

CROCKETT COMMUNITY SERVICES DISTRICT  
CROCKETT, CALIFORNIA

REPORT ON FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2010 AND 2009

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Net Assets	3
Statement of Revenues, Expenses and Changes In Fund Net Assets	4-6
Statement of Cash Flows	7
Notes to Financial Statements	8-19
SUPPLEMENTARY INFORMATION:	
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	20
EMPLOYER PENSION PLAN	21
BOARD OF DIRECTORS AND MANAGEMENT	22
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	23-24
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	25

**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

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

We have audited the accompanying Statements of Net Assets of Crockett Community Services District (CCSD) as of June 30, 2010 and 2009 and the related Statements of Revenues, Expenses and Changes in Fund Net Assets, and Cash Flows for the years then ended. These financial statements are the responsibility of CCSD's management. Our responsibility is to express an opinion on these financial statements based on our audits. Prior year summarized comparative information has been derived from our report dated September 30, 2009 in which we expressed a qualified opinion on those financial statements.

Except as discussed in the following paragraph and explained further in Notes 1 and 2, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District complies with *Government Accounting Standards Board (GASB) Statement No. 34*. This Standard requires CCSD to report capital assets at historical cost and related depreciation, as compared with estimated replacement costs, as CCSD reported in years prior to 2003.

CROCKETT COMMUNITY SERVICES DISTRICT

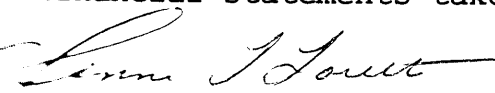
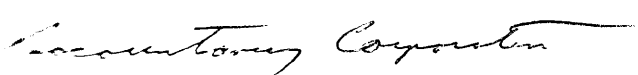
CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT (CONT'D)

In our opinion, except for the reporting caused by the change in recording capital assets and related depreciation in accordance with GASB Statement No. 34, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of CCSD as of June 30, 2010, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*; we have also issued a report dated September 13, 2010 on our consideration of Crockett Community Services District's internal control over financial reporting and our tests of its compliance with certain provisions of laws regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

DENNIS L. LORETTE  
ACCOUNTANCY CORPORATION  
Pacole, California  
September 13, 2010

## CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENT OF NET ASSETS  
JUNE 30, 2010 AND 2009

Page 1 of 1

	Department									
	Sanitary							Totals		
	Community Services	Recreation	Veterans Memorial	Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund	Crockett Reserve Fund	2010	2009 **	
ASSETS:										
Cash and investments (Note 2)	\$ 18,665	\$ 61,070	\$ 35,100	\$ 24,246	\$ 184,795	\$ 98,740	\$ 313	\$ 422,929	\$ 279,718	
Investments	-	121,879	-	-	1,418,459	490,435	65,047	2,095,820	2,039,746	
Advances on supplemental taxes	(2,079)	-	-	-	4,118	-	-	2,039	11,002	
Accounts receivable	-	1,960	-	-	-	-	-	1,960	-	
Capital assets, net	4,517	1,114,728	-	1,818,840	3,570,786	-	-	6,508,871	6,492,350	
Prepaid insurance	-	-	-	-	-	-	-	-	12,840	
TOTAL ASSETS	\$ 21,103	\$ 1,299,637	\$ 35,100	\$ 1,843,086	\$ 5,178,158	\$ 589,175	\$ 65,360	\$ 9,031,619	\$ 8,835,656	
LIABILITIES:										
Accounts payable (warrants)	\$ -	\$ 13,556	\$ -	\$ 150	\$ 76,932	\$ -	\$ -	\$ 90,638	\$ 193,072	
Due to other funds	-	-	-	-	-	-	-	-	99	
Non-current liabilities:										
Due within one year	-	-	-	60,900	56,495	-	-	117,395	79,885	
Due in more than one year	-	-	-	854,707	1,005,387	-	-	1,860,094	2,029,040	
TOTAL LIABILITIES	-	13,556	-	915,757	1,138,814	-	-	2,068,127	2,302,096	
NET ASSETS:										
Reserved for future capital projects (Note 8)	21,103	9,012	35,100	-	2,112,746	-	65,360	2,243,321	1,268,118	
Invested in capital assets, net of related debt	-	1,277,069	-	890,092	1,926,598	-	-	4,093,759	4,093,759	
Unreserved	-	-	-	37,237	-	-	-	626,412	1,171,683	
TOTAL NET ASSETS	21,103	1,286,081	35,100	927,329	4,039,344	589,175	65,360	6,963,492	6,533,560	
TOTAL LIABILITIES AND NET ASSETS	\$ 21,103	\$ 1,299,637	\$ 35,100	\$ 1,843,086	\$ 5,178,158	\$ 589,175	\$ 65,360	\$ 9,031,619	\$ 8,835,656	

