

**BROOKTRAILS TOWNSHIP COMMUNITY**

**SERVICES DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

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**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Elected Officials and Administrative Personnel**

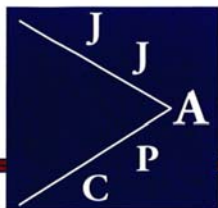
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**BOARD OF DIRECTORS**

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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison information of the Brooktrails Township Community Services District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the budgetary comparison information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 62, Schedules of Contributions on page 63 and Schedules of the District's Proportionate Share of the Net Pension Liability on page 64, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

May 31, 2023

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

**Brooktrails Township Community Services District  
Basic Financial Statements  
For the year ended June 30, 2022**

**Management's Discussion and Analysis**

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This section of the Brooktrails Township Community Services District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022.

**FINANCIAL HIGHLIGHTS**

- The District's total net position decreased by about \$540,540 over the course of this year's operations. The net position of business-type activities decreased by about \$83,242 (or about 5.6 percent), and there was about \$457,298 decrease (or about 10.6 percent) in the net position of governmental activities. This can be directly linked to non-payment of utility bills during statewide COVID-era policies.
- During the year, the District's governmental activities expenses of \$1,980,950 were funded through a combination of property and special fire taxes as well as for payments for services rendered to the Water and Sewer Enterprise Funds. The District could not financially afford these governmental activities without the property and special fire taxes. The total tax revenues were about \$74,774 more than in fiscal 2021 mainly from an increase of \$13,166 in general taxes and recognition of and collection of delinquent fire taxes.
- In the District's business-type activities, water sales and wastewater fees decreased by about \$507,221 for a combined total of \$2,691,907.
- The Fire Services Fund reported a decrease in net position of \$143,899 primarily due to the administration of personnel transactions.
- The General Fund ended fiscal 2022 with a fund balance of <\$374,205>, or a \$17,328 increase as compared to a <\$391,533> fund balance at the end of fiscal 2021.
- At year-end, there was \$2,200,041 in cash and investments to fund future business-type activities.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic financial statements, notes to the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that reflect different views of the District.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual part of the District government, reporting the District's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like fire services and general administration were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as water and wastewater operations.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.



**Brooktrails Township Community Services District  
Basic Financial Statements  
For the year ended June 30, 2022**

**Management’s Discussion and Analysis, Continued**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Figure A-1 summarizes the major feature of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1			
<b>Major Features of Brooktrails Township Community Services District Government-Wide and Fund Financial Statements</b>			
		Fund Statements	
	Government-Wide Statements	Government Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary such as fire services, recreation and general administration	Activities of the District operates similarly to private businesses, the water and wastewater operations
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balance	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received or soon after the end of year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the District as a whole, using accounting methods like those used by private-sector companies. The statement of net position includes all the government’s assets and liabilities. All the current revenues and expenditure are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District’s net position and they have changed. Net position – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health, or position.

**Brooktrails Township Community Services District  
Basic Financial Statements  
For the year ended June 30, 2022**

**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Government-Wide Statements (Continued)**

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District are divided into two categories.

- *Governmental activities* – The District's basic services for fire protection services, recreation and general government are included here. Property taxes, special fire taxes, state grants, and investment income finance most of these activities.
- *Business-type activities* – The District charges fees to customers to help it cover the costs of certain services it provides. The District's water and wastewater activities are included here.

**Fund Financial Statements**

The fund financial statement provides more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for specific purposes.

- The Board of Directors establishes certain funds to control and manage money for specific purposes or to show it is properly using certain taxes and grants (like state park grants and the special fire tax)

The District has two kinds of funds:

- *Governmental funds* – Fire protection services and general District administration basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted into cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are fewer financial resources that can be spent in the future year to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee generally reported in proprietary funds. Proprietary funds, like the government funds, provide both short-term and long-term financial information.
  - In fact, the District's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**Brooktrails Township Community Services District  
Basic Financial Statements  
For the year ended June 30, 2022**

**Management’s Discussion and Analysis, Continued**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position** – The District’s combined net position decreased about 5.6 percent between fiscal years 2021 and 2022.

