

BROOKTRAILS TOWNSHIP COMMUNITY

SERVICES DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

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**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

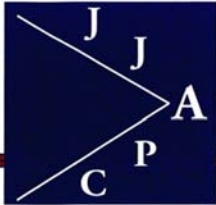
Elected Officials and Administrative Personnel

BOARD OF DIRECTORS

Tina Tyler-O'Shea – President
Rick Williams – Vice-President
Ed Horrick – Member
Joanne Cavallari – Member
Ralph Santos – Member

MANAGEMENT

Tamara Alaniz – General Manager



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Brooktrails Township Community Services District
Willits, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison information of the Brooktrails Township Community Services District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the budgetary comparison information of the District, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 66, Schedules of Contributions on page 67 and Schedules of the District's Proportionate Share of the Net Pension Liability on page 68, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of debt service coverage is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of debt service coverage is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of debt service coverage is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2025 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

January 3, 2025

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

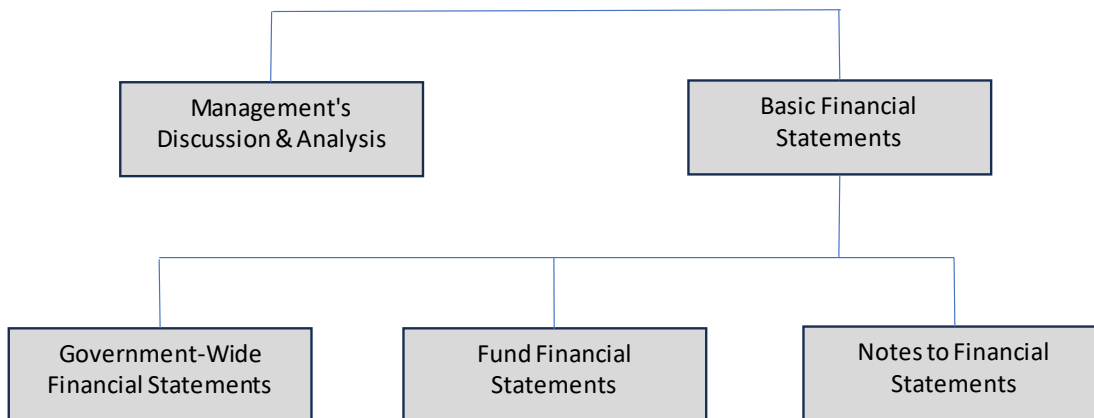
**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management’s Discussion and Analysis

Introduction

The Management’s Discussion and Analysis (MD&A) is a required section of the District’s Basic Financial Statements, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District’s financial performance during the fiscal year that ended June 30, 2024. This report will (1) focus on significant financial issues, (2) provide an overview of the District’s financial activity, (3) identify changes in the District’s financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the Basic Financial Statements is intended to provide a comprehensive understanding of the District’s operations and financial standing.



Fiscal Year 2023/2024 Financial Highlights

- The District is improving its fiscal stability, liquidity, and solvency to better protect against uncertainty, mitigate unnecessary loss risk, and maintain the viability of the District’s many services.
- Further investments made to projects that will be capitalized upon completion including a new sewer lift station, new water clarifier, and a new water tank at Spring Creek.
- The assets of the District exceeded its liabilities by \$10.7 million, or 63%.
- To provide adequate stability, the District maintained more than 180 days of unrestricted operating cash throughout the year.
- The District remains reasonably liquid with working capital 8.0 times its current liabilities. Working capital at the end of the fiscal year was \$4,887,809.
- The fire department brought a new squad truck into service.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management's Discussion and Analysis, Continued

The Basic Financial Statements

The Basic Financial Statements are comprised of 1) Government-wide (District-wide) Financial Statements, and 2) Fund Financial Statements. These two sets of financial statements provide the reader with two different perspectives of the District's financial activities and financial position.

The Government-wide Financial Statements

Government-wide Financial Statements provide a longer-term view of the District's activities as a whole and comprise the *Statement of Net Position* and the *Statement of Activities*. The *Statement of Net Position* provides information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on a full accrual basis, similar to that used by corporations. Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the District as a whole. *The Statement of Activities* provides information about all the District's revenues and all its expenses, also on a full accrual basis, with the emphasis on measuring net revenues and/or expenses for each of the District's programs. *The Statement of Activities* explains in detail the change in Net Position for the fiscal year.

Governmental Activities – All of the District's basic services are considered governmental activities, including general government, parks and recreation and maintenance. These services are supported by general District revenues such as taxes and assessments, and by specific program revenues such as charges for services.

Fund Financial Statements

Fund Financial Statements report on the District's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the District's general fund and other major funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Major funds account for the major financial activities of the District and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. The concept of major funds, and the determination of which major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all major funds summarized and presented only in a single column. Major funds present the major activities of the District for the fiscal year and may change from year to year because of changes in the patterns of the District's activities. The District's funds are segregated into three categories: general, special revenue funds and capital project funds.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management's Discussion and Analysis, Continued

Fund Financial Statements, Continued

Governmental Funds – The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available at fiscal year-end. Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Carrying amounts for capital assets and other long-lived assets, along with long-term liabilities are not presented on the balance sheet in the governmental fund financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Notes to the Financial Statements

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes can be found immediately following the fund financial statements.

Government-Wide Financial Analysis

Net position may serve over time as an indicator of the District's financial position. The District's Total Net Position increased in 2023/2024, in part due to changes in short term receivables. The District's investment land, infrastructure and equipment constitute the better portion of the District's net position of \$4,900,439. Capital assets represent infrastructure which provide services to residents and are not available for future spending. GASB 68 and GASB 75 require local governments to report their net pension and net other postemployment benefit (OPEB) obligations as long-term assets. These actuarially based accruals are different in nature from other long-term assets and are therefore displayed separately in Table 1 – Net Position. The District participates in a miscellaneous cost sharing plan with CalPERS and offers eligible retirees a healthcare benefit plan. The District reported its proportionate share of its Net Pension Liability totaling \$2,582,924 as of June 30, 2024, which increased by \$114,017 due to investment activity on CalPERS' plan assets. See Note 7 and Note 8 for information related to the pension plans. The District also reported a net OPEB liability of \$43,687 as of June 30, 2024. This stems from the District's selection of the OPEB Strategy 1 by collecting moderate investment returns. See Note 9 for more information related to OPEB. The net OPEB liability increased 3% year over year. The district maintains a fiduciary investment account with the California Employer's Retirement Benefit Trust. No further contributions are budgeted based on an analysis of current trends as the investment in CERBT currently exceeds the net liability by 13% or \$5,877.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management’s Discussion and Analysis, Continued

Government-Wide Financial Analysis, Continued

The following table summarized the District’s ending net position:

Table 1 - Net Position				
	Governmental Activities		Dollar	Percent
	2024	2023	Change	Change
Assets				
Current and other assets	\$ 1,484,826	\$ 1,078,581	\$ 406,245	38%
Capital assets-net	\$ 5,218,661	\$ 5,329,074	\$ (110,413)	-2%
Total Assets	\$ 6,703,487	\$ 6,407,655	\$ 295,832	5%
Deferred Outflow of Resources				
	\$ 807,436	\$ 819,426	\$ (11,990)	-1%
Liabilities				
Current and other liabilities	\$ 214,268	\$ 134,852	\$ 79,416	59%
Noncurrent liabilities	\$ 2,324,578	\$ 2,298,570	\$ 26,008	1%
Total Liabilities	\$ 2,538,846	\$ 2,433,422	\$ 105,424	4%
Deferred Inflows of Resources				
	\$ 71,638	\$ 197,180	\$ (125,542)	-64%
Net Position				
Net investment in capital assets	\$ 5,218,661	\$ 5,661,508	\$ (442,847)	-8%
Restricted	\$ -	\$ -	\$ -	0%
Unrestricted	\$ (318,222)	\$ (1,065,029)	\$ 746,807	-70%
Total Net Position	\$ 4,900,439	\$ 4,596,479	\$ 303,960	7%

Governmental Activities

The change in program revenues from the prior year was a decrease of \$413,296. The district’s revenue sources were largely comparable to the prior year, offset by a change in recognition of tax assessments receivable by the year when they were due, not when they were received. Other variances were mainly attributable to reclassifications for clarity in management’s use of activity reporting. General revenues, net of tax assessments increased by \$276,297, following the District’s policy of recognizing defaulted property taxes less than five years in arrears that are still deemed collectible. The change in net position for current government activities was an increase of \$303,960.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management's Discussion and Analysis, Continued

Government-Wide Financial Analysis, Continued

Governmental Activities, Continued

Table 2 - Statement of Changes in Net Position

Functional/Programs	Governmental Activities		Dollar Change	Percent Change
	2024	2023		
Program Revenues				
General Administration	\$ 37,722	\$ 224,325	\$ (186,603)	-83%
Fire Services	38,721	265,414	(226,693)	-85%
Total Program Revenues	<u>76,443</u>	<u>489,739</u>	<u>(413,296)</u>	-84%
General Revenues				
Property Taxes	597,927	1,582,732	(984,805)	-62%
Special Fire Taxes	750,914	673,866	77,048	11%
Franchise Fees	43,844	42,135	1,709	4%
Investment Earnings	33,921	13,682	20,239	148%
Other Revenues	207,088	29,787	177,301	595%
Total General Revenues	<u>1,633,694</u>	<u>2,342,202</u>	<u>(708,508)</u>	-30%
Expenses				
General Government	849,222	1,062,355	(213,133)	-20%
Parks and Recreation	88,674	63,658	25,016	39%
Fire Services	663,438	1,005,295	(341,857)	-34%
Interest and fiscal charges	14,658	-	14,658	
Total Expenses	<u>1,615,992</u>	<u>2,131,308</u>	<u>(529,974)</u>	-25%
Transfers in (out)	209,815	-	209,815	