\* differences due to rounding

\*\* For comparative purposes only

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

JUNE 30, 2010 AND 2009

	Department						Totals	
	Community Services	Recreation	Veterans Memorial	Sanitary			2010	2009 **
				Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund		
OPERATIONS:								
Revenues:								
Cost recovery	\$ -	\$ 19,333	\$ -	\$ 14,770	\$ 26,427	\$ -	\$ 60,530	\$ 67,747
Facilities rent	-	76,297	-	-	-	-	76,297	72,495
Senior outreach	-	3,600	-	-	-	-	3,600	3,600
Outside classes	-	2,156	-	-	-	-	2,156	2,848
Damage/cleaning deposits	-	14,625	-	-	-	-	14,625	61,000
Pool/rents/concessions/lessons	-	27,436	-	-	-	-	27,436	25,608
Security services	-	4,767	-	-	-	-	4,767	17,996
Cleaning services	-	3,740	-	-	-	-	3,740	3,120
Aquatic programs	-	36,831	-	-	-	-	36,831	40,193
Donations-restricted	-	1,743	-	-	-	-	1,743	8,294
Grants restricted	-	11,977	-	-	-	-	11,977	-
Sewer use charges	-	-	-	201,763	1,245,837	-	1,447,600	1,408,289
Permit service fees	-	-	-	-	3,329	-	3,329	2,075
Capacity charges	-	-	-	-	7,595	-	7,595	9,941
Parking fines	-	4,617	-	-	-	-	4,617	-
Miscellaneous	-	7,647	100	-	-	-	7,747	13,637
TOTAL OPERATING REVENUES	\$ -	\$ 214,769	\$ 100	\$ 216,533	\$ 1,283,188	\$ -	\$ 1,714,590	\$ 1,736,843

\* Differences due to rounding

\*\* For comparative purposes only

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
JUNE 30, 2010 AND 2009

	Department										Totals	
	Community Services					Sanitary					2010	2009 **
						Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund	Crockett Reserve Fund			
Operating Expenses:												
Salaries and wages	\$	-	\$	105,548	\$	28,971	\$	98,073	\$	-	\$	232,592
Maintenance and repairs	-	-	-	69,548	-	63,729	-	134,199	-	-	-	267,476
Memberships	-	-	-	183	-	-	-	4,030	-	-	-	4,213
Program supplies	-	-	-	20,169	-	-	-	-	-	-	-	20,169
Office	-	-	-	3,435	-	165	-	4,505	-	-	-	8,105
Professional services (Note 7)	-	-	-	8,862	-	944	-	20,122	-	-	-	29,928
Printing/publications	-	-	-	3,069	-	163	-	690	-	-	-	84,512
Training/travel	-	-	-	997	-	-	-	14	-	-	-	3,922
Food concession supplies	-	-	-	9,647	-	-	-	-	-	-	-	1,011
Utilities	-	-	-	33,235	-	4,198	-	27,251	-	-	-	9,647
County charges	-	-	-	2,711	-	390	-	2,144	-	-	-	64,684
Insurance	-	-	-	12,872	-	932	-	12,747	-	-	-	5,245
Easements	-	-	-	-	-	-	-	2,085	-	-	-	26,551
Employee benefits (Note 6)	-	-	-	31,176	-	8,177	-	28,252	-	-	-	2,085
Vehicles	-	-	-	-	-	-	-	204	-	-	-	67,605
Office rent	-	-	-	-	-	-	-	5,760	-	-	-	204
Telephone	-	-	-	3,276	-	-	-	1,829	-	-	-	5,760
Refunds	-	-	-	38,314	-	150	-	2,713	-	-	-	5,105
Recoverable charges	-	-	-	28,648	-	1,680	-	11,769	-	-	-	41,177
Uniforms	-	-	-	1,488	-	-	-	-	-	-	-	42,097
Elections	-	-	-	-	-	-	-	-	-	-	-	1,488
C&H - JTP OM	-	-	-	-	-	-	-	-	-	-	-	4,634
Capital replacement	-	-	-	2,525	-	2,791	-	44,494	-	-	-	599,571
Other operating	-	-	-	3,769	-	3,506	-	2,447	-	-	-	49,810
TOTAL OPERATING EXPENSES	-	-	-	379,472	-	115,796	-	1,002,899	-	-	-	9,722
Operating income (loss)	\$	-	\$	(164,703)	\$	100	\$	280,289	\$	-	\$	1,498,167
												1,641,630
												95,213

