

**BROOKTRAILS TOWNSHIP COMMUNITY**

**SERVICES DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Elected Officials and Administrative Personnel**

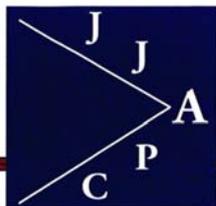
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**BOARD OF DIRECTORS**

Rick Williams – President  
Tina Tyler-O’Shea – Vice-President  
Ed Horrick – Member  
Ralph Santos – Member  
Tony Orth – Member

**MANAGEMENT**

Tamara Alaniz – General Manager



**JJACPA, Inc.**

A Professional Accounting Services Corp.

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the Brooktrails Township Community Services District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 56, Schedules of Contributions on page 57 and Schedules of the District's Proportionate Share of the Net Pension Liability on page 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### ***Other 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 are 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 May 19, 2022 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

May 19, 2022

*JJACPA, Inc.*  
JJACPA, Inc.  
Dublin, CA

## **BASIC FINANCIAL STATEMENTS**

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# Brooktrails Township Community Services District

## Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ -	\$ 2,077,884	\$ 2,077,884
Receivables:			
Taxes receivable	38,065	-	38,065
Accounts receivable, net	-	720,296	720,296
Prepaid expenses	15,568	40,874	56,442
Inventories	-	20,314	20,314
Internal balances	(455,990)	455,990	-
<b>Total current assets</b>	<u>(402,357)</u>	<u>3,315,358</u>	<u>2,913,001</u>
<b>Noncurrent assets:</b>			
Long-term receivables - delinquent fire taxes	465,269	677,616	1,142,885
Capital assets, net	5,458,736	6,158,686	11,617,422
<b>Total noncurrent assets</b>	<u>5,924,005</u>	<u>6,836,302</u>	<u>12,760,307</u>
<b>Total assets</b>	<u>5,521,648</u>	<u>10,151,660</u>	<u>15,673,308</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan	125,565	309,621	435,186
Other postemployment benefits	8,643	14,053	22,696
<b>Total assets and deferred outflows of resources</b>	<u>\$ 5,655,856</u>	<u>\$ 10,475,334</u>	<u>\$ 16,131,190</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 44,447	\$ 130,570	\$ 175,017
Accrued liabilities	65,107	33,171	98,278
Interest payable	11,826	35,067	46,893
Compensated absences	72,426	108,972	181,398
Financed purchases due within one year	59,182	-	59,182
Long term debt - due within one year	-	104,214	104,214
<b>Total current liabilities</b>	<u>252,988</u>	<u>411,994</u>	<u>664,982</u>
<b>Noncurrent liabilities:</b>			
Long-term debt	-	3,139,798	3,139,798
Financed purchases	242,669	-	242,669
Net pension liability	702,718	1,373,050	2,075,768
Net OPEB liability	25,958	76,663	102,621
<b>Total noncurrent liabilities</b>	<u>971,345</u>	<u>4,589,511</u>	<u>5,560,856</u>
<b>Total liabilities</b>	<u>1,224,333</u>	<u>5,001,505</u>	<u>6,225,838</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	46,184	90,570	136,754
Other postemployment benefits	32,195	43,301	75,496
<b>Total deferred inflows of resources</b>	<u>78,379</u>	<u>133,871</u>	<u>212,250</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,924,005	2,914,674	8,838,679
Restricted	-	39,000	39,000
Unrestricted	(1,570,861)	2,386,284	815,423
<b>Total net position</b>	<u>4,353,144</u>	<u>5,339,958</u>	<u>9,693,102</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 5,655,856</u>	<u>\$ 10,475,334</u>	<u>\$ 16,131,190</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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General Administration	\$ 724,246	\$ 4,965	\$ -	\$ -
Parks and recreation	89,994	-	-	-
Fire services	1,013,032	37,584	28,867	-
Interest and fiscal charges	12,911	-	-	-
Total governmental activities	1,840,183	42,549	28,867	-
Business-type activities:				
Water	1,790,274	1,616,399	-	-
Wastewater	1,700,929	1,582,729	-	-
Total business-type activities	3,491,203	3,199,128	-	-
<b>Total primary government</b>	<b>\$ 5,331,386</b>	<b>\$ 3,241,677</b>	<b>\$ 28,867</b>	<b>\$ -</b>

General revenues:

Taxes:

    Property taxes, levied for general purposes

    Special fire taxes

Franchise fees

Investment earnings

Miscellaneous

    Total general revenues

Transfers

    Total general revenues and transfers

Change in net position

Net position:

    Beginning of year

    End of year

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

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (719,281)	\$ -	\$ (719,281)
(89,994)	-	(89,994)
(946,581)	-	(946,581)
(12,911)	-	(12,911)
<u>(1,768,767)</u>	<u>-</u>	<u>(1,768,767)</u>
-	(173,875)	(173,875)
-	(118,200)	(118,200)
-	(292,075)	(292,075)
<u>\$ (1,768,767)</u>	<u>\$ (292,075)</u>	<u>\$ (2,060,842)</u>
\$ 344,637	\$ -	\$ 344,637
600,992	-	600,992
38,215	-	38,215
1,652	3,895	5,547
68,408	457,483	525,891
<u>1,053,904</u>	<u>461,378</u>	<u>1,515,282</u>
<u>136,821</u>	<u>(136,821)</u>	<u>-</u>
<u>1,190,725</u>	<u>324,557</u>	<u>1,515,282</u>
(578,042)	32,482	(545,560)
4,931,186	5,307,476	10,238,662
<u>\$ 4,353,144</u>	<u>\$ 5,339,958</u>	<u>\$ 9,693,102</u>

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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.