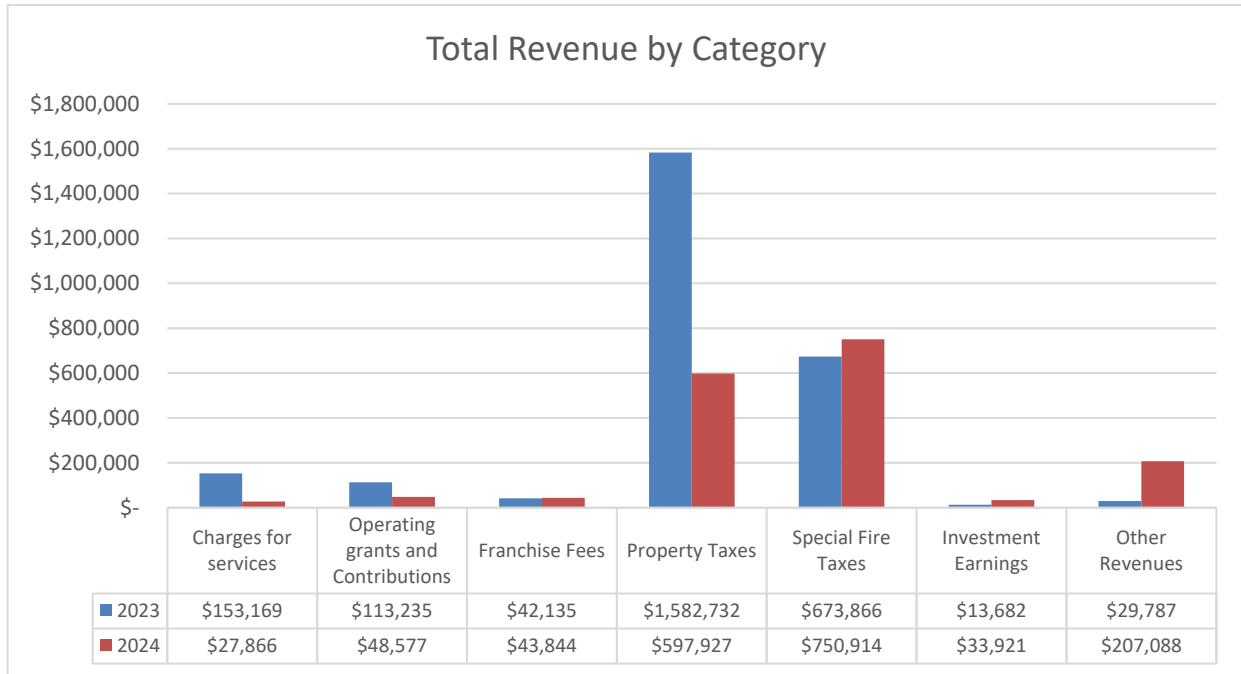
**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management’s Discussion and Analysis, Continued

Government-Wide Financial Analysis, Continued

Governmental Revenues

The following chart summarizes the changes in revenues by category in 2023/2024:



Significant changes in governmental revenues consisted of the following:

- Charges for Services decreased due to lower demand for strike team coverage for California’s seasonal wildfires.
- Property tax revenues decreased mainly due to improved recording of default tax and assessment reports from the County. The district can better assess potential revenues based on their relevance to the district itself and collectability of the district’s share of those past due accounts.
- Special Fire Taxes increased due to additional voter approved assessments that strengthen the department’s capability.
- Investment Earnings increased due to changes in investment vehicles yielding higher rates, low risk, and faster liquidity. This allowed the district to contribute additional operating cash typically held to meet the 180+ days of operating cash on hand.
- Other Revenues increased due to various grants, strike team reimbursements, and account reclassifications.

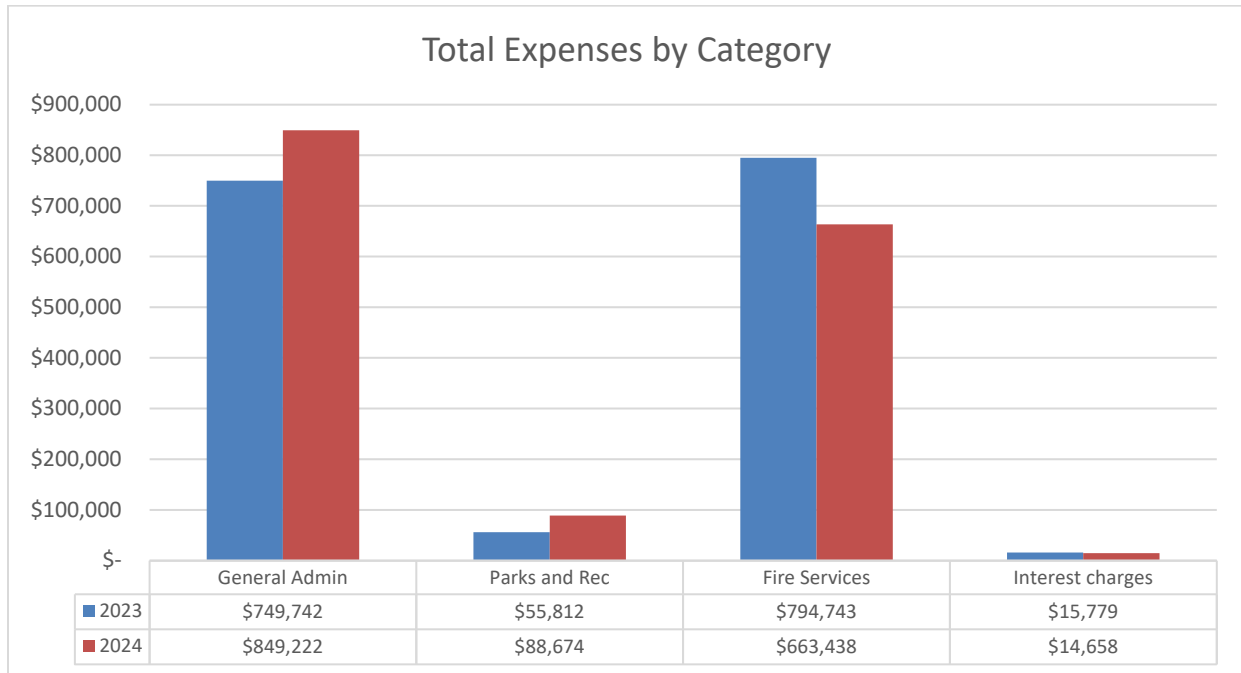
**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management’s Discussion and Analysis, Continued

Government-Wide Financial Analysis, Continued

Governmental Expenses

The 2022/2023 expenses for Governmental Activities increased by \$99,480 as illustrated in the chart below:



Significant changes in governmental expenses consisted of the following:

- General governmental expenses increases were due to increased personnel costs and investments in infrastructure/enhancements in process.
- Parks and Rec expenses increased due to maintenance and improvement of the District’s trails and community center.
- Fire Services expenses decreased due to decreases in mutual aid service requests, reduced administration transfers, and lower capital investments.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management’s Discussion and Analysis, Continued

Financial Analysis of the District’s Funds

A summary of the changes in fund balance of the Major Funds and Other Governmental Funds is presented below:

Table 3 - Summary of Changes in Fund Balance - Governmental Funds

	Major Funds		
	General		
	Fund	Fire Fund	Total
Total Revenues	\$ 716,906	\$ 993,231	\$ 1,710,137
Total Expenditures	956,156	637,182	1,593,338
Revenues Over (Under) Expenditures	(239,250)	356,049	116,799
Transfer In	233,128		
Transfer Out		(23,313)	
Net Change in Fund Balances	(6,122)	332,736	116,799
Beginning of Year	766,839	239,585	(638,482)
End of Year	\$ 760,717	\$ 572,321	\$ (521,683)

Fund balance in the General Fund increased due to more conservative spending. The district is actively looking at capital investments in building upgrades for administration and fire apparatus. This year represented more time investment before the actual acquisition and upgrades.

Fire Fund in the General Fund increased significantly due to increased property tax assessments and earnings from collaborative services offered to peer fire fighting agencies. Much of the associated earned cash was realized after the reported fiscal year end and recorded in the year earned.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management’s Discussion and Analysis, Continued

Capital Assets

The following table summarizes the District’s capital assets at the end of the fiscal year:

Table 4 - Capital Assets at Fiscal Year End-Net of Depreciation

	<u>Governmental Activities</u>		<u>Dollar Change</u>	<u>Percent Change</u>
	<u>2024</u>	<u>2023</u>		
Land	\$ 4,651,094	\$ 4,682,444	\$ (31,350)	-1%
Buildings	164,722	223,287	(58,565)	-26%
Equipment	402,845	423,343	(20,498)	-5%
	<u>\$ 5,218,661</u>	<u>\$ 5,329,074</u>	<u>\$ (110,413)</u>	

Additional detail and information on capital asset activity is described in Note 3 of the financial statements. Net equipment decreased year over year due to retirement of assets due to obsolescence and end of useful lives. None of the retired assets provided gains on their disposition.

Long Term Liability Administration

During the fiscal year, Long-term Liabilities from governmental activities increased by \$35,572. Overall, Long-Term Liabilities from governmental activities decreased except for the actuarially determined Net Pension Liability. CalPERS investments fell short of expectations and realized lower returns.

The following table summarizes the District’s long-term liabilities at fiscal year-end:

Table 5 - Long-Term Liabilities

	<u>Governmental Activities</u>		<u>Dollar Change</u>	<u>Percent Change</u>
	<u>2024</u>	<u>2023</u>		
Financed purchase - Water Tender	\$ 164,214	\$ 172,780	\$ (8,566)	-5%
Note Payable - Squad Truck	184,013	204,453	(20,440)	-10%
Net Pension Laibility	2,027,782	1,972,063	55,719	3%
Net OPEB Liability	11,049	10,756	293	3%
Total Long Term Liabilities	<u>\$ 2,387,058</u>	<u>\$ 2,360,052</u>	<u>\$ 35,572</u>	

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024**

Management’s Discussion and Analysis, Continued

General Fund Budgetary Highlights

The following table summarizes the District’s adopted budget:

Table 6 - General Fund Budget Overview				
	Admin/General Fund		Variance	
	Budget	Actual	Favorable (Unfavorable)	
Revenue				
Taxes and Assessments	\$ 325,000	\$ 597,927	\$ 272,927	
Grants	-	35,356	35,356	
Fees and Other Non-Tax Revenue	32,500	46,060	13,560	
Interest	300	33,091	32,791	
Other	3,000	4,472	1,472	
Interfund Transfers	265,875	233,128	(32,747)	
Total Revenue	626,675	950,034	323,359	
Expenditures				
General Government	592,175	605,000	(12,825)	
Parks and Recreation	34,398	84,339	(49,941)	
Total Expenditures	626,573	689,339	(62,766)	
Excess Revenues over Expenditures	\$ 102	\$ 260,695	\$ 260,593	