Table A-1  
Brooktrails Township Community Services District Net Assets  
(in rounded dollars)

	Governmental Activities		Business-type Activities		Total		Total % Change 2021-2022
	2022	2021	2022	2021	2022	2021	
Assets							
Current and other assets	75,451	62,912	4,239,416	3,992,974	4,314,867	4,055,886	6.39%
Capital assets	5,380,416	5,458,736	5,791,269	6,158,686	11,171,685	11,617,422	-3.84%
Total assets	5,455,867	5,521,648	10,030,685	10,151,660	15,486,552	15,673,308	-1.19%
Deferred outflows							
Pension and OPEB items	118,868	134,208	293,347	323,674	412,215	457,882	-9.97%
Total assets and deferrals	5,574,735	5,655,856	10,324,032	10,475,334	15,898,767	16,131,190	-1.44%
Long-term debt outstanding	584,013	242,669	3,007,991	3,139,798	3,592,004	3,382,467	6.19%
Net pension liability	439,031	702,718	858,898	1,373,050	1,297,929	2,075,768	-37.47%
OPEB liability	14,863	25,958	43,904	76,663	58,767	102,621	-42.73%
Other liabilities	194,655	252,988	300,844	411,994	495,499	664,982	-25.49%
Total liabilities	1,232,562	1,224,333	4,211,637	5,001,505	5,444,199	6,225,838	-12.55%
Deferred inflows							
Pension and OPEB items	446,327	78,379	855,679	133,871	1,302,006	212,250	513.43%
Net position							
Net investment in capital assets	6,064,314	5,924,005	2,676,798	2,914,674	8,741,112	8,838,679	-1.10%
Restricted	-	-	-	39,000	-	39,000	-100.00%
Unrestricted	(2,168,468)	(1,570,861)	2,579,918	2,386,284	411,450	815,423	-49.54%
Total net position	3,895,846	4,353,144	5,256,716	5,339,958	9,152,562	9,693,102	-5.58%
Total net position, deferred inflows and liabilities	5,574,735	5,655,856	10,324,032	10,475,334	15,898,767	16,131,190	-1.44%

Net position of the District’s governmental activities decreased by about \$457,298 to \$3,895,846. Almost 100% of the governmental activities net position is represented by the District’s net investment in capital assets (cost of land, equipment and facilities net of any related debt). The <\$2,168,468> unrestricted net position is what remains after almost \$781,353 net reduction for actuarial pension and retiree medical obligations.

The net position of business-type activities decreased by \$83,242 to \$5,256,716. These resources cannot be used for governmental activities. The District generally can only use these net positions to finance the continuing operations of the District’s water and wastewater activities.