<b>Fund</b>	<b>Description</b>
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, 2021

	<u>General Fund</u>	<u>Fire Services Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Taxes receivable	24,305	13,760	38,065
Prepaid expenses	9,605	5,963	15,568
Due from other funds	-	-	-
Long-term receivables - delinquent fire taxes	-	465,269	465,269
<b>Total assets</b>	<u>\$ 33,910</u>	<u>\$ 484,992</u>	<u>\$ 518,902</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	5,175	39,272	\$ 44,447
Accrued liabilities	49,774	15,333	65,107
Due to other funds	370,494	85,496	455,990
<b>Total liabilities</b>	<u>425,443</u>	<u>140,101</u>	<u>565,544</u>
<b>Deferred inflows of resources</b>			
Delinquent fire taxes	-	465,269	465,269
<b>Fund balances:</b>			
Nonspendable	9,605	5,963	15,568
Unassigned (deficit)	(401,138)	(126,341)	(527,479)
<b>Total fund balances</b>	<u>(391,533)</u>	<u>(120,378)</u>	<u>(511,911)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 33,910</u>	<u>\$ 484,992</u>	<u>\$ 518,902</u>

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, 2021**

**Total fund balances - governmental funds** \$ (511,911)

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

Long-term receivables are not available to pay current period expenditures and, therefore, are unearned in the governmental funds. 465,269

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 5,458,736

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

Interest payable	(11,826)	
Financed purchases	(301,851)	
Compensated absences	(72,426)	
Net pension liability	(702,718)	
Net OPEB liability	(25,958)	(1,114,779)

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

Deferred outflows	134,208	
Deferred inflows	(78,379)	55,829

**Net position of governmental activities** \$ 4,353,144

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, 2021**

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Taxes receivable	38,065	-	-	38,065
Prepaid expenses	15,568	-	-	15,568
Long-term receivables - delinquent fire taxes:	465,269	(465,269)	-	-
Internal balances	-	(455,990)	-	(455,990)
<b>Total current assets</b>	<b>518,902</b>	<b>(921,259)</b>	<b>-</b>	<b>(402,357)</b>
<b>Noncurrent assets:</b>				
Long-term receivables - delinquent fire taxes	-	465,269	-	465,269
Capital assets, net	-	-	5,458,736	5,458,736
<b>Total noncurrent assets</b>	<b>-</b>	<b>465,269</b>	<b>5,458,736</b>	<b>5,924,005</b>
<b>Total assets</b>	<b>518,902</b>	<b>(455,990)</b>	<b>5,458,736</b>	<b>5,521,648</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	-	-	125,565	125,565
Other postemployment benefits	-	-	8,643	8,643
<b>Total assets and deferred outflows of resources</b>	<b>\$ 518,902</b>	<b>\$ (455,990)</b>	<b>\$ 5,592,944</b>	<b>\$ 5,655,856</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 44,447	\$ -	\$ -	\$ 44,447
Accrued liabilities	65,107	-	-	65,107
Due to other funds	455,990	(455,990)	-	-
Interest payable	-	-	11,826	11,826
Financed purchases due within one year	-	-	59,182	59,182
<b>Total current liabilities</b>	<b>565,544</b>	<b>(455,990)</b>	<b>71,008</b>	<b>180,562</b>
<b>Noncurrent liabilities:</b>				
Financed purchases	-	-	242,669	242,669
Compensated absences	-	-	72,426	72,426
Net pension liability	-	-	702,718	702,718
Net OPEB obligation	-	-	25,958	25,958
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>1,043,771</b>	<b>1,043,771</b>
<b>Total liabilities</b>	<b>565,544</b>	<b>(455,990)</b>	<b>1,114,779</b>	<b>1,224,333</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Delinquent fire taxes	465,269	-	(465,269)	-
Pension plan	-	-	46,184	46,184
Other postemployment benefits	-	-	32,195	32,195
<b>Total deferred outflows of resources</b>	<b>465,269</b>	<b>-</b>	<b>(386,890)</b>	<b>78,379</b>
<b>FUND BALANCES/NET POSITION</b>				
<b>Fund balances:</b>				
Nonspendable	15,568	(15,568)	-	-
Assigned	-	-	-	-
Unassigned (deficit), reported in:	(527,479)	527,479	-	-
<b>Net position:</b>				
Net investment in capital assets	-	465,269	5,458,736	5,924,005
Restricted	-	-	-	-
Unrestricted	-	(977,180)	(593,681)	(1,570,861)
<b>Total fund balances/ net position</b>	<b>(511,911)</b>	<b>-</b>	<b>4,865,055</b>	<b>4,353,144</b>
<b>Total liabilities and net position</b>	<b>\$ 518,902</b>	<b>\$ (455,990)</b>	<b>\$ 5,592,944</b>	<b>\$ 5,655,856</b>

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, 2021**

	<u>General Fund</u>	<u>Fire Services Fund</u>	<u>Totals</u>
<b>REVENUES:</b>			
Property taxes	\$ 344,637	\$ -	\$ 344,637
Special fire taxes	-	600,992	600,992
Intergovernmental:			
Fuel grant		14,982	14,982
Proposition 172 allocation	-	13,885	13,885
Charges for services:			
Strike team revenues	-	37,584	37,584
Planning fees	-	4,965	4,965
Franchise fees	38,215	-	38,215
Interest	1,618	34	1,652
Miscellaneous	1,691	66,717	68,408
<b>Total revenues</b>	<u>386,161</u>	<u>739,159</u>	<u>1,125,320</u>
<b>EXPENDITURES:</b>			
Current:			
General government:			
Administration	714,134	-	714,134
Recreation	82,748	-	82,748
Fire protection services	-	844,614	844,614
Capital outlay	5,888	6,080	11,968
Debt service:			
Principal	-	93,396	93,396
Interest and fiscal charges	-	12,911	12,911
<b>Total expenditures</b>	<u>802,770</u>	<u>957,001</u>	<u>1,759,771</u>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>(416,609)</u>	<u>(217,842)</u>	<u>(634,451)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	160,966	-	160,966
Transfers out	-	(24,145)	(24,145)
<b>Total other financing sources (uses)</b>	<u>160,966</u>	<u>(24,145)</u>	<u>136,821</u>
<b>Net change in fund balances</b>	<u>(255,643)</u>	<u>(241,987)</u>	<u>(497,630)</u>
<b>FUND BALANCES:</b>			
Beginning of year	<u>(135,890)</u>	<u>121,609</u>	<u>(14,281)</u>
End of year	<u>\$ (391,533)</u>	<u>\$ (120,378)</u>	<u>\$ (511,911)</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, 2021**

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt	Depreciation	Capital Asset (Additions), Retirements & Adjustments	OPEB Obligation	Pension Plan	Government- wide Totals
<b>Governmental activities:</b>							
Current:							
General government:							
Administration	\$ 714,134	\$ (23,717)	\$ 11,227	\$ -	\$ (7,160)	\$ 29,762	\$ 724,246
Recreation	82,748	-	-	-	-	7,246	89,994
Fire protection services	844,614	36,343	84,168	29,126	-	18,781	1,013,032
Capital outlay	11,968	-	-	(11,968)	-	-	-
Debt service:							
Principal	93,396	(93,396)	-	-	-	-	-
Interest and fiscal charges	12,911	-	-	-	-	-	12,911
<b>Total governmental activities</b>	<b>\$ 1,853,167</b>	<b>\$ (80,770)</b>	<b>\$ 95,395</b>	<b>\$ 17,158</b>	<b>\$ (7,160)</b>	<b>\$ 55,789</b>	<b>\$ 1,840,183</b>