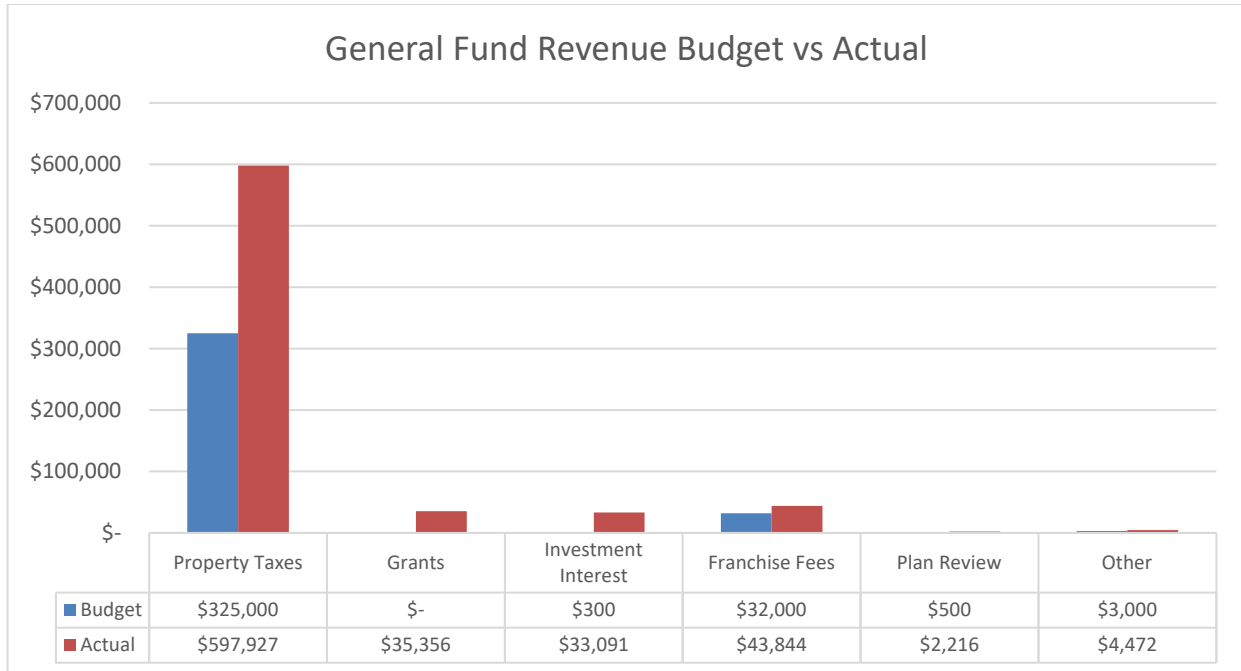
Changes to the District’s budget that increase or decrease appropriations in a fund must be approved by a resolution of the District Board of Directors. Modifications to the budget that are realignment of fiscal activities with no impact to the fund’s bottom line may be approved by the District Management. Appropriations were not increased during the year. No changes to the original budget were adopted.

Revenue: The General Fund adopted budget for expenditures was \$626,573 including interfund transfers for administrative costs.

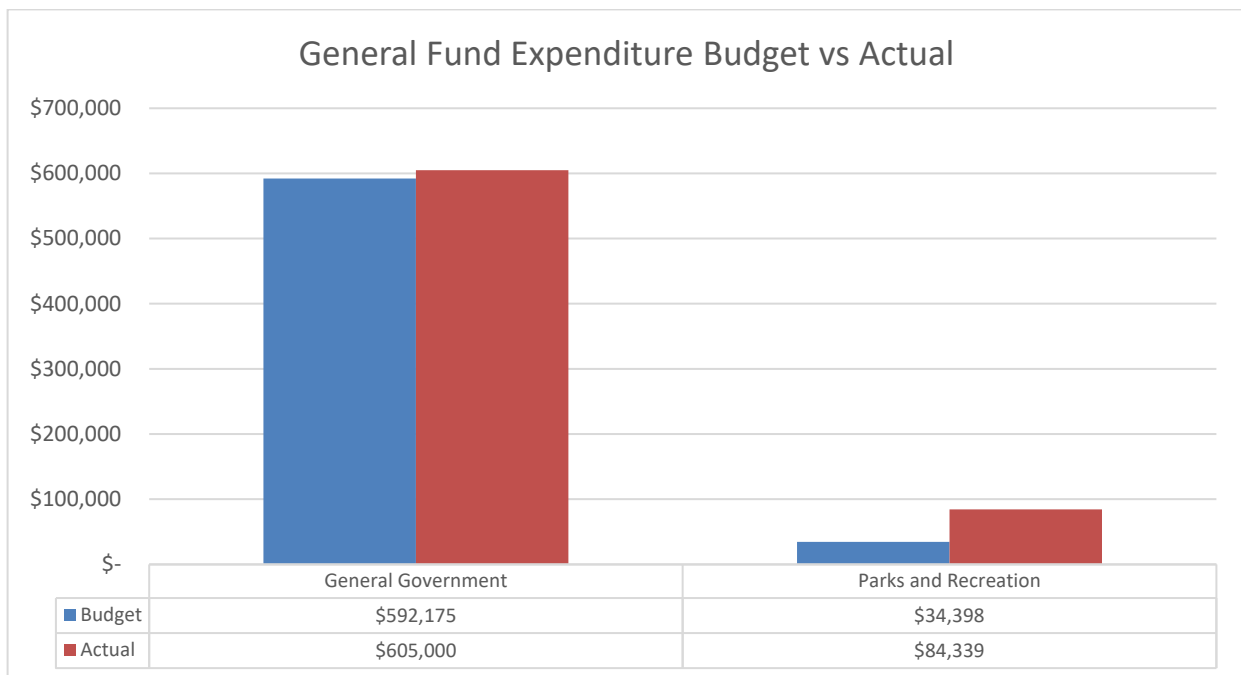
Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Management’s Discussion and Analysis, Continued

General Fund Budgetary Highlights, Continued



Expenditures: The General Fund adopted expenditure budget was \$626,573.



Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Management's Discussion and Analysis, Continued

Economic Factors and Outlook

Mendocino County has experienced substantial recovery toward pre-pandemic levels, with all major labor markets in the region adding a significant number of jobs during the prior 12 months, representing about 7.1% job growth. The overall percentage of families in the poverty range decreased year over year to 13.9%. By comparison, California's total poverty range is currently 12.0%.

It is anticipated that collectability of property tax revenues will continue to be one of the District's biggest fiscal challenges. Median income increased by more than the rate of inflation and fewer residents live in poverty. This will likely result in fewer customers struggling to cover living costs and potentially decrease overall receivables for services and assessments.

Request for Financial Information

This financial report was designed to provide the District's customers, investors, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Tom Simms, Deputy Finance Director, at 24860 Birch Street, Willits, CA 95490.

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BASIC FINANCIAL STATEMENTS

Brooktrails Township Community Services District

Statement of Net Position

June 30, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 2,627,096	\$ 2,627,096
Receivables:			
Taxes receivable	1,535,424	-	1,535,424
Accounts receivable, net	402,948	493,593	896,541
Intergovernmental receivable	-	303,555	303,555
Prepaid expenses	115,794	84,405	200,199
Inventories	-	21,387	21,387
Internal balances	(569,340)	569,340	-
Total current assets	<u>1,484,826</u>	<u>4,099,376</u>	<u>5,584,202</u>
Noncurrent assets:			
Capital assets, net	5,218,661	6,290,547	11,509,208
Total noncurrent assets	<u>5,218,661</u>	<u>6,290,547</u>	<u>11,509,208</u>
Total assets	<u>6,703,487</u>	<u>10,389,923</u>	<u>17,093,410</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	798,677	170,706	969,383
Other postemployment benefits	8,759	14,400	23,159
Total assets and deferred outflows of resources	<u>\$ 7,510,923</u>	<u>\$ 10,575,029</u>	<u>\$ 18,085,952</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 79,557	\$ 96,576	\$ 176,133
Accrued liabilities	36,688	225,932	262,620
Compensated absences	35,543	55,604	91,147
Due within one year	62,480	104,013	166,493
Total current liabilities	<u>214,268</u>	<u>482,125</u>	<u>696,393</u>
Noncurrent liabilities:			
Due after one year	285,747	2,748,590	3,034,337
Net pension liability	2,027,782	555,142	2,582,924
Net OPEB liability	11,049	32,638	43,687
Total noncurrent liabilities	<u>2,324,578</u>	<u>3,336,370</u>	<u>5,660,948</u>
Total liabilities	<u>2,538,846</u>	<u>3,818,495</u>	<u>6,357,341</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	43,742	69,317	113,059
Other postemployment benefits	27,896	30,598	58,494
Total deferred inflows of resources	<u>71,638</u>	<u>99,915</u>	<u>171,553</u>
NET POSITION			
Net investment in capital assets	5,218,661	3,437,944	8,656,605
Unrestricted	(318,222)	3,218,675	2,900,453
Total net position	<u>4,900,439</u>	<u>6,656,619</u>	<u>11,557,058</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,510,923</u>	<u>\$ 10,575,029</u>	<u>\$ 18,085,952</u>

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District
Statement of Activities
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
General Administration	\$ 849,222	\$ 2,366	\$ 35,356	\$ (811,500)	\$ -	\$ (811,500)
Parks and recreation	88,674	-	-	(88,674)	-	(88,674)
Fire services	663,438	25,500	13,221	(624,717)	-	(624,717)
Interest and fiscal charges	14,658	-	-	(14,658)	-	(14,658)
Total governmental activities	1,615,992	27,866	48,577	(1,539,549)	-	(1,539,549)
Business-type activities:						
Water	1,304,163	1,459,287	94,000	-	249,124	249,124
Sewer	864,580	1,552,735	-	-	688,155	688,155
Total business-type activities	2,168,743	3,012,022	94,000	-	937,279	937,279
Total primary government	\$ 3,784,735	\$ 3,039,888	\$ 142,577	\$ (1,539,549)	\$ 937,279	\$ (602,270)
General revenues:						
Taxes:						
Property taxes, levied for general purpose:				\$ 597,927	\$ -	\$ 597,927
Special fire taxes				750,914	-	750,914
Franchise fees				43,844	-	43,844
Investment earnings				33,921	80,827	114,748
Other revenues				207,088	-	207,088
Total general revenues				1,633,694	80,827	1,714,521
Transfers				209,815	(209,815)	-
Total general revenues and transfers				1,843,509	(128,988)	1,714,521
Change in net position				303,960	808,291	1,112,251
Net position:						
Beginning of year				4,596,479	5,848,328	10,444,807
End of year				\$ 4,900,439	\$ 6,656,619	\$ 11,557,058

The accompanying notes are an integral part of these basic financial statements.