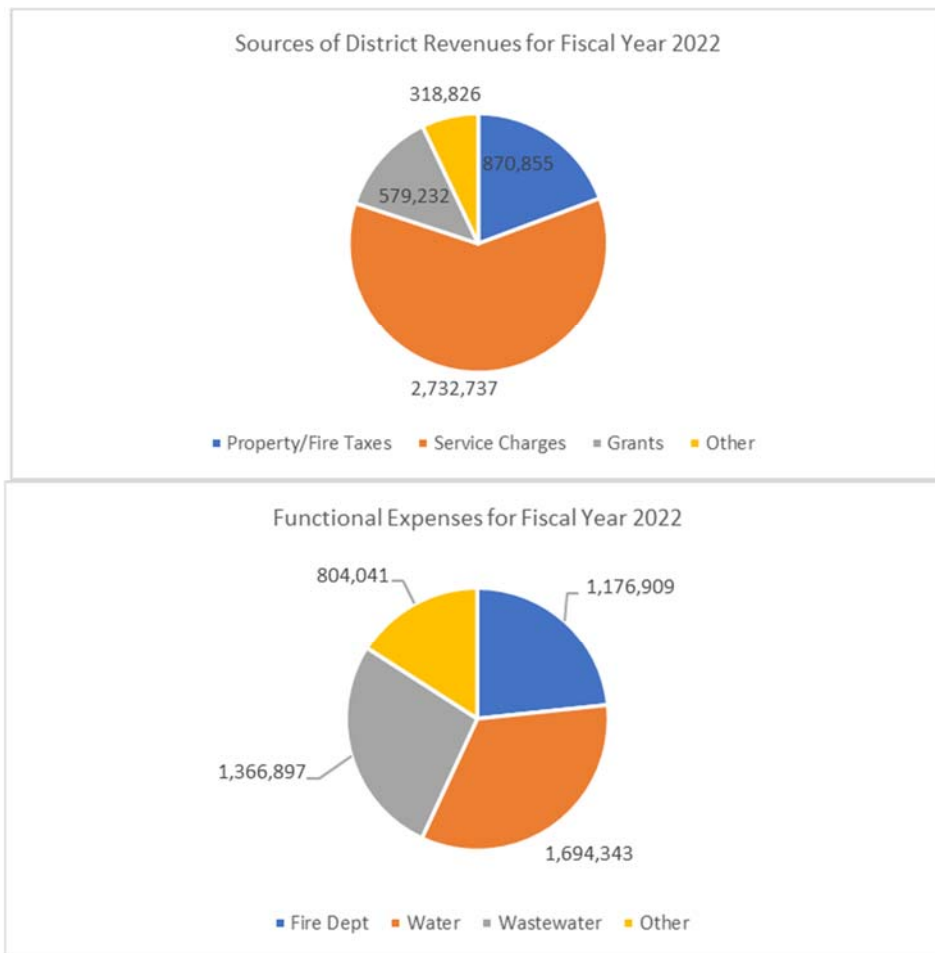
**Brooktrails Township Community Services District  
Basic Financial Statements  
For the year ended June 30, 2022**

**Management’s Discussion and Analysis, Continued**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Changes in net position** – The District’s total revenues in fiscal 2022 were about \$4,501,650 (see Table A-2). Virtually 60 cents of every dollar raised by the District came from charges for providing water and wastewater collection services, 19 cents of every dollar raised comes from property taxes and special fire taxes and the remaining 21 cents comes from charges for services including interfund overhead charges.

The total cost of all programs and services in fiscal 2022 decreased by about 5%, or \$289,196 to about \$5,042,190. The District’s expenses cover a range of services with about 61% related to water and wastewater, 23% for fire services and the remaining 16% pertaining to administration and recreation operations.



**Governmental Activities** – Revenues for the District’s governmental activities increased by about \$261,511 and the main reason was Prop 172 allocation revenues (\$52,946), county grants, and fuel management grants.

**Business-type Activities** – Revenues from the sale of water and wastewater services were about \$507,221 less than in 2021, which totaled \$3,199,128. The main reason is utility bill non-payment due to COVID-era state policies.

Expenses in fiscal 2022 on a combined basis decreased about \$289,196 or about 5% less than the combined total of fiscal 2021 expenses.

**Brooktrails Township Community Services District  
Basic Financial Statements  
For the year ended June 30, 2022**

**Management's Discussion and Analysis, Continued**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Revenues and Expenses of the District**

Table A-2  
Brooktrails Township Community Services District Net Assets  
(in rounded dollars)