\* Differences due to rounding

\*\* For comparative purposes only

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

JUNE 30, 2010 AND 2009

Page 3 of 3

	Department						Totals		
							2010	2009	**
NON-OPERATING REVENUES:	Community Services	Recreation	Veterans Memorial	Port Costa Operating Fund	Crockett Operating Fund	Crockett Construction Fund	Crockett Reserve Fund		
	\$ 247,372	\$ 61,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,922	\$ 352,209
	-	75,512	35,000	-	67,731	-	-	178,243	158,666
	-	1,392	-	-	37,163	4,304	577	43,436	53,128
TOTAL NON-OPERATING REVENUES	247,372	138,454	35,000	-	104,894	4,304	577	530,601	564,003
NON-OPERATING EXPENSES:	Depreciation	53,850	-	97,670	162,333	-	-	314,134	314,134
	Other	-	-	-	-	17	4	2,958	3,635
	TOTAL NON-OPERATING EXPENSES	53,850	-	97,670	162,333	17	4	317,092	317,769
TOTAL NON-OPERATING REVENUES OVER EXPENSES	244,154	84,604	35,000	(97,670)	(57,439)	4,287	573	213,509	246,234
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	244,154	(80,099)	35,100	3,067	222,850	4,287	573	429,932	341,446
	Transfers in (out)								
	Cash	39,000	-	-	120,575	98,425	-	-	-
	Capital Assets	(74)	-	31,400	856,629	(682,450)	(205,505)	-	-
CHANGE IN NET ASSETS	(13,846)	(41,173)	35,100	34,467	1,200,054	(579,738)	(204,932)	429,932	341,447
PRIOR PERIOD ADJUSTMENTS (NOTE 11)	-	-	-	-	-	-	-	-	966,272
	NET ASSETS, BEGINNING OF YEAR	34,949	-	892,862	2,839,290	1,168,913	270,292	6,533,560	5,225,840
	NET ASSETS, END OF YEAR	\$ 21,103	\$ 1,286,081	\$ 927,329	\$ 4,039,344	\$ 589,175	\$ 65,360	\$ 6,963,492	\$ 6,533,560

\* Differences due to rounding  
 \*\* For comparative purposes only

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



## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2010 AND 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

	<u>2010</u>	<u>2009</u>
Increase in net assets	\$ 429,932	\$ 1,307,208
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	314,134	314,134
Changes in certain assets and liabilities:		
Due from other funds	-	10,935
Accounts receivable	(1,960)	9,460
Advance of supplemental taxes	8,963	(7,528)
Interest receivable	-	11,310
Prepaid insurance	12,840	1,216
Accounts payable	(102,434)	70,838
Due to other funds	<u>(99)</u>	<u>99</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>661,376</u>	<u>1,718,184</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments	<u>(131,436)</u>	<u>(70,211)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(131,436)</u>	<u>(70,211)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net (increase) decrease in investments	(56,074)	(329,073)
Increase in depreciable assets (Note 3)	<u>(330,655)</u>	<u>(2,154,531)</u>