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

The Fund Financial Statements present only individual major funds, while non-major funds are combined in a single column. Major funds are defined as having significant activities or balances in the current year.

Fund	Description
Governmental Funds:	
General Fund	Primary operating fund of the District; accounts for all activities except those legally or administratively required to be accounted for in other funds.
Fire Services Fund	Accounts for the special fire tax levied and used to fund fire protection services.

Brooktrails Township Community Services District

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	Fire Services Fund	Totals
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Taxes receivable	1,135,781	399,643	1,535,424
Other receivables	45,202	357,746	402,948
Prepaid expenses	65,447	50,347	115,794
Total assets	\$ 1,246,430	\$ 807,736	\$ 2,054,166
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 45,406	\$ 34,151	\$ 79,557
Accrued liabilities	15,028	21,660	36,688
Due to other funds	399,113	170,227	569,340
Compensated absences	26,166	9,377	35,543
Total liabilities	485,713	235,415	721,128
Fund balances:			
Nonspendable	65,447	50,347	115,794
Assigned	-	521,974	521,974
Unassigned (deficit)	695,270	-	695,270
Total fund balances	760,717	572,321	1,333,038
Total liabilities, deferred inflows of resources and fund balances	\$ 1,246,430	\$ 807,736	\$ 2,054,166

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

Total fund balances - governmental funds \$ 1,333,038

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 5,218,661

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Financed purchases	(348,227)	
Net pension liability	(2,027,782)	
Net OPEB liability	(11,049)	
	(2,387,058)	(2,387,058)

Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities.

Deferred outflows	807,436	
Deferred inflows	(71,638)	
	735,798	735,798

Net position of governmental activities **\$ 4,900,439**

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position
Governmental Activities
June 30, 2024

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Taxes receivable	1,535,424	-	-	1,535,424
Other receivables	402,948	-	-	402,948
Prepaid expenses	115,794	-	-	115,794
Internal balances	-	(569,340)	-	(569,340)
Total current assets	<u>2,054,166</u>	<u>(569,340)</u>	<u>-</u>	<u>1,484,826</u>
Noncurrent assets:				
Capital assets, net	-	-	5,218,661	5,218,661
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>5,218,661</u>	<u>5,218,661</u>
Total assets	<u>2,054,166</u>	<u>(569,340)</u>	<u>5,218,661</u>	<u>6,703,487</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	-	-	798,677	798,677
Other postemployment benefits	-	-	8,759	8,759
Total assets and deferred outflows of resources	<u>\$ 2,054,166</u>	<u>\$ (569,340)</u>	<u>\$ 6,026,097</u>	<u>\$ 7,510,923</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 79,557	\$ -	\$ -	\$ 79,557
Accrued liabilities	36,688	-	-	36,688
Due to other funds	569,340	(569,340)	-	-
Compensated absences - current portion	35,543	-	-	35,543
Financed purchases due within one year	-	-	62,480	62,480
Total current liabilities	<u>721,128</u>	<u>(569,340)</u>	<u>62,480</u>	<u>214,268</u>
Noncurrent liabilities:				
Financed purchases	-	-	285,747	285,747
Net pension liability	-	-	2,027,782	2,027,782
Net OPEB obligation	-	-	11,049	11,049
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>2,324,578</u>	<u>2,324,578</u>
Total liabilities	<u>721,128</u>	<u>(569,340)</u>	<u>2,387,058</u>	<u>2,538,846</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plan	-	-	43,742	43,742
Other postemployment benefits	-	-	27,896	27,896
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>71,638</u>	<u>71,638</u>
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable	115,794	(115,794)	-	-
Unassigned (deficit), reported in:	695,270	(695,270)	-	-
Net position:				
Net investment in capital assets	-	-	5,218,661	5,218,661
Unrestricted	-	1,333,038	(1,651,260)	(318,222)
Total fund balances/ net position	<u>1,333,038</u>	<u>-</u>	<u>3,567,401</u>	<u>4,900,439</u>
Total liabilities and net position	<u>\$ 2,054,166</u>	<u>\$ (569,340)</u>	<u>\$ 6,026,097</u>	<u>\$ 7,510,923</u>

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2024

	<u>General Fund</u>	<u>Fire Services Fund</u>	<u>Totals</u>
REVENUES:			
Property taxes	\$ 597,927	\$ -	\$ 597,927
Special fire taxes	-	750,914	750,914
Intergovernmental:			
Grants	35,356	-	35,356
Proposition 172 allocation	-	13,221	13,221
Charges for services:			
Strike team revenues	-	25,500	25,500
Planning fees	2,216	150	2,366
Franchise fees	43,844	-	43,844
Interest	33,091	830	33,921
Other revenues	4,472	16,851	21,323
Total revenues	<u>716,906</u>	<u>807,466</u>	<u>1,524,372</u>
EXPENDITURES:			
Current:			
General government:			
Administration	605,000	-	605,000
Recreation	84,339	-	84,339
Fire protection services	-	552,150	552,150
Capital outlay	-	10,056	10,056
Debt service:			
Principal	-	60,318	60,318
Interest and fiscal charges	-	14,658	14,658
Total expenditures	<u>689,339</u>	<u>637,182</u>	<u>1,326,521</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>27,567</u>	<u>170,284</u>	<u>197,851</u>
OTHER FINANCING SOURCES (USES):			
Other revenue (expenditures)	(266,817)	184,265	(82,552)
Proceeds from the sale of capital assets	-	1,500	1,500
Transfers in	233,128	-	233,128
Transfers out	-	(23,313)	(23,313)
Total other financing sources (uses)	<u>(33,689)</u>	<u>162,452</u>	<u>128,763</u>
Net change in fund balances	<u>(6,122)</u>	<u>332,736</u>	<u>326,614</u>
FUND BALANCES:			
Beginning of year	766,839	239,585	1,006,424
End of year	<u>\$ 760,717</u>	<u>\$ 572,321</u>	<u>\$ 1,333,038</u>

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District
Reconciliation of Fund Basis Statements to Government-wide Statement of Activities
For the year ended June 30, 2024

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt	Depreciation	Capital Asset (Additions), Retirements & Adjustments	OPEB Obligation	Pension Plan	Government- wide Totals
Governmental activities:							
Current:							
General government:							
Administration	\$ 871,817	\$ -	\$ 5,625	\$ -	\$ (7,155)	\$ (21,065)	\$ 849,222
Recreation	84,339	-	7,052	-	-	(2,717)	88,674
Fire protection services	552,150	31,312	76,443	30,136	-	(26,603)	663,438
Capital outlay	10,056	-	-	(10,056)	-	-	-
Debt service:							
Principal	60,318	(60,318)	-	-	-	-	-
Interest and fiscal charges	14,658	-	-	-	-	-	14,658
Total governmental activities	\$ 1,653,656	\$ (29,006)	\$ 89,120	\$ 20,080	\$ (7,155)	\$ (50,385)	\$ 1,615,992

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township 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, 2024

Net change in fund balances - governmental funds \$ 326,614

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 10,056	
Capital asset adjustments	(31,349)	
Depreciation expense	<u>(89,120)</u>	(110,413)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in interest payable	1,213	
Change in net pension liability	50,385	
Change in net OPEB liability	<u>7,155</u>	58,753

Repayment of long-term debt uses current financial resources, but reduces liabilities in the statement of net position

Change in long term debt		29,006
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Change in net position of governmental activities \$ 303,960

The accompanying notes are an integral part of these basic financial statements.

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Brooktrails Township Community Services District
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund and Major Special Revenue Funds
For the year ended June 30, 2024

	General Fund				Fire Services Fund			
	Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
REVENUES:								
Property taxes	\$ 306,000	\$ 306,000	\$ 597,927	\$ 291,927	\$ -	\$ -	\$ -	\$ -
Special fire taxes	-	-	-	-	499,000	499,000	750,914	251,914
Intergovernmental:								
Grants	-	-	35,356	35,356	-	-	-	-
Proposition 172 allocation	-	-	-	-	19,000	19,000	13,221	(5,779)
Charges for services:								
Strike team revenues	-	-	-	-	15,000	15,000	25,500	10,500
Planning fees	500	500	2,216	1,716	-	-	150	150
Franchise fees	34,000	34,000	43,844	9,844	-	-	-	-
Interest	300	300	33,091	32,791	-	-	830	830
Other revenue	3,500	3,500	4,472	972	17,000	17,000	16,851	(149)
Total revenues	344,300	344,300	716,906	372,606	550,000	550,000	807,466	257,466
EXPENDITURES:								
Current:								
General government:								
Administration	541,928	541,928	605,000	(63,072)	-	-	-	-
Recreation	37,785	37,785	84,339	(46,554)	-	-	-	-
Fire protection services	-	-	-	-	627,505	627,505	552,150	75,355
Capital outlay	-	-	-	-	7,500	7,500	10,056	(2,556)
Debt service:								
Principal	-	-	-	-	-	-	60,318	(60,318)
Interest and fiscal charges	-	-	-	-	-	-	14,658	(14,658)
Total expenditures	579,713	579,713	689,339	(109,626)	635,005	635,005	637,182	(2,177)
REVENUES OVER (UNDER)								
EXPENDITURES	(235,413)	(235,413)	27,567	262,980	(85,005)	(85,005)	170,284	255,289
OTHER FINANCING SOURCES (USES):								
Other revenue (expenditures)	-	-	(266,817)	(266,817)	-	-	1,500	1,500
Transfers in	233,128	233,128	233,128	-	-	-	-	-
Transfers out	-	-	-	-	(23,313)	(23,313)	(23,313)	-
Total other financing sources (uses)	233,128	233,128	(33,689)	(266,817)	(23,313)	(23,313)	(21,813)	1,500
Net change in fund balances	(2,285)	(2,285)	(6,122)	(3,837)	(108,318)	(108,318)	148,471	256,789
FUND BALANCES:								
Beginning of year	766,839	766,839	766,839	-	239,585	239,585	239,585	-
End of year	\$ 764,554	\$ 764,554	\$ 760,717	\$ (3,837)	\$ 131,267	\$ 131,267	\$ 388,056	\$ 256,789

The accompanying notes are an integral part of these basic financial statements.