	Governmental Activities		Business-type Activities		Total		Total %
	2022	2021	2022	2021	2022	2021	Change 2021-2022
Revenues							
Program revenues							
Charges for service	40,830	42,549	2,691,907	3,199,128	2,732,737	3,241,677	-15.70%
Operating grants	293,969	28,867	285,263	-	579,232	28,867	1906.55%
General revenues							
Property Taxes	357,803	344,637	-	-	357,803	344,637	3.82%
Fire Taxes	513,052	600,992	-	-	513,052	600,992	-14.63%
Other Revenues	317,998	245,096	828	324,557	318,826	569,653	-44.03%
Total revenues	<u>1,523,652</u>	<u>1,262,141</u>	<u>2,977,998</u>	<u>3,523,685</u>	<u>4,501,650</u>	<u>4,785,826</u>	<u>-5.94%</u>
Expenses							
General and recreation	804,041	827,151			804,041	827,151	-2.79%
Fire services	1,176,909	1,013,032			1,176,909	1,013,032	16.18%
Water			1,694,343	1,790,274	1,694,343	1,790,274	-5.36%
Wastewater			1,366,897	1,700,929	1,366,897	1,700,929	-19.64%
Total Expenses	<u>1,980,950</u>	<u>1,840,183</u>	<u>3,061,240</u>	<u>3,491,203</u>	<u>5,042,190</u>	<u>5,331,386</u>	<u>-5.42%</u>
Increase (decrease) in net position	(457,298)	(578,042)	(83,242)	32,482	(540,540)	(545,560)	-0.92%
Net position, July 1	<u>4,353,144</u>	<u>4,931,186</u>	<u>5,339,958</u>	<u>5,307,476</u>	<u>9,693,102</u>	<u>10,238,662</u>	<u>-5.33%</u>
Net position, June 30	<u>3,895,846</u>	<u>4,353,144</u>	<u>5,256,716</u>	<u>5,339,958</u>	<u>9,152,562</u>	<u>9,693,102</u>	<u>-5.58%</u>

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Management’s Discussion and Analysis, Continued**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Governmental Activities**

- The amount that taxpayers paid for general administration, recreation and fire activities through District taxes was \$1,980,950. Some of that cost was paid by:
  - Those who directly benefited from programs including interfund charges - \$40,830.
  - Other governments and organizations and property owners that subsidized certain programs with grants and contributions of \$293,969.
- The District paid for the \$1,646,151 “public benefit” portion with \$1,188,853 in property taxes, special fire taxes and other revenues.

Table A-3  
 Cost of Brooktrails Township Community Services District  
 Governmental and Business-Type Activities  
 (in rounded dollars)

	Total Cost of Services		% Change
	2022	2021	2021-2022
General and Recreation	804,041	827,151	-2.79%
Fire	1,176,909	1,013,032	16.18%
Water	1,694,343	1,790,274	-5.36%
Wastewater	1,366,897	1,700,929	-19.64%
Total	5,042,190	5,331,386	-5.42%

The decreases in general and recreation, water and wastewater expenses was the result of lower personnel and benefit expenses in fiscal 2022.

**Business-type activities**

Combined revenues of the District’s business-type activities were in fiscal 2022 just slightly higher than total revenues in fiscal 2021.

The net increase in government activity expenses of about \$140,767 was the result of higher operating costs and one-time personnel expenses. The net decrease in business government activity expenses of about \$429,963 was the result of reducing operating costs and other cost saving efforts.

**Brooktrails Township Community Services District  
Basic Financial Statements  
For the year ended June 30, 2022**

**Management's Discussion and Analysis, Continued**

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of <\$638,482>. The 2022 fiscal year ended with an overall decrease of \$126,571 in the aggregated fund balances in the governmental funds. The \$126,571 net decrease was directly related to the reduction in service fee revenues from interfund transfers.

Under GASB Statement Number 68, the District's governmental operations share of the new net pension liability is reported only in the government-wide statement of net position and not in the general fund or fire fund. This accounting differs for the water and wastewater funds. The net pension liability reported in both the water and wastewater fund statements totaled \$858,898 at the end of fiscal 2022.

The District's water fund ended the 2022 fiscal year with \$1,427,859 in unrestricted net position because of current liabilities (excluding long-term debt amounts) being less than year-end current assets. This year the water enterprise reported \$18,412 as its share of the District's OPEB liability.

The wastewater fund ended the 2022 fiscal year with about \$1,152,059 in unrestricted net position, and a \$25,492 liability for its share of the OPEB net obligation.

**General Fund and Fire Fund Budgetary Highlights**

General fund spending was \$3,332 less than the final budget costs. General fund revenues were \$81,869 less than budgeted for fiscal 2022 as interfund charges to the fire fund were not recognized in fiscal 2022 and were not reflected in the administration revenues.