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, 2021**

**Net change in fund balances - governmental funds** \$ (497,630)

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	\$ 11,968	
Capital asset retirements	(29,126)	
Depreciation expense	<u>(95,395)</u>	(112,553)

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 compensated absences	23,717	
Change in net pension liability	(55,789)	
Change in net OPEB liability	<u>7,160</u>	(24,912)

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

Financed purchases		<u>57,053</u>
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**Change in net position of governmental activities** **\$ (578,042)**

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 -**  
**Budget to Actual - General Fund and Major Special Revenue Funds**  
**For the year ended June 30, 2021**

	<b>General Fund</b>			
	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 298,500	\$ 298,500	\$ 344,637	\$ 46,137
Special fire taxes	-	-	-	-
Intergovernmental:				
Fuel grant	-	-	-	-
Proposition 172 allocation	-	-	-	-
Charges for services:				
Strike team revenues	-	-	-	-
Planning fees	-	-	-	-
Franchise fees	27,000	27,000	38,215	11,215
Interest	500	500	1,618	1,118
Miscellaneous	2,150	2,150	1,691	(459)
<b>Total revenues</b>	<b>328,150</b>	<b>328,150</b>	<b>386,161</b>	<b>58,011</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Administration	587,115	587,115	714,134	(127,019)
Recreation	44,789	44,789	82,748	(37,959)
Fire protection services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>631,904</b>	<b>631,904</b>	<b>796,882</b>	<b>(164,978)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(303,754)</b>	<b>(303,754)</b>	<b>(410,721)</b>	<b>(106,967)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	160,965	160,965	160,966	1
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>160,965</b>	<b>160,965</b>	<b>160,966</b>	<b>1</b>
<b>Net change in fund balances</b>	<b>(142,789)</b>	<b>(142,789)</b>	<b>(249,755)</b>	<b>(106,966)</b>
<b>FUND BALANCES:</b>				
Beginning of year	(135,890)	(135,890)	(135,890)	-
End of year	<u>\$ (278,679)</u>	<u>\$ (278,679)</u>	<u>\$ (385,645)</u>	<u>\$ (106,966)</u>

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

<b>Fire Services Fund</b>			
Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -
490,000	490,000	600,992	110,992
15,000	15,000	14,982	(18)
20,000	20,000	13,885	(6,115)
20,000	20,000	37,584	17,584
-	-	4,965	4,965
-	-	-	-
-	-	34	34
1,000	1,000	66,717	65,717
546,000	546,000	739,159	193,159
-	-	-	-
-	-	-	-
544,802	544,802	844,614	(299,812)
-	-	93,396	(93,396)
-	-	12,911	(12,911)
544,802	544,802	957,001	(412,199)
1,198	1,198	(217,842)	(219,040)
-	-	-	-
(24,145)	(24,145)	(24,145)	-
(24,145)	(24,145)	(24,145)	-
(22,947)	(22,947)	(241,987)	(219,040)
121,609	121,609	121,609	-
\$ 98,662	\$ 98,662	\$ (120,378)	\$ (219,040)

## 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.

<b>Fund</b>	<b>Description</b>
<b>MAJOR FUNDS:</b>	
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, 2021