PROPRIETARY FUNDS

Proprietary funds account for District's operations financed and operated in a manner similar to a private business enterprise. The intent of the District is that the cost of providing goods and services be financed primarily through user charges.

All of the District's Enterprise Funds have been identified as major proprietary funds.

Fund	Description
MAJOR FUNDS:	
Water	Accounts for all activities associated with the operation and maintenance of providing water services within the District.
Sewer	Accounts for all activities associated with the operation and maintenance of providing sewage services within the District.

Brooktrails Township Community Services District

Statement of Net Position

Enterprise Funds

June 30, 2024

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and investments	\$ 1,631,829	\$ 995,267	\$ 2,627,096
Receivables:			
Accounts receivable, net	275,992	217,601	493,593
Intergovernmental receivables	123,105	180,450	303,555
Prepaid expenses	44,717	39,688	84,405
Inventories	21,387	-	21,387
Due from other funds	-	569,340	569,340
Total current assets	<u>2,097,030</u>	<u>2,002,346</u>	<u>4,099,376</u>
Noncurrent assets:			
Capital assets, net	5,069,776	1,220,771	6,290,547
Total assets	<u>7,166,806</u>	<u>3,223,117</u>	<u>10,389,923</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	91,102	79,604	170,706
OPEB	6,749	7,651	14,400
Total assets and deferred outflows of resources	<u>\$ 7,264,657</u>	<u>\$ 3,310,372</u>	<u>\$ 10,575,029</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 34,789	\$ 61,787	\$ 96,576
Accrued liabilities	7,566	218,366	225,932
Compensated absences - current portion	27,589	28,015	55,604
Long-term debt - due within one year	75,000	29,013	104,013
Total current liabilities	<u>144,944</u>	<u>337,181</u>	<u>482,125</u>
Noncurrent liabilities:			
Long-term debt	2,748,590	-	2,748,590
Net pension liability	290,147	264,995	555,142
Net OPEB liability	13,687	18,951	32,638
Total liabilities	<u>3,197,368</u>	<u>621,127</u>	<u>3,818,495</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	33,978	35,339	69,317
OPEB	16,048	14,550	30,598
Total deferred inflows of resources	<u>50,026</u>	<u>49,889</u>	<u>99,915</u>
NET POSITION			
Net investment in capital assets	2,246,186	1,191,758	3,437,944
Restricted for capital projects	-	-	-
Unrestricted	1,771,077	1,447,598	3,218,675
Total net position	<u>4,017,263</u>	<u>2,639,356</u>	<u>6,656,619</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,264,657</u>	<u>\$ 3,310,372</u>	<u>\$ 10,575,029</u>

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the year ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
OPERATING REVENUES:			
Sale of water	\$ 1,366,149	\$ -	\$ 1,366,149
Service fees	-	1,306,070	1,306,070
Availability charges	65,639	161,305	226,944
Penalties	-	70,828	70,828
Other operating revenues	27,499	14,532	42,031
Total operating revenues	<u>1,459,287</u>	<u>1,552,735</u>	<u>3,012,022</u>
OPERATING EXPENSES:			
Personnel services	348,790	391,897	740,687
Contractual services	59,369	17,180	76,549
Intergovernmental treatment costs	-	402,864	402,864
Utilities	204,715	25,665	230,380
Insurance	72,060	85,208	157,268
Other supplies and expenses	320,257	104,075	424,332
Depreciation	361,754	62,792	424,546
Total operating expenses	<u>1,366,945</u>	<u>1,089,681</u>	<u>2,456,626</u>
OPERATING INCOME(LOSS)	<u>92,342</u>	<u>463,054</u>	<u>555,396</u>
NONOPERATING REVENUES (EXPENSES):			
Other nonoperating revenues (expenses)	145,608	465,577	611,185
Intergovernmental revenue	94,000	-	94,000
Interest revenue	78,758	2,069	80,827
Interest expense	(82,826)	(240,476)	(323,302)
Total non-operating revenues, net	<u>235,540</u>	<u>227,170</u>	<u>462,710</u>
NET INCOME BEFORE TRANSFERS	327,882	690,224	1,018,106
Transfers in	-	-	-
Transfers out	(130,552)	(79,263)	(209,815)
Total transfers	<u>(130,552)</u>	<u>(79,263)</u>	<u>(209,815)</u>
CHANGE IN NET POSITION	197,330	610,961	808,291
NET POSITION:			
Beginning of year	3,819,933	2,028,395	5,848,328
End of year	<u>\$ 4,017,263</u>	<u>\$ 2,639,356</u>	<u>\$ 6,656,619</u>

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District

Statement of Cash Flows

Enterprise Funds

For the year ended June 30, 2024

	Water	Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,462,629	\$ 1,467,243	\$ 2,929,872
Cash payments to suppliers for goods and services	(663,356)	(593,864)	(1,257,220)
Cash payments to employees for services	(305,620)	(405,448)	(711,068)
Net cash provided by operating activities	<u>493,653</u>	<u>467,931</u>	<u>961,584</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Grants received	94,000	-	94,000
Transfers received (paid)	(130,552)	249,130	118,578
Net cash used by noncapital financing activities	<u>(36,552)</u>	<u>249,130</u>	<u>212,578</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments of notes payable	(145,086)	(10,302)	(155,388)
Interest paid	(78,144)	(240,324)	(318,468)
Acquisition and construction of capital assets	(102,748)	(30,636)	(133,384)
Net cash (used) by capital and related financing activities	<u>(325,978)</u>	<u>(281,262)</u>	<u>(607,240)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	78,758	2,069	80,827
Net cash provided by investing activities	<u>78,758</u>	<u>2,069</u>	<u>80,827</u>
Net increase (decrease) in cash and cash equivalents	209,881	437,868	647,749
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,421,948	557,399	1,979,347
End of year	<u>\$ 1,631,829</u>	<u>\$ 995,267</u>	<u>\$ 2,627,096</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 92,342	\$ 463,054	\$ 555,396
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	361,754	62,792	424,546
Pension expense	53,165	48,380	101,545
OPEB expense	(8,864)	(12,272)	(21,136)
(Increase) decrease in current assets:			
Accounts receivable	99,567	(82,042)	17,525
Intergovernmental receivables	(95,700)	(139,100)	(234,800)
Prepaid expenses	(32,552)	(27,523)	(60,075)
Lein receivable	93,475	135,650	229,125
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	25,597	20,271	45,868
Unearned revenue	(94,000)	-	(94,000)
Compensated absences	(1,131)	(1,279)	(2,410)
Net cash provided by operating activities	<u>\$ 493,653</u>	<u>\$ 467,931</u>	<u>\$ 961,584</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2024.

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2024

	Retired Employees Health Care Plan
ASSETS	
Cash and investments	\$ 49,564
Total assets	49,564
LIABILITIES	
Accounts payable	\$ -
Total liabilities	-
NET POSITION	
Held in trust for other postemployment benefits	49,564
Total Net Position (deficit)	49,564
Total liabilities and net position	\$ 49,564

The accompanying notes are an integral part of these basic financial statements.

Brooktrails Township Community Services District
Statement of Changes Fiduciary Net Position
Fiduciary Activities
June 30, 2024

	Retired Employees Health Care Plan
Additions	
Investment income	\$ 6,631
Other additions	-
Total additions	<u>6,631</u>
Deductions	
Other deductions	<u>1,748</u>
Total deductions	<u>1,748</u>
Net increase	4,883
Net position held in trust for other post employment benefits:	
Beginning of year	44,681
End of year	<u>\$ 49,564</u>

The accompanying notes are an integral part of these basic financial statements.

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Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Brooktrails Township Community Services District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental enterprises classified as proprietary fund types. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The District applies all GASB pronouncements to its activities. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant policies:

A. Description of the Reporting Entity

The District is a Community Services District governed by an elected five-member Board of Directors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The Maintenance District 1976-1 and Maintenance District One are legally separate entities for which the District is financially accountable and they are governed by the elected Board of Directors. The financial activities of the Maintenance Districts are blended with those of the District and are reported in the District's water and general funds, respectively.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 not properly included among program revenues are reported instead as general revenues.

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 the 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 as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Services Fund* is maintained to account for the special fire tax levied and used to fund fire protection services.

The District reports the following major proprietary funds:

The *water fund* accounts for the operations of the District's water treatment and distribution system.

The *wastewater fund* accounts for the operation of the District's wastewater collection activities.

The District reports as a fiduciary fund its other post-employment benefit plan trust assets and financial operations.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The District applies all applicable Financial Accounting Standards Board (FASS) pronouncements issued before November 30, 1989 in accounting for its proprietary and government-wide operations, and the provisions of GASS Statement Number 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASS and AICPA Pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's water and wastewater function and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the costs of sales and services, administration costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

The District is authorized by its most recent investment policy to invest in the State of California Local Agency Investment Fund, U.S. Treasury bonds, bills, and notes, obligations issued by US Government agencies, bankers' acceptances, repurchase agreements, and time deposits and savings and demand accounts.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are not shown net of an allowance for uncollectibles.

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Mendocino collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The District receives general property taxes under the "Teeter Plan". The District recognizes property tax revenues in the fiscal year in which they are levied. Water and wastewater charges for service remaining unpaid for more than six months are recorded as other receivable, and liens are recorded on the underlying properties. When properties are sold or transferred, the liens are paid and payments forwarded to the District by title companies. Water and sewer availability fees and the special fire tax are not subject to "Teeter Plan" arrangements. Delinquent availability fees, delinquent fire taxes, and related penalties and interest are recorded as long-term receivables. Delinquent fire taxes receivable are offset by deferred inflows in the fire fund, and are recognized as revenues when received. Delinquencies more than 5 years past due are not reported as receivable as they have entered into the tax sale recovery period and collection is doubtful after reaching tax sale status without collection.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Under the GASS 34 Implementation Rules, the District is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003 at the date these new financial reporting standards were implemented; and the District has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of 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 District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Public domain infrastructure	50
System infrastructure	50
Vehicles and equipment	5 - 10

Compensated Absences and Termination Benefits

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for a portion of unpaid accumulated sick leave since the District does have a policy to pay certain amounts when employees separate from service with the District. All vacation pay and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Termination benefits are reported as liabilities when the District and employees have reached a formal agreement as to the benefit amounts and payment terms.

Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund 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 assets.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Balance - Governmental Funds

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the District is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) nonspendable, (2) committed, (3) assigned and (4) unassigned amounts.