Spending in the fire services fund was \$162,62 more than the final budget. The spending variance was caused by higher personnel and employee termination costs and higher than budgeted debt retirements.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2022, the District had invested \$27.2 million (before accumulated depreciation) in a broad range of capital assets, including land, buildings, equipment, vehicles, park facilities, golf course site, water treatment and distribution, and wastewater collection facilities. (See Table A-4)

Governmental activities expenditures included \$23,554 for vehicle upgrades in 2022. In the business-type activities, revenues were expended on lift station upgrades and back-up generators. During the year, two work in progress vehicles (squad truck and water tender truck) were capitalized and placed in service for the fire district.

**Brooktrails Township Community Services District  
Basic Financial Statements  
For the year ended June 30, 2022**

**Management’s Discussion and Analysis, Continued**

**CAPITAL ASSETS AND DEBT ADMINISTRATION, Continued**

Table A-4  
Brooktrails Township Community Services District Capital Assets  
(Net of accumulated depreciation and in nearest thousand dollars)

	Governmental Activities		Business-type Activities		Total		Total %
	2022	2021	2022	2021	2022	2021	Change 2021-2022
Land	4,682,444	4,682,444	53,618	51,911	4,736,062	4,734,355	0.04%
Buildings	797,657	797,657			797,657	797,657	0.00%
Fire facilities	169,795	169,795			169,795	169,795	0.00%
Equipment	94,903	86,349			94,903	86,349	9.91%
Fire vehicles equipment	1,735,441	1,720,441			1,735,441	1,720,441	0.87%
Dams			1,537,468	1,537,468	1,537,468	1,537,468	0.00%
Pipe and collection lines			7,716,483	7,709,808	7,716,483	7,709,808	0.09%
Treatment plant			8,448,851	8,448,851	8,448,851	8,448,851	0.00%
Construction in progress			1,968,227	1,950,587	1,968,227	1,950,587	0.90%
Total	7,480,240	7,456,686	19,724,647	19,698,625	27,204,887	27,155,311	0.18%
Less accumulated depreciation	2,099,824	1,997,950	13,933,378	13,539,939	16,033,202	15,537,889	3.19%
Net capital assets	5,380,416	5,458,736	5,791,269	6,158,686	11,171,685	11,617,422	-3.84%

**LONG-TERM OBLIGATIONS**

The District entered in fiscal 2022 into a \$249,971 direct borrowings arrangement to finance the purchase of a squad truck for the fire district. The squad truck was placed in service in fiscal 2023 and proceeds from the direct borrowing were used to finance the purchase. All debt payments were made as necessary. The District’s combined total net pension liability was \$1,297,929.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

For the 2023 fiscal year, the general fund and fire services revenue projections will continue to be conservative. The District may need to increase the base rate for wastewater to accommodate COLA increases to the operation of the City of Willits Wastewater Treatment Plant.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the General Manager, Brooktrails Township Community Services District, 24860 Birch Street, Willits, CA 95490.