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(386,729)</u>	<u>(2,483,604)</u>
---	------------------	--------------------

NET INCREASE (DECREASE) IN CASH	143,211	(835,631)
---------------------------------	---------	-----------

PRIOR PERIOD ADJUSTMENTS (NOTE 11)	-	966,272
------------------------------------	---	---------

CASH, BEGINNING OF YEAR	<u>279,718</u>	<u>149,076</u>
-------------------------	----------------	----------------

CASH, END OF YEAR	<u>\$ 422,929</u>	<u>\$ 279,718</u>
-------------------	-------------------	-------------------

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Page 1 of 12

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 as of June 30, 2009 includes the Port Costa sanitary operations, for which the final transfer of assets and authority effective May 14, 2008. By binding Agreement, neither town will subsidize the other.

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.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 2 of 12

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

o Basis of Accounting (cont'd)

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

o Budget

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

o Capital Assets

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

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

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2010 AND 2009

Page 3 of 12

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

o Capital Assets (cont'd)

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

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.

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.

## CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 4 of 12NOTE 2 - CASH AND INVESTMENTS (CONT'D)

For purposes of the Statement of Cash Flows (page 7), the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Balances in this account (Page 3) at June 30, 2010, were:

	<u>2010</u>	<u>2009</u>
Crockett Community Services	\$ 18,665	\$ 30,151
Crockett Recreation Department	182,949	235,707
Veterans Memorial	35,100	-
Crockett Sanitary Department	1,603,254	1,469,299
Crockett Sanitary - Department Construction Reserve	589,175	486,463
Port Costa Sanitary Department	24,246	33,057
Crockett Sanitary - Department Capital Reserve	65,360	64,787
	<u>\$ 2,518,749</u>	<u>\$ 2,319,464</u>

NOTE 3 - CAPITAL ASSETS

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

	<u>Balance 7/1/09</u>	<u>Additions</u>	<u>Total</u>	<u>Depreciation for Period</u>	<u>Accumulated Depreciation</u>	<u>Balance 6/30/10</u>
<u>COMMUNITY SERVICES</u>						
Community Services	\$ 255,334	\$ -	\$ 255,334	\$ 281	\$ 250,817	\$ 4,517
Maintenance Dept.:						
Plaza/street lighting	570,105	-	570,105	1,105	246,509	323,596
Fences	93,082	-	93,082	1,030	5,482	87,600
	<u>663,187</u>	<u>-</u>	<u>663,187</u>	<u>2,135</u>	<u>251,991</u>	<u>411,196</u>
Recreation Dept.:						
Outdoor facilities	1,038,852	48,676	1,087,528	50,328	389,828	697,700
Capital equip.	4,290	4,799	9,089	1,387	3,257	5,832
	<u>1,043,142</u>	<u>53,475</u>	<u>1,096,617</u>	<u>51,715</u>	<u>393,085</u>	<u>703,532</u>
	<u>1,706,329</u>	<u>53,475</u>	<u>1,759,804</u>	<u>53,850</u>	<u>645,076</u>	<u>1,114,728</u>

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 5 of 12NOTE 3 - CAPITAL ASSETS (CONT'D)

	Balance 7/1/09	Additions	Total	Depreciation for Period	Accumulated Depreciation	Balance 6/30/10
<u>PORT COSTA SANITARY:</u>						
Land	181	-	181	-	-	181
Treatment plant	28,222	60,590	88,812	1,411	2,822	85,990
Bldg. & improv.	890,187	-	890,187	44,509	89,018	801,169
Long-term debt- treatment plant	1,035,000	-	1,035,000	51,750	103,500	931,500
	<u>1,953,590</u>	<u>60,590</u>	<u>2,014,180</u>	<u>97,670</u>	<u>195,340</u>	<u>1,818,840</u>
<u>SANITARY DEPT.:</u>						
Land	1,712	-	1,712	-	-	1,712
Office equipment	15,953	-	15,953	2,171	15,982	(29)
Capital equipment	83,276	533	83,809	8,497	59,822	23,987
Pump/treatment plant	2,984,335	-	2,984,335	85,395	2,374,538	609,797
Sewers	5,259,175	216,057	5,475,232	66,270	2,539,912	2,935,320
	<u>8,344,451</u>	<u>216,590</u>	<u>8,561,041</u>	<u>162,333</u>	<u>4,990,254</u>	<u>3,570,787</u>
TOTALS	<u>\$12,259,704</u>	<u>\$ 330,655</u>	<u>\$12,590,359</u>	<u>\$ 314,134</u>	<u>\$ 6,081,487</u>	<u>\$ 6,508,872</u>