Nonspendable amounts generally are items not expected to be converted into cash such as inventories and prepaid amounts. Restricted amounts include those where constraints placed on the use of the resources are externally imposed by grantors, contributors, other governments, or by laws and regulations. Committed amounts are those amounts that can only be used for a specific purpose as determined by the District's Board of Directors. Such committed amounts may be redeployed for other uses only by the direction of the District's Board of Directors. Assigned amounts are fund balance amounts constrained by the District's intent to be used for specific purposes as determined by the District's General Manager. The unassigned fund balance amounts are the residual classification of the general fund only.

When expenditures are incurred for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, the District considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the District considers committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

Comparative Data

Comparative total data for the prior year have been presented in order to provide an understanding of the changes in net assets. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current years' presentation.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of California Public Employees Retirement System (PERS) and additions to or deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

For purposes of measuring the net other postemployment benefit liability (OPEB), deferred outflows of resources, deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan, and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plan, and are provided based upon an actuarial valuation of the Plan. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The District has no significant separately held investments as its invested funds are held by California Cooperative Liquid Assets Securities System (CLASS). CLASS values its investments using pricing methods viewed as Level 1 inputs.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function and department. The District Manager may make transfers of appropriations within a department. Transfers between departments and other changes require Board of Director's approval. The legal level of control is the department and fund level. The District made supplemental appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS

The District's cash and temporary investments are carried at market value, and include:

	Maturities (in years)			Deposits	Fair
	< 1	1 to 2	> 2		Market Value
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value:					
Cash in bank	\$ -	\$ -	\$ -	\$ 1,417,165	\$ 1,417,165
Petty cash	-	-	-	600	600
CLASS	1,209,931	-	-	-	1,209,931
CERBT	42,933	-	-	-	42,933
Total pooled items	1,252,864	-	-	1,417,765	2,670,629
Total cash and cash equivalents	<u>\$ 1,252,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,417,765</u>	<u>\$ 2,670,629</u>
Financial Statement presentation:					
Governmental activities					\$ -
Business-type Activities					2,627,096
Fiduciary activities					42,933
Total					<u>\$ 2,670,029</u>

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the District's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the District's name and places the District ahead of general creditors of the institution pledging the collateral. The District has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is that they will be made only in institutions in California, they shall be insured or collateralized with United States backed securities, and time certificates of deposit shall have a maturity of less than five years. At June 30, 2024, \$1,205,964 of the District's bank balances of \$1,455,964 was exposed to credit risk.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the District's investment portfolio to maturities prescribed in Sections 53600 through 53609 of the California Government Code. Credit Risk – State law limits investments in various securities to certain level of risk ratings issued by nationally recognized statistical rating organizations. It is the District's policy to comply with State law as regards securities ratings. The Local Agency Investment Pool is unrated. Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's only investment is the CLASS. Because investments in CLASS are not evidenced by specific securities in the name of the District, CLASS is not subject to custodial credit risk.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

Investment in CLASS

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS), a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is overseen and governed by a Board of Trustees, which consists of four members who are public agency finance professionals. The fund is audited annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

3. CAPITAL ASSETS

Capital asset activity relating to governmental activities for the year ended June 30, 2024 was as follows:

Governmental Activities:	July 1, 2023	Additions	Deletions	June 30, 2024
Nondepreciable assets:				
Land	\$ 4,682,444	\$ -	\$ (31,350)	\$ 4,651,094
Total nondepreciable assets	<u>4,682,444</u>	<u>-</u>	<u>(31,350)</u>	<u>4,651,094</u>
Depreciable assets:				
Buildings and improvements	797,656	-	(21,919)	775,737
Fire facilities	171,727	-	(2,090)	169,637
Fire vehicles and equipment	1,775,516	10,056	(392,596)	1,392,976
Other equipment	101,774	-	(27,465)	74,309
Total depreciable assets	<u>2,846,673</u>	<u>10,056</u>	<u>(444,070)</u>	<u>2,412,659</u>
Total	<u>7,529,117</u>	<u>10,056</u>	<u>(475,420)</u>	<u>7,063,753</u>
Accumulated depreciation:				
Buildings and improvements	(626,703)	(10,496)	21,919	(615,280)
Fire facilities	(167,159)	(304)	2,091	(165,372)
Fire vehicles and equipment	(1,320,957)	(76,139)	392,596	(1,004,500)
Other equipment	(85,224)	(2,181)	27,465	(59,940)
Total accumulated depreciation	<u>(2,200,043)</u>	<u>(89,120)</u>	<u>444,071</u>	<u>(1,845,092)</u>
Net depreciable assets	<u>646,630</u>	<u>(79,064)</u>	<u>1</u>	<u>567,567</u>
Total capital assets	<u>\$ 5,329,074</u>	<u>\$ (79,064)</u>	<u>\$ (31,349)</u>	<u>\$ 5,218,661</u>

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

3. CAPITAL ASSETS, Continued

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
General government	\$ 5,625
Recreation	7,052
Fire protection services	76,443
Total	<u>89,120</u>

Capital asset activity relating to business-type activities for the year ended June 30, 2024 was as follows:

Business-Type Activities:				
	July 1, 2023	Additions	Deletions	June 30, 2024
Nondepreciable assets:				
Land	\$ 53,618	\$ -	\$ -	\$ 53,618
Construction in progress	413,077	228,050	-	641,127
Total nondepreciable assets	<u>466,695</u>	<u>228,050</u>	<u>-</u>	<u>694,745</u>
Depreciable assets:				
Buildings	17,843,715	-	(49,855)	17,793,860
Equipment	1,980,214	536,989	-	2,517,203
Total depreciable assets	<u>19,823,929</u>	<u>536,989</u>	<u>(49,855)</u>	<u>20,311,063</u>
Total	<u>20,290,624</u>	<u>765,039</u>	<u>(49,855)</u>	<u>21,005,808</u>
Accumulated depreciation:				
Buildings	(13,165,623)	(320,400)	16,169	(13,469,854)
Equipment	(1,183,770)	(104,146)	42,509	(1,245,407)
Total accumulated depreciation	<u>(14,349,393)</u>	<u>(424,546)</u>	<u>58,678</u>	<u>(14,715,261)</u>
Net depreciable assets	<u>5,474,536</u>	<u>112,443</u>	<u>8,823</u>	<u>5,595,802</u>
Total capital assets	<u>\$ 5,941,231</u>	<u>\$ 340,493</u>	<u>\$ 8,823</u>	<u>\$ 6,290,547</u>

Depreciation expense was charged to functions/programs of the District as follows:

Business-Type activities	
Water	\$ 361,754
Sewer	62,792
Total	<u>424,546</u>

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT

Long-Term Debt Activity

	Balance July 1, 2023	Additions	Retirements	Adjustments	Balance June 30, 2024	Due Within One Year
Governmental Activities						
Direct borrowings	\$ 172,780	\$ -	\$ (37,551)	\$ 28,985	\$ 164,214	\$ 38,895
Note Payable	204,453	-	(22,767)	2,327	184,013	23,585
Compensated absences	31,816	3,727	-	-	35,543	35,543
Total	<u>\$ 409,049</u>	<u>\$ 3,727</u>	<u>\$ (60,318)</u>	<u>\$ 31,312</u>	<u>\$ 383,770</u>	<u>\$ 98,023</u>
Business-Type Activities						
Water Revenue Refunding Bonds, Series 2021	\$ 2,755,000	\$ -	\$ (75,000)	\$ -	\$ 2,680,000	\$ 75,000
Premium	213,676	-	(70,086)	-	143,590	23,932
USDA Loan, 2010	39,315	-	(10,302)	-	29,013	29,013
Compensated Absences	58,014	-	(2,410)	-	55,604	55,604
Total	<u>\$ 3,066,005</u>	<u>\$ -</u>	<u>\$ (157,798)</u>	<u>\$ -</u>	<u>\$ 2,908,207</u>	<u>\$ 183,549</u>

Direct Borrowings – Financed Purchases

The District, in September 2017, entered into a borrowing arrangement with the First Capital Equipment Leasing Corporation for the purposes of financing the purchase of fire equipment, a fully equipped water tender truck. The financed portion of the purchase was \$314,900, bears interest of 3.580% and is payable in annual installments of \$44,744. The loan is secured by a security agreement pledging the water tender as collateral.

Note Payable

The District, on June 22, 2021, entered into a borrowing arrangement with the First Capital Equipment Leasing Corporation for the purposes of financing the purchase and upgrade of fire equipment, a fully equipped squad truck. The loan was for \$249,971, bears interest at 3.596%, and is repayable in yearly installments of \$30,202 starting on May 14, 2022 and ending on May 14, 2031. The loan is secured by a security agreement pledging the vehicle as collateral.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT, Continued

Water Revenue Refunding Bonds, Series 2021

On February 2, 2021 the District issued Water Revenue Refunding Bonds. The proceeds were used to refund existing Certificates of Participation and the USDA Loan. The bonds will bear interest between 2.25% and 4.00% and are payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2021. The bonds were issued at a premium of \$239,317 which is being amortized over the life of the bond.

USDA Loan – 2010

In addition, the District entered into a Loan Agreement, dated August 12, 2009, with the United States Department of Agriculture for a \$330,000 loan to provide additional financing for the acquisition of a sewer vacuum truck and camera system.