Respectfully submitted,  
Tamara Alaniz  
General Manager



## **BASIC FINANCIAL STATEMENTS**

# Brooktrails Township Community Services District

## Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ -	\$ 2,200,041	\$ 2,200,041
Receivables:			
Taxes receivable	245,087	-	245,087
Accounts receivable, net	1,500	321,775	323,275
Intergovernmental receivable	-	124,893	124,893
Prepaid expenses	11,297	39,275	50,572
Inventories	-	30,539	30,539
Internal balances	(866,331)	866,331	-
<b>Total current assets</b>	<u>(608,447)</u>	<u>3,582,854</u>	<u>2,974,407</u>
<b>Noncurrent assets:</b>			
Long-term receivables - delinquent fire taxes	683,898	656,562	1,340,460
Capital assets, net	5,380,416	5,791,269	11,171,685
<b>Total noncurrent assets</b>	<u>6,064,314</u>	<u>6,447,831</u>	<u>12,512,145</u>
<b>Total assets</b>	<u>5,455,867</u>	<u>10,030,685</u>	<u>15,486,552</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan	110,641	280,521	391,162
Other postemployment benefits	8,227	12,826	21,053
<b>Total assets and deferred outflows of resources</b>	<u>\$ 5,574,735</u>	<u>\$ 10,324,032</u>	<u>\$ 15,898,767</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 11,763	\$ 49,086	\$ 60,849
Accrued liabilities	18,272	14,057	32,329
Interest payable	7,698	11,877	19,575
Compensated absences - current portion	7,575	11,934	19,509
Financed purchases due within one year	81,174	-	81,174
Long term debt - due within one year	-	106,480	106,480
<b>Total current liabilities</b>	<u>126,482</u>	<u>193,434</u>	<u>319,916</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	68,173	107,410	175,583
Long-term debt	-	3,007,991	3,007,991
Financed purchases	584,013	-	584,013
Net pension liability	439,031	858,898	1,297,929
Net OPEB liability	14,863	43,904	58,767
<b>Total noncurrent liabilities</b>	<u>1,106,080</u>	<u>4,018,203</u>	<u>5,124,283</u>
<b>Total liabilities</b>	<u>1,232,562</u>	<u>4,211,637</u>	<u>5,444,199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	409,781	799,530	1,209,311
Other postemployment benefits	36,546	56,149	92,695
<b>Total deferred inflows of resources</b>	<u>446,327</u>	<u>855,679</u>	<u>1,302,006</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,064,314	2,676,798	8,741,112
Unrestricted	(2,168,468)	2,579,918	411,450
<b>Total net position</b>	<u>3,895,846</u>	<u>5,256,716</u>	<u>9,152,562</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 5,574,735</u>	<u>\$ 10,324,032</u>	<u>\$ 15,898,767</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, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary government:</b>						
Governmental activities:						
General Administration	\$ 677,604	\$ 730	\$ 8,558	\$ (668,316)	\$ -	\$ (668,316)
Parks and recreation	55,589	-	-	(55,589)	-	(55,589)
Fire services	1,176,909	40,100	285,411	(851,398)	-	(851,398)
Interest and fiscal charges	70,848	-	-	(70,848)	-	(70,848)
Total governmental activities	1,980,950	40,830	293,969	(1,646,151)	-	(1,646,151)
Business-type activities:						
Water	1,694,343	1,323,644	285,263	-	(85,436)	(85,436)
Sewer	1,366,897	1,368,263	-	-	1,366	1,366
Total business-type activities	3,061,240	2,691,907	285,263	-	(84,070)	(84,070)
<b>Total primary government</b>	<b>\$ 5,042,190</b>	<b>\$ 2,732,737</b>	<b>\$ 579,232</b>	<b>\$ (1,646,151)</b>	<b>\$ (84,070)</b>	<b>\$ (1,730,221)</b>
General revenues:						
Taxes:						
Property taxes, levied for general purpose:				\$ 357,803	\$ -	\$ 357,803
Special fire taxes				513,052	-	513,052
Franchise fees				40,211	-	40,211
Investment earnings				1,039	828	1,867
Miscellaneous				276,748	-	276,748
Total general revenues				1,188,853	828	1,189,681
Change in net position				(457,298)	(83,242)	(540,540)
Net position:						
Beginning of year				4,353,144	5,339,958	9,693,102
End of year				\$ 3,895,846	\$ 5,256,716	\$ 9,152,562

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

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**FUND FINANCIAL STATEMENTS**  
**MAJOR FUNDS**