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 1,055,865	\$ 1,022,019	\$ 2,077,884
Receivables:			
Accounts receivable, net	600,566	119,730	720,296
Prepaid expenses	20,046	20,828	40,874
Inventories	20,314	-	20,314
Due from other funds	-	455,990	455,990
<b>Total current assets</b>	<u>1,696,791</u>	<u>1,618,567</u>	<u>3,315,358</u>
<b>Noncurrent assets:</b>			
Long-term receivables - delinquent accounts	308,704	368,912	677,616
Capital assets, net	5,459,981	698,705	6,158,686
<b>Total assets</b>	<u>7,465,476</u>	<u>2,686,184</u>	<u>10,151,660</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan	134,247	175,374	309,621
OPEB	6,605	7,448	14,053
<b>Total assets and deferred outflows of resources</b>	<u>\$ 7,606,328</u>	<u>\$ 2,869,006</u>	<u>\$ 10,475,334</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 20,868	\$ 109,702	\$ 130,570
Accrued liabilities	16,172	16,999	33,171
Interest payable	30,463	4,604	35,067
Compensated absences	54,486	54,486	108,972
Long-term debt - due within one year	78,547	25,667	104,214
<b>Total current liabilities</b>	<u>200,536</u>	<u>211,458</u>	<u>411,994</u>
<b>Noncurrent liabilities:</b>			
Long-term debt	3,055,771	84,027	3,139,798
Net pension liability	619,051	753,999	1,373,050
Net OPEB liability	32,182	44,481	76,663
<b>Total liabilities</b>	<u>3,907,540</u>	<u>1,093,965</u>	<u>5,001,505</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	40,597	49,973	90,570
OPEB	21,363	21,938	43,301
<b>Total deferred inflows of resources</b>	<u>61,960</u>	<u>71,911</u>	<u>133,871</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,325,663	589,011	2,914,674
Restricted for capital projects	39,000	-	39,000
Unrestricted	1,272,165	1,114,119	2,386,284
<b>Total net position</b>	<u>3,636,828</u>	<u>1,703,130</u>	<u>5,339,958</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 7,606,328</u>	<u>\$ 2,869,006</u>	<u>\$ 10,475,334</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, 2021**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Sale of water	\$ 1,418,854	\$ -	\$ 1,418,854
Service fees	-	1,283,160	1,283,160
Availability charges	132,368	250,050	382,418
Penalties	36,098	30,305	66,403
Other operating revenues	29,079	19,214	48,293
<b>Total operating revenues</b>	<u>1,616,399</u>	<u>1,582,729</u>	<u>3,199,128</u>
<b>OPERATING EXPENSES:</b>			
Personnel services	349,721	369,536	719,257
Contractual services	27,428	13,979	41,407
Intergovernmental treatment costs	-	337,200	337,200
Utilities	186,964	12,832	199,796
Insurance	91,018	95,598	186,616
Other supplies and expenses	687,075	812,093	1,499,168
Depreciation	312,503	53,816	366,319
<b>Total operating expenses</b>	<u>1,654,709</u>	<u>1,695,054</u>	<u>3,349,763</u>
<b>OPERATING INCOME(LOSS)</b>	<u>(38,310)</u>	<u>(112,325)</u>	<u>(150,635)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Other nonoperating revenues (expenses)	1,050,652	(593,169)	457,483
Interest revenue	1,416	2,479	3,895
Interest expense	(135,565)	(5,875)	(141,440)
<b>Total non-operating revenues, net</b>	<u>916,503</u>	<u>(596,565)</u>	<u>319,938</u>
<b>NET INCOME BEFORE TRANSFERS</b>	878,193	(708,890)	169,303
Transfers in	-	-	-
Transfers out	(70,825)	(65,996)	(136,821)
<b>Total transfers</b>	<u>(70,825)</u>	<u>(65,996)</u>	<u>(136,821)</u>
<b>CHANGE IN NET POSITION</b>	807,368	(774,886)	32,482
<b>NET POSITION:</b>			
Beginning of year	2,829,460	2,478,016	5,307,476
End of year	<u>\$ 3,636,828</u>	<u>\$ 1,703,130</u>	<u>\$ 5,339,958</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, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 1,171,584	\$ 1,687,886	\$ 2,859,470
Cash payments to suppliers for goods and services	(243,171)	(1,322,630)	(1,565,801)
Cash payments to employees for services	(347,954)	(366,340)	(714,294)
<b>Net cash provided by operating activities</b>	<u>580,459</u>	<u>(1,084)</u>	<u>579,375</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers received (paid)	(70,825)	(352,290)	(423,115)
<b>Net cash used by noncapital financing activities</b>	<u>(70,825)</u>	<u>(352,290)</u>	<u>(423,115)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from debt issuance	3,194,317	-	3,194,317
Payments of notes payable	(3,218,004)	(24,591)	(3,242,595)
Interest paid	(149,785)	(5,875)	(155,660)
Acquisition and construction of capital assets	(463,037)	(41,312)	(504,349)
<b>Net cash (used) by capital and related financing activities</b>	<u>(636,509)</u>	<u>(71,778)</u>	<u>(708,287)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	1,416	2,479	3,895
<b>Net cash provided by investing activities</b>	<u>1,416</u>	<u>2,479</u>	<u>3,895</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(125,459)	(422,673)	(548,132)
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,181,324	1,444,692	2,626,016
End of year	<u>\$ 1,055,865</u>	<u>\$ 1,022,019</u>	<u>\$ 2,077,884</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (38,310)	\$ (112,325)	\$ (150,635)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	312,503	53,816	366,319
Pension expense	35,761	35,762	71,523
OPEB expense	(4,593)	(4,593)	(9,186)
Other nonoperating	704,491	-	704,491
(Increase) decrease in current assets:			
Accounts receivable	(432,940)	15,712	(417,228)
Intergovernmental receivables	51,917	142,986	194,903
Prepaid expenses	(196)	(196)	(392)
Inventory	-	-	-
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	9,258	(86,494)	(77,236)
Compensated absences	6,360	7,789	14,149
Lein receivable	(63,792)	(53,541)	(117,333)
<b>Net cash provided by operating activities</b>	<u>\$ 580,459</u>	<u>\$ (1,084)</u>	<u>\$ 579,375</u>
<b>There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2021.</b>			

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, 2121**

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	<u>Retired Employees Health Care Plan</u>
<b>ASSETS</b>	
Cash and investments	\$ 36,792
Investments at fair value:	
California Employers Retiree Benefit Program (CERBT)	<u>-</u>
<b>Total assets</b>	<u><u>36,792</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ -
Due to other governmental agencies	<u>-</u>
<b>Total liabilities</b>	<u>-</u>
<b>NET POSITION</b>	
Held in trust for other postemployment benefits	<u>36,792</u>
<b>Total Net Position (deficit)</b>	<u><u>36,792</u></u>
<b>Total liabilities and net position</b>	<u><u>\$ 36,792</u></u>

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, 2121**

	Retired Employees Health Care Plan
<b>Additions</b>	
Contributions:	
Employer	\$ -
Investment income:	
Net appreciation in fair value of investments	2,126
<b>Total additions</b>	<u>2,126</u>
<b>Deductions</b>	
Benefits and administrative expenses	\$ -
<b>Total deductions</b>	<u>-</u>
<b>Net increase</b>	2,126
<b>Net position held in trust for other post employment benefits:</b>	
Beginning of year	34,666
End of year	<u>\$ 36,792</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, 2021**

**Notes to Basic Financial Statements**

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**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, 2021**

**Notes to Basic Financial Statements, Continued**

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**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, 2021**

**Notes to Basic Financial Statements, Continued**

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**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, 2021**

**Notes to Basic Financial Statements, Continued**

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**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, 2021**

**Notes to Basic Financial Statements, Continued**

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**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 \$1,000 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, 2021**

**Notes to Basic Financial Statements, Continued**

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**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, 2021**

**Notes to Basic Financial Statements, Continued**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

For purposes of measuring the net other postemployment benefit liability (OPES), deferred outflows of resources of resources, deferred inflows of resources, and OPES expense, information about the fiduciary net position of the District's OPES 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 the Local Agency Investment Fund (LAIF) of the State of California. The LAIF values its investments using pricing methods viewed as Level 1 inputs.

**Budgetary Information**

Annual budgets are adopted on a basis of 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, 2021**

**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	\$ -	\$ -	\$ -	\$ 1,786,596	\$ 1,786,596
Petty cash	-	-	-	600	600
Local Agency Investment Fund	327,480	-	-	-	327,480
Total pooled items	327,480	-	-	1,787,196	2,114,676
Total cash and cash equivalents	\$ 327,480	\$ -	\$ -	\$ 1,787,196	\$ 2,114,676
Financial Statement presentation:					
Governmental activities					\$ -
Business-type Activities					2,077,884
Fiduciary activities					36,792
Total					\$ 2,114,676

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, 2021, \$1,536,596 of the District's bank balances of \$1,786,596 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 LAIF. Because investments in the LAIF are not evidenced by specific securities in the name of the District, the LAIF is not subject to custodial credit risk.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

**2. CASH AND INVESTMENTS, Continued**

**Investment in LAIF**

The District is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2021 was \$32,075,372,648 of which the District had a balance of \$327,480. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2021 has a portfolio with market valuation of \$193,463,490,765. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**3. CAPITAL ASSETS**

Capital asset activity relating to governmental activities for the year ended June 30, 2021 was as follows:

**Governmental Activities:**

	July 1, 2020	Additions	Deletions	Adjustments	June 30, 2021
<b>Nondepreciable assets:</b>					
Land	\$ 4,720,817	\$ -	\$ -	\$ (38,373)	\$ 4,682,444
<b>Total nondepreciable assets</b>	<b>4,720,817</b>	<b>-</b>	<b>-</b>	<b>(38,373)</b>	<b>4,682,444</b>
<b>Depreciable assets:</b>					
Buildings and improvements	797,656	-	-	1	797,657
Fire facilities	169,795	-	-	-	169,795
Fire vehicles and equipment	1,706,659	6,080	-	7,702	1,720,441
Other equipment	80,461	5,888	-	-	86,349
<b>Total depreciable assets</b>	<b>2,754,571</b>	<b>11,968</b>	<b>-</b>	<b>7,703</b>	<b>2,774,242</b>
<b>Total</b>	<b>7,475,388</b>	<b>11,968</b>	<b>-</b>	<b>(30,670)</b>	<b>7,456,686</b>
<b>Accumulated depreciation:</b>					
Buildings and improvements	(590,957)	(10,803)	-	(1,303)	(603,063)
Fire facilities	(166,486)	(199)	-	-	(166,685)
Fire vehicles and equipment	(1,073,712)	(72,742)	-	(8,380)	(1,154,834)
Other equipment	(72,944)	(424)	-	-	(73,368)
<b>Total accumulated depreciation</b>	<b>(1,904,099)</b>	<b>(84,168)</b>	<b>-</b>	<b>(9,683)</b>	<b>(1,997,950)</b>
<b>Net depreciable assets</b>	<b>850,472</b>	<b>(72,200)</b>	<b>-</b>	<b>(1,980)</b>	<b>776,292</b>
<b>Total capital assets</b>	<b>\$ 5,571,289</b>	<b>\$ (72,200)</b>	<b>\$ -</b>	<b>\$ (40,353)</b>	<b>\$ 5,458,736</b>

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

**3. CAPITAL ASSETS, Continued**

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

<b>Governmental activities:</b>	
General government	\$ 11,227
Fire protection services	<u>72,941</u>
<b>Total</b>	<u>84,168</u>

Capital asset activity relating to business-type activities for the year ended June 30, 2021 was as follows:

<b>Business-Type Activities:</b>	June 30, 2020	Additions	Deletions	Transfer/ Adjustments	June 30, 2020
<b>Nondepreciable assets:</b>					
Land	\$ 51,911	\$ -	\$ -	\$ -	\$ 51,911
Construction in progress	118,201	-	-	(118,201)	-
<b>Total nondepreciable assets</b>	<u>170,112</u>	<u>-</u>	<u>-</u>	<u>(118,201)</u>	<u>51,911</u>
<b>Depreciable assets:</b>					
Dams	1,537,468	-	-	-	1,537,468
Pipelines and distribution system	3,336,568	-	-	-	3,336,568
Pipelines and collection system	4,373,240	-	-	-	4,373,240
Treatment plant, tanks, and improvements	8,567,719	-	-	(118,868)	8,448,851
Equipment	1,446,238	504,349	-	-	1,950,587
<b>Total depreciable assets</b>	<u>19,261,233</u>	<u>504,349</u>	<u>-</u>	<u>(118,868)</u>	<u>19,646,714</u>
<b>Total</b>	<u>19,431,345</u>	<u>504,349</u>	<u>-</u>	<u>(237,069)</u>	<u>19,698,625</u>
<b>Accumulated depreciation:</b>					
Dams	(1,322,222)	(30,066)	-	-	(1,352,288)
Pipelines and distribution system	(2,874,629)	(64,525)	-	-	(2,939,154)
Pipelines and collection system	(3,538,682)	(86,444)	-	-	(3,625,126)
Treatment plant, tanks, and improvements	(4,452,156)	(137,018)	-	(9,604)	(4,598,778)
Equipment	(975,992)	(48,266)	-	(335)	(1,024,593)
<b>Total accumulated depreciation</b>	<u>(13,163,681)</u>	<u>(366,319)</u>	<u>-</u>	<u>(9,939)</u>	<u>(13,539,939)</u>
<b>Net depreciable assets</b>	<u>6,097,552</u>	<u>138,030</u>	<u>-</u>	<u>(128,807)</u>	<u>6,106,775</u>
<b>Total capital assets</b>	<u>\$ 6,267,664</u>	<u>\$ 138,030</u>	<u>\$ -</u>	<u>\$ (247,008)</u>	<u>\$ 6,158,686</u>

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

<b>Business-Type activities</b>	
Water	\$ 312,503
Sewer	<u>53,816</u>
<b>Total</b>	<u>366,319</u>

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

**4. LONG-TERM DEBT**

**Long-Term Debt Activity**

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
<b>Governmental Activities</b>					
Direct borrowings	\$ 358,904	\$ -	\$ (57,053)	\$ 301,851	\$ 59,182
Compensated absences	96,143	-	(23,717)	72,426	-
Total	<u>\$ 455,047</u>	<u>\$ -</u>	<u>\$ (80,770)</u>	<u>\$ 374,277</u>	<u>\$ 59,182</u>
<b>Business-Type Activities</b>					
Certificates of participation	\$ 362,200	\$ -	\$ (362,200)	\$ -	\$ -
Certificates of participation, 2008	2,686,000	-	(2,686,000)	-	-
USDA Loan	124,025	-	(124,025)	-	-
Water Revenue Refunding Bonds, Series 2021	-	2,955,000	(60,000)	2,895,000	70,000
Premium	-	239,318	-	239,318	8,547
USDA Loan, 2010	134,285	-	(24,591)	109,694	25,667
Compensated Absences	94,823	14,149	-	108,972	108,972
Total	<u>\$ 3,401,333</u>	<u>\$ 3,208,467</u>	<u>\$ (3,256,816)</u>	<u>\$ 3,352,984</u>	<u>\$ 213,186</u>

**Certificates of Participation**

The District entered into an installment purchase agreement relating to the sale of \$454,000 in Certificates of Participation which certificates are to be purchased by the Rural Utilities Service of the United States Department of Agriculture. Under the arrangement, the District is to construct a Clearwell and backwash water recycling project. The District is obligated to make semiannual payments of principal and interest in amounts sufficient to pay the principal and interest on the certificates. The District's repayment obligation is secured by a pledge of the net revenues of its water enterprise. The certificates bear interest at 4.25 percent and mature each June 1 through June 1, 2045. During fiscal year 2021, the bonds were refunded with the issuance of the Water Revenue Refunding Bonds, Series 2021.

**Certificates of Participation - Series 2008**

The District entered into an installment purchase agreement relating to the sale of \$3,165,000 in Certificates of Participation which certificates are to be purchased by the Rural Utilities Service of the United States Department of Agriculture. Under the arrangement, the District is to construct a Reservoir Spillway Water project. The District is obligated to make semiannual payments of principal and interest in amounts sufficient to pay the principal and interest on the certificates. The District's repayment obligation is secured by a pledge of the net revenues of its water enterprise. The certificates bear interest at 4.25 percent and mature each April 15 through April 15, 2048. During fiscal year 2021, the bonds were refunded with the issuance of the Water Revenue Refunding Bonds, Series 2021.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

**4. LONG-TERM DEBT, Continued**

**USDA Loan**

In addition, the District entered into a Loan Agreement, dated June 13, 2005, with the United States Department of Agriculture for an additional \$149,000 to provide additional funding for the project described above. During fiscal year 2021, the loan was refunded with the issuance of the Water Revenue Refunding Bonds, Series 2021.

**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,	Water Revenue Refunding Bonds, Series 2021			USDA Loan 2010		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 70,000	\$ 87,175	\$ 157,175	\$ 25,667	\$ 4,799	\$ 30,466
2023	70,000	84,375	154,375	26,790	3,676	30,466
2024	75,000	81,575	156,575	27,962	2,504	30,466
2025	75,000	78,575	153,575	29,275	1,191	30,466
2026	80,000	75,575	155,575	-	-	-
2027-2031	450,000	327,075	777,075	-	-	-
2032-2036	535,000	240,825	775,825	-	-	-
2037-2041	620,000	155,625	775,625	-	-	-
2042-2046	680,000	72,676	752,676	-	-	-
2047-2051	240,000	7,987	247,987	-	-	-
Total	<u>\$ 2,895,000</u>	<u>\$ 1,211,463</u>	<u>\$ 4,106,463</u>	<u>\$ 109,694</u>	<u>\$ 12,170</u>	<u>\$ 121,864</u>
Due within one year	\$ 70,000	\$ 87,175	\$ 157,175	\$ 25,667	\$ 4,799	\$ 30,466
Due after one year	2,825,000	1,124,288	3,949,288	84,027	7,371	91,398
Total	<u>\$ 2,895,000</u>	<u>\$ 1,211,463</u>	<u>\$ 4,106,463</u>	<u>\$ 109,694</u>	<u>\$ 12,170</u>	<u>\$ 121,864</u>

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

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**4. LONG-TERM DEBT, Continued**

**Pledged Revenues**

The District has pledged future water system revenues, net of specified expenses as defined to repay the certificates of participation and USDA loan relating to the water system. Total principal and interest remaining to be paid on those obligations are \$5,648,152. Annual principal and interest payments on those obligations are expected to require 58 percent of net system revenues as defined. Principal and interest paid for the current year and total net system revenues (exclusive of transfers in) were \$206,555 and \$355,012 respectively.

**Direct Borrowings - Bank Loan**

The District, on June 18, 2015, entered into a borrowing arrangement with the Savings Bank of Mendocino County for the purposes of financing the purchase of a 2015 Ford F-350 truck. The loan was for \$33,996, bears interest at 5.49%, and is repayable in monthly installments of \$713 starting on July 18, 2015 and ending on December 18, 2019. The loan is secured by a security agreement pledging the Ford -350 truck as collateral.

**Direct Borrowings - Financed Purchases - Business-Type Activities**

The District on June 2, 2015 entered into a capital lease financing arrangement with First Capital Equipment Leasing Corporation for the purpose of obtaining financing for the purchase of breathing apparatus and equipment, on October 6, 2015 for the purchase of a Fire Vehicle, and on November 3, 2016 for the purchase of turnout gear and equipment. In September 2017, the District entered into a \$420,000 financing arrangement for the purchase of a water tender for its fire department. The water tender was not placed into service until December 2018, and no costs were capitalized until fiscal 2019 when the water tender was delivered and placed in service.

**Direct Borrowings - Financed Purchases - Governmental-Type Activities**

The financed purchases and the cost of the equipment was \$425,302, bear interest at 3.593 percent, and are payable in annual installments as shown below through 2028. The borrowings are secured by the purchased equipment and the District has agreed to appropriate enough funds in each years' budget to provide for the annual repayment amounts.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

**4. LONG-TERM DEBT, Continued**

The future debt service on the financed purchases is as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 59,182	\$ 11,205	\$ 70,387
2023	36,855	8,997	45,852
2024	38,222	7,630	45,852
2025	39,639	6,213	45,852
2026	41,108	4,744	45,852
2031-2035	86,845	4,859	91,704
Total	<u>\$ 301,851</u>	<u>\$ 43,648</u>	<u>\$ 345,499</u>
Due within one year	\$ 59,182	\$ 11,205	\$ 70,387
Due after one year	242,669	32,443	275,112
Total	<u>\$ 301,851</u>	<u>\$ 43,648</u>	<u>\$ 345,499</u>

**5. NET POSITION/FUND BALANCES**

**Net Position**

Net position at June 30, 2021 consisted of the following:

Description	Balance as of June 30, 2021
Net investment in capital assets	\$ 8,838,679
Restricted for:	
Debt service	39,000
Unrestricted (deficit)	815,423
Total unrestricted net position	<u>\$ 9,693,102</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, 2021**

**Notes to Basic Financial Statements, Continued**

**5. NET POSITION/FUND BALANCES, Continued**

**Fund Balance**

Fund balance consisted of the following at June 30, 2021:

<b>Nonspendable:</b>	
<b>Major Funds</b>	
General Fund	\$ 9,605
Fire Services Fund	5,963
<b>Total Nonspendable</b>	<u>15,568</u>
<b>Unassigned (deficit):</b>	
<b>Major Funds:</b>	
General Fund	(401,138)
Fire Services Fund	(126,341)
<b>Total Major Funds- Unassigned</b>	<u>(527,479)</u>
<b>Total Unassigned</b>	<u>(527,479)</u>
<b>Total Fund Balance</b>	<u>\$ (511,911)</u>

Management intends deficit fund balances are to be covered by collection of unpaid fire assessments of \$465,269.

**Excess of Expenditures and Transfers Over Appropriations:** Expenditures and transfers exceeded appropriations for the year ended June 30, 2021, for the following funds:

	<u>Final Budget</u>	<u>Total Expenditures and Transfers</u>	<u>Excess Expenditures Over Appropriations</u>
<b><u>Governmental Activities</u></b>			
<b>Major Funds</b>			
General Fund	\$ 631,904	\$ 796,882	\$ (164,978)
Fire Services Fund	568,947	981,146	(412,199)

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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, 2021:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ -	\$ 370,494
Fire Services Fund	-	85,496
Total Major Funds	<u>-</u>	<u>455,990</u>
<b><u>Proprietary Funds</u></b>		
<b>Major Enterprise Funds:</b>		
Water	<u>455,990</u>	<u>-</u>
Major Enterprise Funds	<u>455,990</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 455,990</u></u>	<u><u>\$ 455,990</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.

Transfers consisted of the following at June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 160,966	\$ -
Fire Services Fund	-	24,145
Total Governmental Funds	<u>160,966</u>	<u>24,145</u>
<b><u>Proprietary Funds</u></b>		
<b>Major Enterprise Funds</b>		
Water	-	70,825
Sewer	-	65,996
Total Proprietary Funds	<u>-</u>	<u>136,821</u>
<b>Total Transfers</b>	<u><u>\$ 160,966</u></u>	<u><u>\$ 160,966</u></u>

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

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**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 2021. Settlements have not exceeded coverage for each of the past three fiscal years. There were no significant claim liabilities at the end of fiscal 2021.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

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**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, 2019 (the measurement date), the active employee contribution rates was 6.25 or 7.0 percent of annual pay, and the employer contribution rate was 6.985 or 10.221 percent of annual payroll (10.216 and 14.382 percent for the safety plan).

For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 179,374	\$ 30,752

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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, 2021, 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	\$ 1,833,174
Safety	242,594
Total Net Pension Liability	<u>\$ 2,075,768</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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2021 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2020	0.04469%	0.00341%	0.01954%
Proportion - June 30, 2021	0.04346%	0.00364%	0.01908%
Change - Increase (Decrease)	-0.00123%	0.00023%	-0.00046%

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

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

For the year ended June 30, 2021, the District recognized pension expense of \$337,439. At June 30, 2021, 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	\$ -	\$ 13,883
Differences between Expected and Actual Experience	113,281	-
Differences between Projected and Actual Investment Earnings	59,730	-
Differences between Employer's Contributions and Proportionate Share of Contributions	32,799	43,684
Change in Employer's Proportion	19,250	79,186
Pension Contributions Made Subsequent to Measurement Date	210,126	-
	<u>\$ 435,186</u>	<u>\$ 136,753</u>

\$210,126 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2022	\$ (10,286)
2023	37,146
2024	32,685
2025	28,791
2026	-
Thereafter	-

**Brooktrails Township Community Services District**  
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**Notes to Basic Financial Statements, Continued**

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

*Actuarial Assumptions* - The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability based on the following actuarial methods and assumptions.

Actuarial Assumptions	
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2%
Salary increases	Varies by entry age and service
Investment Rate of Return	7.50% net pension plan investment and administrative expenses; includes inflation
Post-retirement benefit increase	Contract COLA up to 2% until purchasing power protection allowance floor on purchasing power applies, 2. % thereafter.

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 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Year 11+ <sup>2</sup>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	100%		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Miscellaneous	\$ 2,744,888	\$ 1,833,174	\$ 1,079,855
Safety	391,688	242,594	120,248
Total	<u>\$ 3,136,576</u>	<u>\$ 2,075,768</u>	<u>\$ 1,200,103</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, 2021, the District had no outstanding payable amounts for contributions to the pension plan required for the year ended June 30, 2021.

**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 OPES 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**  
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**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

**9. OTHER POST-EMPLOYMENT BENEFITS, Continued**

*Employees Covered by the Benefit Terms.*

At June 30, 2021, 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	10
	<u>11</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, 2021, the District's contribution rate was 1.9 percent of covered employee payroll. The District did not make contributions to the plan for fiscal year 2021. Employer contributions are made on an ad hoc basis.

*Net OPEB Liability*

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions:</b>	
Actuarial Valuation Date	June 30, 2019
Inflation	2.75 percent per year
Salary increase	3.0 percent per year
Investment rate of return	6.75 percent net of investment expense including inflation
Healthcare cost trend rates	- Non-Medicare - 6.75% for 2023, decreasing to an ultimate rate of 4% in 2076 - Medicare - 5.90% for 2023, decreasing to an ultimate rate of 4% in 2076
Mortality Improvement	CalPERS 1997-2015 Experience Study

The long-term expected rate of return on OPEB plan investments was 6.75 percent.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

**9. OTHER POST-EMPLOYMENT BENEFITS, Continued**

*Discount rate*

The discount rate used was 2.84 percent at June 30, 2020 and 3.79 percent at June 30, 2019.

*Changes in the OPEB Liability*

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

	<b>Total OPEB Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at 6/30/2020*	\$ 118,135	\$ 36,790	\$ 81,345
Changes for the year			
Service Cost	10,641	-	10,641
Interest	4,880	-	4,880
Difference between actual and expected experience	-	-	-
Assumption changes	7,036	-	7,036
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	1,299	(1,299)
Benefit payments	-	-	-
Administrative expenses	-	(18)	18
Net Changes	22,557	1,281	21,276
Balance at 6/30/2021**	\$ 140,692	\$ 38,071	\$ 102,621

\*Measurement date 6/30/2019

\*\* Measurement date 6/30/2020

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

The discount rate used for the fiscal year end 2021 is 2.84%. 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, 2020:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Change in Discount Rate	1.84%	2.84%	3.84%
Net OPEB Liability	\$ 110,817	\$ 102,621	\$ 94,817

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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, 2020:

Change in Healthcare Cost Trend Rate	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 87,944	\$ 102,621	\$ 119,966

*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, 2021, the District recognized OPEB income of \$3,170. At June 30, 2021, 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	\$ -	\$ 71,542
Changes in assumptions	8,832	3,954
Net difference between projected and actual earnings on plan investments	688	-
Employer contributions made subsequent to the measurement date	13,176	-
Total	<u>\$ 22,696</u>	<u>\$ 75,496</u>

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**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
2022	(16,227)
2023	(16,005)
2024	(14,908)
2025	(14,378)
2026	(5,194)
Thereafter	736

*Payable to the OPEB Plan*

At June 30, 2021, the District had no payable for the outstanding amount of contributions to the plan for the year ended June 30, 2021.