The District's future debt service will be:

Year Ending June 30,	Governmental Activities					
	Direct Borrowings			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 38,895	\$ 5,879	\$ 44,774	\$ 23,585	\$ 6,616	\$ 30,201
2026	40,288	4,486	44,774	24,433	5,768	30,201
2027	41,730	3,044	44,774	25,312	4,890	30,202
2028	43,301	1,550	44,851	26,222	3,980	30,202
2029	-	-	-	27,165	3,037	30,202
2030-2032	-	-	-	57,296	3,108	60,404
Total	\$ 164,214	\$ 14,959	\$ 179,173	\$ 184,013	\$ 27,399	\$ 211,412
Due within one year	\$ 38,895	\$ 5,879	\$ 44,774	\$ 23,585	\$ 6,616	\$ 30,201
Due after one year	125,319	9,080	134,399	160,428	20,783	181,211
Total	\$ 164,214	\$ 14,959	\$ 179,173	\$ 184,013	\$ 27,399	\$ 211,412

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT, Continued

Year Ending June 30,	Business-Type Activities					
	Water Revenue Refunding Bonds, Series			USDA Loan 2010		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 75,000	\$ 78,575	\$ 153,575	\$ 29,013	\$ 1,453	\$ 30,466
2026	80,000	75,575	155,575	-	-	-
2027	85,000	72,375	157,375	-	-	-
2028	85,000	68,975	153,975	-	-	-
2029	90,000	65,575	155,575	-	-	-
2030-2034	500,000	274,125	774,125	-	-	-
2035-2029	585,000	191,325	776,325	-	-	-
2040-2044	670,000	104,138	774,138	-	-	-
2045-2049	510,000	27,675	537,675	-	-	-
Total	<u>\$ 2,680,000</u>	<u>\$ 958,338</u>	<u>\$ 3,638,338</u>	<u>\$ 29,013</u>	<u>\$ 1,453</u>	<u>\$ 30,466</u>
Due within one year	\$ 75,000	\$ 78,575	\$ 153,575	\$ 29,013	\$ 1,453	\$ 30,466
Due after one year	2,605,000	879,763	3,484,763	-	-	-
Total	<u>\$ 2,680,000</u>	<u>\$ 958,338</u>	<u>\$ 3,638,338</u>	<u>\$ 29,013</u>	<u>\$ 1,453</u>	<u>\$ 30,466</u>

5. NET POSITION/FUND BALANCES

Net Position

Net position at June 30, 2024 consisted of the following:

Description	Governmental Activities	Busniess-type Activities	Total
Net investment in capital assets	\$ 5,218,661	\$ 3,437,944	\$ 8,656,605
Unrestricted (deficit)	(318,222)	3,218,675	2,900,453
Total unrestricted net position	<u>\$ 4,900,439</u>	<u>\$ 6,656,619</u>	<u>\$ 11,557,058</u>

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted – This amount consists of net assets set aside for debt service.

Unrestricted - This amount is all net assets that do not meet the definition of "net investment in capital assets".

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

5. NET POSITION/FUND BALANCES, Continued

Fund Balance

Fund balance consisted of the following at June 30, 2024:

Nonspendable:	
Major Funds	
General Fund	\$ 65,447
Fire Services Fund	50,347
Total Nonspendable	<u>115,794</u>
Assigned:	
Fire Services Fund	521,974
Total Assigned	<u>521,974</u>
Unassigned (deficit):	
Major Funds:	
General Fund	695,270
Total Major Funds- Unassigned	<u>695,270</u>
Total Unassigned	<u>695,270</u>
Total Fund Balance	<u>\$ 1,333,038</u>

Excess of Expenditures and Transfers Over Appropriations: Expenditures and transfers exceeded appropriations for the year ended June 30, 2024, for the following funds:

	<u>Final Budget</u>	<u>Total Expenditures and Transfers</u>	<u>Excess Expenditures Over Appropriations</u>
<u>Governmental Activities</u>			
Major Funds			
General Fund	\$ 579,713	\$ 689,339	\$ (109,626)
Fire Services Fund	658,318	660,495	(2,177)

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

6. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2024:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ -	\$ 399,113
Fire Services Fund	-	170,227
Total Major Funds	<u>-</u>	<u>569,340</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds:		
Wastewater	<u>569,340</u>	<u>-</u>
Major Enterprise Funds	<u>569,340</u>	<u>-</u>
Total	<u><u>\$ 569,340</u></u>	<u><u>\$ 569,340</u></u>

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 budgetary authorizations.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 233,128	\$ -
Fire services fund	-	23,313
Total Major Funds	<u>233,128</u>	<u>23,313</u>
Total Governmental Funds	<u>233,128</u>	<u>23,313</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds		
Water	-	130,552
Sewer	-	79,263
Total Proprietary Funds	<u>-</u>	<u>209,815</u>
Total Transfers	<u><u>\$ 233,128</u></u>	<u><u>\$ 233,128</u></u>

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries insurance. The District, due to the costs of available coverage, participates as a member of the Special District Risk Management Authority (SDRMA) for purposes of general liability, property coverages and for workers compensation insurance.

SDRMA provides joint protection programs for public entities covering automobile, general liability, errors and omissions claims. Under the program, the District has a \$500 retention limit similar to a deductible with the SDRMA being responsible for losses above that amount up to \$2.5 million for liability combined single limit. Property coverage is also provided up to the replacement cost of the property with a combined total for SDRMA members of one billion per occurrence.

The SDRMA provides also employee dishonesty coverage with limits of \$654,000 per loss. Boiler and machinery coverage is provided to members with coverage of up to \$100 million of replacement cost, and comprehensive and collision on selected vehicles. The District's obligations under the arrangement are to pay billed premiums for the specified coverages. The SDRMA may pay dividends to members or may make additional assessments depending on loss experience, but no dividends have been declared and no additional assessments have been levied. The SDRMA workers compensation insurance coverage is provided up to the statutory limits per occurrence and \$5 million for Employer's liability coverage subject to the terms, conditions, and exclusions provided in the memorandum of Coverage. The District obtained such coverage through the SDRMA effective July 1, 2006. Financial information pertaining to SDRMA can be obtained from its administrative offices at 1112 I Street, Suite 300, Sacramento, California 95814.

Liabilities of the District are reported in the statement of net position when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The District's only exposure to claim liabilities would be for losses or additional assessments, if any, not covered by or imposed by SDRMA.

There have been no significant changes in insurance coverages in fiscal 2024. Settlements have not exceeded coverage for each of the past three fiscal years. There were no significant claim liabilities at the end of fiscal 2024.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS)

A. General Information about the Pension Plans

Plan Descriptions - The plans are a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS is governed by a 13 member Board of Administration with six elected members, three appointed members and four ex officio members which include the State Treasurer, the State Controller, the Director of the California Department of Human Services and a designee of the State Personnel Board.

Benefits Provided - The CalPERS provides retirement, disability and death benefits. Retirement benefits are defined as 2.5 percent of the employees final 12 months average compensation times the employee's years of service (2.0 percent for safety employees) Employees with 10 years of continuous are eligible to retire at age 55 (age 50 for safety employees) Employees are eligible for service-related disability benefits regardless of the length of service. Five years of service is required for non-service-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Pre-retirement death benefits equal an employee's final full-year salary. Both plans provide for a 2 percent Cost of Living Adjustment (COLA). The public safety plan is closed to new entrants.

Contributions - Section 20814 of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2023 (the measurement date), the active employee contribution rates was 6.25 or 7.0 percent of annual pay, and the employer contribution rate was 7.68 or 12.47 percent of annual payroll (10.85 and 17.44 percent for the safety plan).

For the year ended June 30, 2024, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 204,068	\$ 47,329

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

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

As of June 30, 2024, the District reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,257,886
Safety	325,038
Total Net Pension Liability	<u>\$ 2,582,924</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023 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 plans 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 June 30, 2024 was as follows:

	<u>Total</u>
Proportion - June 30, 2023	0.02111%
Proportion - June 30, 2024	<u>0.02070%</u>
Change - Increase (Decrease)	-0.00041%

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS), Continued

For the year ended June 30, 2024, the District recognized pension income of \$218.985 At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 155,289	\$ -
Differences between Expected and Actual Experience	139,209	(19,936)
Differences between Projected and Actual Investment Earnings	410,053	-
Differences between Employer's Contributions and Proportionate Share of Contributions	13,435	(47,136)
Change in Employer's Proportion	-	(45,987)
Pension Contributions Made Subsequent to Measurement Date	251,397	-
	<u>\$ 969,383</u>	<u>\$ (113,059)</u>

\$251,397 reported as deferred outflows of resources related to contributions subsequent to the measurement date and changes in proportions will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2025	\$ 163,351
2026	116,418
2027	313,426
2028	11,732
2029	-
Thereafter	-

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS), Continued

Actuarial Assumptions - The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability based on the following actuarial methods and assumptions.

Actuarial Assumptions	
Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment Rate of Return	6.90% net pension plan investment and administrative expenses; includes inflation
Post-retirement benefit increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies.

The underlying mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS’ website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, 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 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 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.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS), Continued

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) 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.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ¹
Global equity - cap-weighted	30%	4.45%
Global equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real assets	15%	3.21%
Liquidity	-5%	-0.59%
	100%	

(1) An expected inflation of 2.3% used for this period.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS), Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Miscellaneous	\$ 3,235,418	\$ 2,257,886	\$ 1,453,293
Safety	492,767	325,038	187,908
Total	<u>\$ 3,728,185</u>	<u>\$ 2,582,924</u>	<u>\$ 1,641,201</u>

Pension Plan Fiduciary Net Position -Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

At June 30, 2024, the District had no outstanding payable amounts for contributions to the pension plan required for the year ended June 30, 2024.

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The District's agent multiple-employer defined benefit OPEB Plan provides OPEB for all eligible fulltime general and public safety employees of the District. The District's plan is a multiple-employer defined benefit OPEB Plan administered by the District. The Board of Directors through resolutions and regulations has the authority to establish and amend the benefit terms. A separate OPEB Trust Fund has been established by the District. The plans issues publicly available financial statements as a component of the District's basic financial statements and can be obtained at the District's internet address.

Benefits Provided

The District's OPEB plan provides healthcare benefits to eligible retirees and their dependents. Benefits are provided through third party insurers, and the full cost of the benefits is provided by the Plan.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Employees Covered by the Benefit Terms.

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>5</u>
	<u>6</u>

The District's OPEB Plan is closed to new entrants.