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

<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, 2022

	<u>General Fund</u>	<u>Fire Services Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Taxes receivable	26,324	218,763	245,087
Other receivables	1,500	-	1,500
Prepaid expenses	6,374	4,923	11,297
Long-term receivables - delinquent fire taxes	-	683,898	683,898
<b>Total assets</b>	<u>\$ 34,198</u>	<u>\$ 907,584</u>	<u>\$ 941,782</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	-	11,763	\$ 11,763
Accrued liabilities	17,850	422	18,272
Due to other funds	390,553	475,778	866,331
<b>Total liabilities</b>	<u>408,403</u>	<u>487,963</u>	<u>896,366</u>
<b>Deferred inflows of resources</b>			
Delinquent fire taxes	-	683,898	683,898
<b>Fund balances:</b>			
Nonspendable	6,374	4,923	11,297
Unassigned (deficit)	(380,579)	(269,200)	(649,779)
<b>Total fund balances</b>	<u>(374,205)</u>	<u>(264,277)</u>	<u>(638,482)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 34,198</u>	<u>\$ 907,584</u>	<u>\$ 941,782</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, 2022**

**Total fund balances - governmental funds** \$ (638,482)

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. 683,898

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 5,380,416

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	(7,698)	
Financed purchases	(665,187)	
Compensated absences	(75,748)	
Net pension liability	(439,031)	
Net OPEB liability	(14,863)	
	(1,202,527)	(1,202,527)

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

Deferred outflows	118,868	
Deferred inflows	(446,327)	
	(327,459)	(327,459)

**Net position of governmental activities** **\$ 3,895,846**

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, 2022**

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Taxes receivable	245,087	-	-	245,087
Other receivables	1,500	-	-	1,500
Prepaid expenses	11,297	-	-	11,297
Long-term receivables - delinquent fire taxes	683,898	(683,898)	-	-
Internal balances	-	(866,331)	-	(866,331)
<b>Total current assets</b>	<b>941,782</b>	<b>(1,550,229)</b>	<b>-</b>	<b>(608,447)</b>
<b>Noncurrent assets:</b>				
Long-term receivables - delinquent fire taxes	-	683,898	-	683,898
Capital assets, net	-	-	5,380,416	5,380,416
<b>Total noncurrent assets</b>	<b>-</b>	<b>683,898</b>	<b>5,380,416</b>	<b>6,064,314</b>
<b>Total assets</b>	<b>941,782</b>	<b>(866,331)</b>	<b>5,380,416</b>	<b>5,455,867</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	-	-	110,641	110,641
Other postemployment benefits	-	-	8,227	8,227
<b>Total assets and deferred outflows of resources</b>	<b>\$ 941,782</b>	<b>\$ (866,331)</b>	<b>\$ 5,499,284</b>	<b>\$ 5,574,735</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 11,763	\$ -	\$ -	\$ 11,763
Accrued liabilities	18,272	-	-	18,272
Due to other funds	866,331	(866,331)	-	-
Interest payable	-	-	7,698	7,698
Compensated absences - current portion	-	-	7,575	7,575
Financed purchases due within one year	-	-	81,174	81,174
<b>Total current liabilities</b>	<b>896,366</b>	<b>(866,331)</b>	<b>96,447</b>	<b>126,482</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	-	-	68,173	68,173
Financed purchases	-	-	584,013	584,013
Termination benefits	-	-	-	-
Net pension liability	-	-	439,031	439,031
Net OPEB obligation	-	-	14,863	14,863
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>1,106,080</b>	<b>1,106,080</b>
<b>Total liabilities</b>	<b>896,366</b>	<b>(866,331)</b>	<b>1,202,527</b>	<b>1,232,562</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Delinquent fire taxes	683,898	-	(683,898)	-
Pension plan	-	-	409,781	409,781
Other postemployment benefits	-	-	36,546	36,546
<b>Total deferred outflows of resources</b>	<b>683,898</b>	<b>-</b>	<b>(237,571)</b>	<b>446,327</b>
<b>FUND BALANCES/NET POSITION</b>				
<b>Fund balances:</b>				
Nonspendable	11,297	(11,297)	-	-
Assigned	-	-	-	-
Unassigned (deficit), reported in:	(649,779)	649,779	-	-
<b>Net position:</b>				
Net investment in capital assets	-	683,898	5,380,416	6,064,314
Unrestricted	-	(1,322,380)	(846,088)	(2,168,468)
<b>Total fund balances/ net position</b>	<b>(638,482)</b>	<b>-</b>	<b>4,534,328</b>	<b>3,895,846</b>
<b>Total liabilities and net position</b>	<b>\$ 941,782</b>	<b>\$ (866,331)</b>	<b>\$ 5,499,284</b>	<b>\$ 5,574,735</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, 2022**