NOTE 4 - NON-CURRENT LIABILITIES

At June 30, 2010, the District had the following non-current liabilities:

(a) State Revolving Loan Fund

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

Loan balance at 10/17/09	\$ 73,620
Current portion of principal	(5,764)
	<u>\$ 67,856</u>

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 6 of 12NOTE 4 - NON-CURRENT LIABILITIES (CONT'D)(b) State Revolving Loan Fund

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

Loan balance at 12/18/09	\$ 367,397
Current portion of principal	<u>(25,546)</u>
	\$ <u>341,851</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 6/30/10	\$ 620,865
Current portion of principal	<u>(25,185)</u>
	\$ <u>595,680</u>

(d) Municipal Finance Corporation

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

Loan balance at 6/30/10	\$ 489,005
Current portion of principal	<u>(19,499)</u>
	\$ <u>469,506</u>

## CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 7 of 12

NOTE 4 - NON-CURRENT LIABILITIES (CONT'D)(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 6/30/10	\$ 426,605
Current portion of principal	<u>(41,401)</u>
	\$ <u>385,204</u>

In summary, the above liabilities are:

	<u>Non-current</u>	<u>Current</u>
<u>Crockett:</u>		
Loan (a)	\$ 67,856	\$ 5,764
Loan (b)	341,851	25,546
Loan (c)	595,680	25,185
	<u>\$ 1,005,387</u>	<u>\$ 56,495</u>
 <u>Port Costa:</u>		
Loan (d)	\$ 469,506	\$ 19,499
Loan (e)	385,201	41,401
	<u>\$ 854,707</u>	<u>\$ 60,900</u>

NOTE 5 - GRANTS

Grants totaling \$ 178,243 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



## CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 8 of 12NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)

benefit plan. Under Government Auditing Standards Board (GASB) Statement No. 27, employers are required to report required Supplementary Information (Pages 21 and 22) 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 (CONT'D)

JUNE 30, 2010 AND 2009

Page 9 of 12NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)Coverage Group

70001 \*

Benefit Provisions

## Pre-Retirement Death Benefits

Optional Settlement 2W	yes
1959 Survivor Benefit Level	level 4
Special	no
Alternate (firefighters)	no

## Post-Retirement Death Benefits

Lump Sum	\$500
Survivor Allowance (PRSA)	no

COLA	2%
------	----

## Employee Contributions

Contractual employer paid	no
Contractual employee cost sharing	0%

\* District's Coverage Group

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

o Funding policy- Authority

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

## CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 10 of 12

NOTE 6 - EMPLOYEE PENSION PLAN (CONT'D)o Funding policy (cont'd)- Required contribution rate - Members

Active Plan members must contribute 7.0 percent of their earnings.

- Required contribution rate - DistrictFiscal Year

2008/2009	31.949 %	
2009/2010	31.225 %	
2010/2011	21.115 %	
2011/2012	7.700 %	(Projected)

o Annual Pension Cost (APC)

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

The APC and actual contributions made by the District for FY 2010 and 2009 were \$ 36,823 and \$ 35,590, respectively:

## CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 11 of 12

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

<u>Fiscal</u> <u>Year</u>	<u>ARC</u> <u>Amount</u>	<u>Int.</u> <u>on</u> <u>NPO</u>	<u>Amort.</u> <u>of</u> <u>NPO</u>	<u>APC</u> <u>Amount</u>	<u>Contr.</u> <u>Made</u>	<u>NPO</u> <u>Beg. Of</u> <u>Year</u>	<u>NPO</u> <u>End of</u> <u>Year</u>	<u>CALPERS</u> <u>Amort.</u> <u>Factor</u>	<u>Int.</u> <u>Rate</u>
2008	\$32,754	-	-	\$32,754	\$ 35,590	-	\$ (2,836)	36.833	7.75%
2009	\$23,010	\$220	\$89	\$23,141	\$ 28,101	\$ (2,836)	\$ (4,960)	31.949	7.75%
2010	\$22,448	\$347	\$84	\$23,711	\$ <u>36,823</u> \$ <u>100,514</u>	\$ (4,960)	\$ (9,152)	24.253	7.75%

The above \$ 101,514 is included in employee benefits on page 5 to this report.