Contributions

District regulations grant authority to the Board of Directors to establish and amend contribution requirements. Employees are not required to contribute to the plan. Plan contributions are based upon an actuarially determined rate. For the year end June 30, 2024, the District's' contribution rate was 4.2 percent of covered employee payroll. The District did not make contributions to the plan for fiscal year 2024. Employer contributions are made on an ad hoc basis.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2023
Inflation	2.5 percent per year
Salary increase	Aggregate - 2.75% annually Merit - CalPERS 2000-2019 Experience Study
Investment rate of return	6.25% net of investment expenses
Healthcare cost trend rates	- Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.75% in 2076 - Medicare (Non-Kaiser) - 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 - Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076.
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

The long-term expected rate of return on OPEB plan investments was 6.25 percent.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Discount rate

The discount rate used was 6.25 percent at June 30, 2023 and June 30, 2022

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2023	\$ 84,545	\$ 42,015	\$ 42,530
Changes for the year			
Service Cost	5,584	-	5,584
Interest	5,387	-	5,387
Actual vs. expected experience	(3,283)	-	(3,283)
Assumption changes	4,018	-	4,018
Contributions - employer	-	7,863	(7,863)
Contributions - employee	-	-	-
Net investment income	-	2,698	(2,698)
Benefit payments	(7,863)	(7,863)	-
Administrative expenses	-	(12)	12
Net Changes	3,843	2,686	1,157
Balance at 6/30/2024	\$ 88,388	\$ 44,701	\$ 43,687

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The discount rate used for the fiscal year end 2023 is 6.25%. The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	5.25%	6.25%	7.25%
Net OPEB Liability	\$ 49,732	\$ 43,687	\$ 38,092

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

Change in Healthcare Cost Trend Rate	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 36,151	\$ 43,687	\$ 52,439

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the District's basic financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB income of \$15,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 39,784
Changes in assumptions	7,131	18,710
Net difference between projected and actual earnings on plan investments	2,737	-
Employer contributions made subsequent to the measurement date	13,291	-
Total	<u>\$ 23,159</u>	<u>\$ 58,494</u>

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

The amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2025	(22,827)
2026	(13,642)
2027	(6,132)
2028	(5,501)
2029	(569)
Thereafter	45

Payable to the OPEB Plan

At June 30, 2024, the District had no payable for the outstanding amount of contributions to the plan for the year ended June 30, 2024.

10. CONTINGENCIES, COMMITMENTS AND WASTEWATER AGREEMENT

Grants and allocations. Amounts received or receivable from grant agencies are subject to audit and adjustment by granter agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the granter cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

City of Willits Wastewater Agreement. The District does not own separate wastewater treatment facilities and has entered into a new agreement with the City of Willits to accept the District's wastewater. Under the arrangement, the District is obliged to pay for a percentage of the City's wastewater treatment facility costs; operating overhead costs (currently \$32,131 monthly and increasing 3.5% at the end of each fiscal year), 36% of the City's debt service for specific sewer plant loans, and 36% of the City's Sewer related capital costs.

On March 25, 2015, the District and the City of Willits agreed to settle their disputes concerning the City's wastewater treatment plant and related matters. The settlement provided that the District shall pay to the City a flat fee of \$22,000 a month for a four year period, effective July 1, 2015, as the District's share of the costs to operate the City's wastewater treatment plant in future years. In addition, the District shall pay to the City 36 percent of the amounts payable to the USDA by the City on the City's three USDA loans. The \$22,000 fixed monthly fee and share of the City's debt service costs are considered by the District to be operating expenses for financial reporting purposes.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

**10. CONTINGENCIES, COMMITMENTS AND WASTEWATER AGREEMENT,
Continued**

The agreement, which expired June 30, 2019, was renegotiated in fiscal 2020 to provide that the District shall continue to pay 36 percent of the City's debt service on the City's USDA loans and a fixed amount monthly for operation of the City's treatment plant.

Water Connections. The District announced in December of 2017 that the California State Water Resources Control Board had lifted its curtailment order on the sale of water connections for the District. Property owners may now submit plans and site development applications for review and possible approval. The lifting of the State's curtailment order allowed for an additional 23 hookups, of which 21 remain available.

11. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 99, "*Omnibus 2022*." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends 4. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 100, "*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 101, "*Compensated Absences*." The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2024

Notes to Basic Financial Statements, Continued

11. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 102, “*Certain Risk Disclosures.*” The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.

The GASB has issued Statement No. 103, “*Financial Reporting Model Improvements.*” The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

Brooktrails Township Community Services District
Required Supplementary Information - Schedule of
Changes in the Net OPEB Liability and Related
Ratios

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 5,584	\$ 9,135	\$ 10,619	\$ 10,641	\$ 10,278	\$ 10,484	\$ 11,312
Interest on the total OPEB liability	5,387	3,208	4,111	4,880	9,464	8,684	7,347
Differences between expected and actual experience	(3,283)	-	(26,828)	-	(104,062)	-	-
Changes of benefit terms	-	-	-	-	-	-	-
Changes of assumptions	4,018	(21,168)	(8,130)	7,036	4,140	(3,104)	(6,905)
Contributions - employer	-	-	-	-	(12,043)	(15,066)	(14,341)
Benefit payments	(7,863)	(13,918)	(13,176)	-	-	-	-
Net change in total OPEB liability	3,843	(22,743)	(33,404)	22,557	(92,223)	998	(2,587)
Total OPEB liability - beginning	84,545	107,288	140,692	118,135	210,358	209,360	211,947
Total OPEB liability - ending (a)	\$ 88,388	\$ 84,545	\$ 107,288	\$ 140,692	\$ 118,135	\$ 210,358	\$ 209,360
Plan fiduciary Net Position							
Contributions - employer	\$ 7,863	\$ 13,918	\$ 13,176	\$ -	\$ 12,043	\$ 15,066	\$ 14,341
Contributions - employee	-	-	-	-	-	-	-
Net investment income	2,698	(6,494)	10,464	1,299	2,139	2,559	3,073
Administrative expense	(7,863)	(12)	(14)	(18)	(7)	(60)	(16)
Benefit payments	(12)	(13,918)	(13,176)	-	(12,043)	(15,066)	(14,341)
Net change in plan fiduciary net position	2,686	(6,506)	10,450	1,281	2,132	2,499	3,057
Plan fiduciary net position - beginning	42,015	48,521	38,071	36,790	34,658	32,159	29,102
Plan fiduciary net position - ending (b)	\$ 44,701	\$ 42,015	\$ 48,521	\$ 38,071	\$ 36,790	\$ 34,658	\$ 32,159
Net OPEB liability - ending (a) - (b)	\$ 43,687	\$ 42,530	\$ 58,767	\$ 102,621	\$ 81,345	\$ 175,700	\$ 177,201
Covered-employee payroll	\$ 584,469	\$ 670,006	\$ 857,538	\$ 969,091	\$ 952,829	\$ 773,766	\$ 766,516
Net OPEB liability as a percentage of covered-employee payroll	7.5%	6.3%	6.9%	10.6%	8.5%	23%	23%

Notes to Schedule

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Additional years will be added as they become available.

1) Covered payroll is the payroll paid to all employees who are eligible for and accruing OPEB benefits.

2) For each fiscal year presented, information regarding the District's OPEB plan, including the methods and assumptions used to calculate the net OPEB liability, can be found in the notes to the District's basic financial

Brooktrails Township Community Services District
Required Supplementary Information - Schedule of Contributions
 Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 251,397	\$ 260,613	\$ 235,168	\$ 210,126	\$ 240,114	\$ 260,095	\$ 232,751	\$ 214,472	\$ 199,033	\$ 126,263
Contributions in relation to the actuarially determined contributions	<u>(251,397)</u>	<u>(260,613)</u>	<u>(235,168)</u>	<u>(210,126)</u>	<u>(240,114)</u>	<u>(260,095)</u>	<u>(232,751)</u>	<u>(214,472)</u>	<u>(199,033)</u>	<u>(126,263)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 808,686	\$ 822,165	\$ 768,951	\$ 969,091	\$ 755,235	\$ 692,689	\$ 678,270	\$ 797,313	\$ 666,499	\$ 621,263
Contribution as a percentage of covered-employee	31.09%	31.70%	30.58%	21.68%	31.79%	37.55%	34.32%	26.90%	29.86%	20.32%

Brooktrails Township Community Services District
Required Supplementary Information - Schedule of the District's Proportionate
Share of the Net Pension Liability
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan's Proportion of the Net Pension Liability/(Asset)	0.02070%	0.02111%	0.02400%	0.01908%	0.01954%	0.02001%	0.02055%	0.02129%	0.02207%	0.02469%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$2,582,924	\$2,438,907	\$1,297,929	\$2,075,768	\$2,002,484	\$1,927,817	\$2,038,445	\$1,842,415	\$1,514,887	\$1,536,497
Plan's Covered-Employee Payroll	\$ 822,165	\$ 768,951	\$ 740,645	\$ 969,091	\$ 755,235	\$ 678,270	\$ 797,313	\$ 666,499	\$ 621,263	\$ 585,403
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	314.16%	317.17%	175.24%	214.20%	265.15%	284.23%	255.66%	276.43%	243.84%	262.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.21%	76.68%	88.29%	73.89%	74.02%	75.26%	73.31%	74.06%	78.40%	79.82%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 242,380	\$ 311,318	\$ 274,693	\$ 268,468	\$ 245,200	\$ 218,732	\$ 199,469	N/A	N/A	N/A

SUPPLEMENTAL SCHEDULE

Brooktrails Township Community Services District
Schedule of Debt Service Coverage
June 30, 2024

In accordance with the Official Statement of the Brooktrails Township Community Services District Water Revenue Refunding Bonds Series 2021, the District is required to report annually the following information:

	<u>2024</u>
a) Outstanding Principal Balance at June 30:	\$ 2,680,000
b) Water Sales	\$ 1,366,149
c) Number of connections of the Water System	1,555
d) Changes in rates:	No change in base or water usage rates.

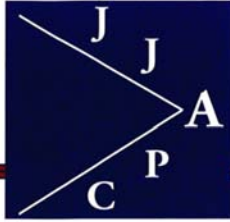
e) Summary coverage information:

	<u>2024</u>
Operating revenues	\$ 1,459,287
Investment income	78,758
Other nonoperating revenues	94,000
Total Revenue	<u>\$ 1,632,045</u>
Personnel costs	348,790
Supplies	320,257
Professional Services	59,369
Other Charges	276,775
Total Operations and Maintenance	<u>1,005,191</u>
Net Revenue Available For Debt Service	<u>\$ 626,854</u>
Debt service:	
2021 Water Revenue Refunding Bonds	\$ 75,000
USDA Loans	10,302
Total debt service	<u>\$ 75,000</u>
Net Revenue After Debt Service	<u>\$ 551,854</u>
Calculated coverage	<u>8.36</u>
Meets covenant restrictions	Yes

Notes:

There were no significant events for the year or additional information to be reported.

Information included above disclosed in Note 4 of the financial statements.



JJACPA, Inc.

A Professional Accounting Services Corp.

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

Board of Directors
Brooktrails Township Community Services District
Willits, California

We have audited, in accordance with the auditing standard 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 Brooktrails Township Community Services District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Brooktrails Township Community Services District's basic financial statements, and have issued our report thereon dated January 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors
Brooktrails Township Community Services District
Willits, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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*.

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 result 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.

January 3, 2025

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA