,576	814,937
	<u>2,120,884</u>	<u>55,025</u>	<u>2,175,909</u>	<u>399,709</u>	<u>103,118</u>	<u>502,827</u>	<u>1,673,082</u>
<u>SANITARY DEPT.</u>							
Land	1,712	-	1,712	-	-	-	1,712
Office equipment	18,762	-	18,762	16,891	938	17,829	933
Capital equipment	85,149	20,800	105,949	76,852	9,555	86,407	19,542
Pump/treatment plant	2,991,888	2,061	2,993,949	2,545,504	85,512	2,631,016	362,933
Sewers	5,966,340	161,676	6,128,016	2,686,690	75,590	2,762,280	3,365,736
	<u>9,063,851</u>	<u>184,537</u>	<u>9,248,388</u>	<u>5,325,937</u>	<u>171,595</u>	<u>5,497,532</u>	<u>3,750,856</u>
TOTALS	\$ <u>13,838,003</u>	\$ <u>263,053</u>	\$ <u>14,101,056</u>	\$ <u>6,764,613</u>	\$ <u>376,559</u>	\$ <u>7,141,172</u>	\$ <u>6,959,884</u>

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 4 - NON-CURRENT LIABILITIES

At June 30, 2013, the District had the following non-current liabilities:

(a) State Revolving Loan Fund

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

Loan balance at 6/30/13	\$ 55,896
Current portion of principal	<u>(6,193)</u>
	<u>\$ 49,703</u>

(b) State Revolving Loan Fund

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

Loan balance at 6/30/13	\$ 288,669
Current portion of principal	<u>(27,673)</u>
	<u>\$ 260,996</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 6/30/13	\$ 541,501
Current portion of principal	<u>(29,121)</u>
	<u>\$ 512,380</u>

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 4 - NON-CURRENT LIABILITIES (CONT'D)(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 6/30/13	\$ 427,441
Current portion of principal	<u>(22,676)</u>
	<u>\$ 404,765</u>

(e) 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 6/30/13	\$ 296,003
Current portion of principal	<u>(48,015)</u>
	<u>\$ 247,988</u>

In summary, the above liabilities are:

	<u>Non-current</u>	<u>Current</u>
<u>Crockett:</u>		
Loan (a)	\$ 49,703	\$ 6,193
Loan (b)	260,996	27,673
Loan (c)	<u>512,380</u>	<u>29,121</u>
	<u>\$ 823,079</u>	<u>\$ 62,987</u>
 <u>Port Costa:</u>		
Loan (d)	\$ 404,765	\$ 22,676
Loan (e)	<u>247,988</u>	<u>48,015</u>
	<u>\$ 652,753</u>	<u>\$ 70,691</u>

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 5 - GRANTS

Grants totaling \$ 158,667 were received during the year.

NOTE 6 - EMPLOYEE PENSION PLAN

Effective October 1, 2007, CCSD began participating in the Public Employees' Retirement System (CALPERS). Because CCSD had less 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 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 8 of 11

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 employee 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.

- Required contribution rate - Members

Active Plan members must contribute 7.0 percent of their earnings.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

Page 10 of 11

NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)

o Annual Pension Cost (APC) (cont'd)

The above \$ 16,071 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.

NOTE 10 - C & H SETTLEMENT

The Crockett Sanitary Department of the District was involved in a dispute with the C & H Sugar Corporation (C&H) over unpaid charges for use of sewer facilities and services rendered. On September 6, 2012 a settlement agreement and release of claims was finalized. As a result of this agreement the District agreed to pay C&H \$ 750,000 as full payment for overpayments paid by C&H for past C&H sewage fees and for the past Joint Treatment Plant charges due C&H from the District. This amount was offset by sewer charges of \$ 145,185 that C&H owed the Crockett Sanitary Department for the fiscal year ended June 30, 2012. The financial effect of this suit was recorded in the June 30, 2012 financial statements. The payment amounts and receipt of the sewer charges were completed in October 2012.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS

The Crockett Community Services District has evaluated subsequent events through October 11, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DENNIS L. LORETTE
DENNIS L. LORETTE

Accountancy Corporation
Member American Institute of CPA's
Member California Society of CPA's


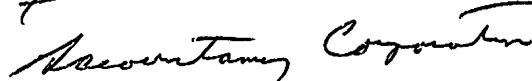
CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Crockett Community Services District as of and for the years ended June 30, 2013 and 2012, and have issued our report thereon dated October 11, 2013, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DENNIS L. LORETTE
ACCOUNTANCY CORPORATION
Pinole, California
October 11, 2013

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

EMPLOYER PENSION PLAN - REQUIRED

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

o Four-year history of valuation date

-	<u>ACTUARIAL VALUE OF PLAN ASSETS</u>	
	2008 - \$ 24,448	
	2009 - -0-	
	2010 - -0-	
	2011 - -0-	
	2012 - -0-	
-	<u>ACTUARIAL ACCRUED LIABILITY</u>	
	2008 - -0-	
	2009 - -0-	
	2010 - -0-	
	2011 - -0-	
	2012 - -0-	
-	<u>TOTAL UNFUNDED ACCRUED LIABILITY</u>	
	2008 - -0-	
	2009 - -0-	
	2010 - -0-	
	2011 - -0-	
	2012 - -0-	
-	<u>FUNDED RATIO</u>	
	2008 - 100.5 %	
	2009 - 97.4 %	
	2010 - 69.2 %	
	2011 - 74.9 %	
	2012 - 83.8 %	
-	<u>ANNUAL COVERED PAYROLL</u>	
	2008 - \$ 72,020	
	2009 - \$ 64,776	
	2010 - \$ 161,168	
	2011 - \$ 196,041	
	2012 - \$ 205,039	
-	<u>UNFUNDED LIABILITY</u>	
	2008 - -0-	
	2009 - -0-	
	2010 - -0-	
	2011 - -0-	
	2012 - -0-	

CROCKETT COMMUNITY SERVICES DISTRICT
CROCKETT, CALIFORNIA

BOARD OF DIRECTORS AND MANAGEMENT

JUNE 30, 2013

Harold Burnett

Fred Clerici

Patrick Glover

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Crockett Community Services District (CCSD) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise CCSD's basic financial statements, and have issued our report thereon dated October 11, 2013.

Internal Control Over Financial Reporting

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

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

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

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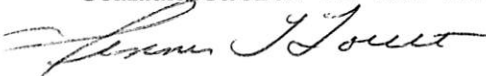
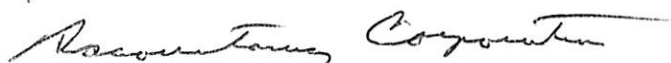
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCSD's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

DENNIS L. LORETTE
ACCOUNTANCY CORPORATION
Pinole, California
October 11, 2013

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012

There were no material audit findings in prior years.