NOTE 7 - PROFESSIONAL SERVICES

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

NOTE 8 - RESERVED FOR FUTURE CAPITAL PROJECTS

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

NOTE 9 - LEASE COMMITMENTS

The District has long-term lease commitments for one railroad sewer easement, one outfall easement lease from the State of California, and two treatment facility leases from the State of California. It rents its administration facilities on a month-to-month basis.

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONT'D)

JUNE 30, 2010 AND 2009

Page 12 of 12

NOTE 10 - CONTINGENCY

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

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

NOTE 11 - PRIOR PERIOD ADJUSTMENTS

Prior period adjustments represent unrecorded asset transfers of the Port Costa sanitary facilities valued at \$ 890,368 and other unclassified portions of loan principal payments directly expensed. These adjustments were made for consolidation purposes to report the correct net assets at June 30, 2009.

**SUPPLEMENTARY INFORMATION**

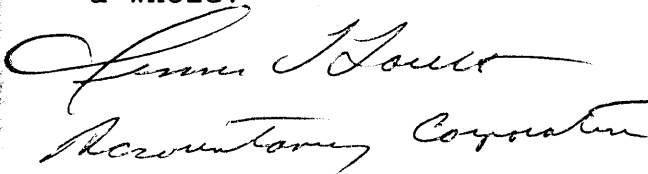
CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

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

Our report on our audit of the basic financial statements of Crockett Community Services District for 2010 appears on pages 1 and 2 of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the period has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Accountancy Corporation

DENNIS L. LORETTE  
ACCOUNTANCY CORPORATION  
Pinole, California  
September 13, 2010

## CROCKETT COMMUNITY SERVICES DISTRICT

## CROCKETT, CALIFORNIA

EMPLOYER PENSION PLAN - REQUIREDSUPPLEMENTARY INFORMATION

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

O Three-year history of valuation date

2006/2007 - Not applicable since Plan started October 1, 2007.

- ACTUARIAL VALUE OF PLAN ASSETS

2007 - \$ 30,963  
 2008 - \$ 24,448  
 2009 - -0-

- ACTUARIAL ACCURED LIABILITY

2007 - -0-  
 2008 - -0-  
 2009 - -0-

- TOTAL UNFUNDED ACCRUED LIABILITY

2007 - -0-  
 2008 - -0-  
 2009 - -0-

- FUNDED RATIO

2007 - 100.4 %  
 2008 - 100.5 %  
 2009 - 97.4 %

- ANNUAL COVERED PAYROLL

2007 - \$ 39,820  
 2008 - \$ 72,020  
 2009 - \$ 64,776

- UNFUNDED LIABILITY

2007 - -0-  
 2008 - -0-  
 2009 - -0-



CROCKETT COMMUNITY SERVICES DISTRICT  
CROCKETT, CALIFORNIA

BOARD OF DIRECTORS AND MANAGEMENT

JUNE 30, 2010

Heidi Petty

Patrick Glover

Bud Burlison

Steve Loveseth

John MacKenzie

GENERAL MANAGER

Dale A. McDonald

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

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

Page 1 of 2

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

We have audited the financial statements of Crockett Community Services District (a non-profit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA



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

Page 2 of 2

Compliance and Other Matters

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

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

DENNIS L. LORETTE  
ACCOUNTANCY CORPORATION  
Pinole, California  
September 13, 2010

CROCKETT COMMUNITY SERVICES DISTRICT

CROCKETT, CALIFORNIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED JUNE 30, 2009 and 2008

There were no material audit findings in prior years.