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

**Litigation.** The District is involved in litigation incurred in the normal course of conducting District business. Litigation pertaining to the wastewater treatment agreement between the District and the City of Willits discussed below was settled in March of 2015.

**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 a separate wastewater treatment plant and has an agreement with the City of Willits to accept and treat the District's wastewater. Under the arrangement, the District is obligated to pay for a percentage of the City's administrative, operations, maintenance costs, debt service obligations and certain capital costs of the treatment plant.

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' 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, 2021**

**Notes to Basic Financial Statements, Continued**

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**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 fully lifted its curtailment order on the sale of water connections for the District. Property owners may now submit plans and site development applications to the District for review and possible approval.

**11. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 87, "Leases." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations;

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

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**11. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

and improving required note disclosures. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

The GASB has issued statement No. 92, “*Omnibus 2020*”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued statement No. 93, “*Replacement of Interbank Offered Rates*”. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

The GASB has issued statement No. 96, “*Subscription-Based Information Technology Arrangements*”. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The District will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

The GASB has issued statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*”. The primary objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

**Notes to Basic Financial Statements, Continued**

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**12. PANDEMIC EFFECTS**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The District is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the District's employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the District's financial position and changes in net position, fund balance and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic

**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

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 10,641	\$ 10,278	\$ 10,484	\$ 11,312
Interest on the total OPEB liability	4,880	9,464	8,684	7,347
Differences between expected and actual experience	-	(104,062)	-	-
Changes of benefit terms	-	-	-	-
Changes of assumptions	7,036	4,140	(3,104)	(6,905)
Contributions - employer	-	(12,043)	(15,066)	(14,341)
<b>Net change in total OPEB liability</b>	<u>22,557</u>	<u>(92,223)</u>	<u>998</u>	<u>(2,587)</u>
<b>Total OPEB liability - beginning</b>	118,135	210,358	209,360	211,947
<b>Total OPEB liability - ending (a)</b>	<u>\$ 140,692</u>	<u>\$ 118,135</u>	<u>\$ 210,358</u>	<u>\$ 209,360</u>
<b>Plan fiduciary Net Position</b>				
Contributions - employer	\$ -	\$ 12,043	\$ 15,066	\$ 14,341
Contributions - employee	-	-	-	-
Actual investment income	1,299	2,139	2,559	3,073
Administrative expense	(18)	(7)	(60)	(16)
Benefit payments	-	(12,043)	(15,066)	(14,341)
<b>Net change in plan fiduciary net position</b>	<u>1,281</u>	<u>2,132</u>	<u>2,499</u>	<u>3,057</u>
<b>Plan fiduciary net position - beginning</b>	36,790	34,658	32,159	29,102
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 38,071</u>	<u>\$ 36,790</u>	<u>\$ 34,658</u>	<u>\$ 32,159</u>
<b>Net OPEB liability - ending (a) - (b)</b>	<u>\$ 102,621</u>	<u>\$ 81,345</u>	<u>\$ 175,700</u>	<u>\$ 177,201</u>
Covered-employee payroll	\$ 969,091	\$ 952,829	\$ 773,766	\$ 766,516
Net OPEB liability as a percentage of covered-employee payroll	10.6%	8.5%	23%	23%

**Notes to Schedule**

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available.

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

3) 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 statements.

**Brooktrails Township Community Services District**  
**Required Supplementary Information - Schedule of Contributions**

Last 10 Fiscal Years\*

	<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)	\$ 210,126	\$ 240,114	\$ 260,095	\$ 232,751	\$ 214,472	\$ 199,033	\$ 126,263
Contributions in relation to the actuarially determined contributions	<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>						
Covered-employee payroll	\$ 969,091	\$ 755,235	\$ 692,689	\$ 678,270	\$ 797,313	\$ 666,499	\$ 621,263
Contribution as a percentage of covered-employee	21.68%	31.79%	37.55%	34.32%	26.90%	29.86%	20.32%

**Notes to Schedule**

\*This schedule is intended to show information for 10 years. Fiscal 2015 was the first year of implementation, and additional years information will be presented as it becomes available

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Plan's Proportion of the Net Pension Liability/(Asset)	0.01908%	0.01954%	0.02001%	0.02055%	0.02129%	0.02207%	0.02469%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 2,075,768	\$ 2,002,484	\$ 1,927,817	\$ 2,038,445	\$ 1,842,415	\$ 1,514,887	\$ 1,536,497
Plan's Covered-Employee Payroll	\$ 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	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	73.89%	74.02%	75.26%	73.31%	74.06%	78.40%	79.82%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 268,468	\$ 245,200	\$ 218,732	\$ 199,469	N/A	N/A	N/A

**Notes to Schedule**

\*This schedule is intended to show information for 10 years. Fiscal 2015 was the first year of implementation, and additional years information will be presented as it becomes available

**SUPPLEMENTAL SCHEDULE**

**Brooktrails Township Community Services District**  
**Schedule of Debt Service Coverage**  
**June 30, 2021**

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:

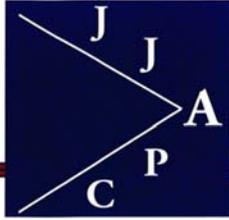
	<u>2021</u>
a) Outstanding Principal Balance at June 30:	\$ 2,634,000
b) Water Sales	\$ 1,418,854
c) Number of connections of the Water System	1,555
d) Changes in rates:	No change in base rates, water usage increased to \$.03394 per cubic foot
e) Summary coverage information:	

	<u>2021</u>
Operating revenues	\$ 1,616,399
Investment income	1,416
Other nonoperating revenues	1,050,652
<b>Total Revenue</b>	<u>\$ 2,668,467</u>
Personnel costs	349,721
Supplies	687,075
Professional Services	27,428
Other Charges	277,982
<b>Total Operations and Maintenance</b>	<u>1,342,206</u>
<b>Net Revenue Available For Debt Service</b>	<u>\$ 1,326,261</u>
Debt service:	
2021 Water Revenue Refunding Bonds	\$ 159,886
USDA Loans	29,777
Total debt service	<u>\$ 189,663</u>
<b>Net Revenue After Debt Service</b>	
Calculated coverage	<u>6.99</u>
<b>Meets covenant restrictions</b>	<b>Yes</b>

**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, 2021, 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 May 19, 2022.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Responses as item 2021-01 that we consider to be material weaknesses.

Board of Directors  
Brooktrails Township Community Services District  
Brooktrails Township, California

## **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.

May 19, 2022

*JJACPA, Inc.*  
JJACPA, Inc.  
Dublin, CA