	<u>General Fund</u>	<u>Fire Services Fund</u>	<u>Totals</u>
<b>REVENUES:</b>			
Property taxes	\$ 357,803	\$ -	\$ 357,803
Special fire taxes	-	513,052	513,052
Intergovernmental:			
Grants	8,558	-	8,558
Proposition 172 allocation	-	66,782	66,782
Charges for services:			
Strike team revenues	-	40,100	40,100
Planning fees	430	300	730
Franchise fees	40,211	-	40,211
Interest	1,012	27	1,039
Miscellaneous	2,117	89,481	91,598
<b>Total revenues</b>	<u>410,131</u>	<u>709,742</u>	<u>1,119,873</u>
<b>EXPENDITURES:</b>			
Current:			
General government:			
Administration	605,132	-	605,132
Recreation	33,622	-	33,622
Fire protection services	-	643,647	643,647
Capital outlay	-	-	-
Debt service:			
Principal	-	74,217	74,217
Interest and fiscal charges	-	74,976	74,976
<b>Total expenditures</b>	<u>638,754</u>	<u>792,840</u>	<u>1,431,594</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(228,623)</u>	<u>(83,098)</u>	<u>(311,721)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Other revenue (expenditures)	245,951	(60,801)	185,150
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>245,951</u>	<u>(60,801)</u>	<u>185,150</u>
<b>Net change in fund balances</b>	17,328	(143,899)	(126,571)
<b>FUND BALANCES:</b>			
Beginning of year	<u>(391,533)</u>	<u>(120,378)</u>	<u>(511,911)</u>
End of year	<u>\$ (374,205)</u>	<u>\$ (264,277)</u>	<u>\$ (638,482)</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, 2022**

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	\$ 605,132	\$ 3,322	\$ 14,216	\$ -	\$ (6,328)	\$ 61,262	\$ 677,604
Recreation	33,622	-	7,052	-	-	14,915	55,589
Fire protection services	643,647	437,553	80,273	(23,221)	-	38,657	1,176,909
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	74,217	(74,217)	-	-	-	-	-
Interest and fiscal charges	74,976	(4,128)	-	-	-	-	70,848
<b>Total governmental activities</b>	<b>\$ 1,505,811</b>	<b>\$ 362,530</b>	<b>\$ 101,541</b>	<b>\$ (23,221)</b>	<b>\$ (6,328)</b>	<b>\$ 114,834</b>	<b>\$ 1,980,950</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, 2022**

**Net change in fund balances - governmental funds** \$ (126,571)

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 retirements	\$ 23,221	
Depreciation expense	<u>(101,541)</u>	(78,320)

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	(3,322)	
Change in net pension liability	(114,834)	
Change in net OPEB liability	<u>6,328</u>	(107,700)

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

Termination benefits		
Financed purchases		<u>(363,336)</u>

Certain receivables are reported in the governmental funds as expenditures and then offset by an unearned revenue as they are not available to pay current expenditures. Likewise, when the receivable is collected it is reflected in revenue. This is the net change between long-term receivables collected and issued.

		<u>218,629</u>
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<b>Change in net position of governmental activities</b>		<u><u>\$ (457,298)</u></u>
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The accompanying notes are an integral part of these basic financial statements.

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**Brooktrails Township Community Services District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - General Fund and Major Special Revenue Funds**  
**For the year ended June 30, 2022**

	General Fund				Fire Services Fund			
	Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
<b>REVENUES:</b>								
Property taxes	\$ 428,050	\$ 428,050	\$ 357,803	\$ (70,247)	\$ -	\$ -	\$ -	\$ -
Special fire taxes	-	-	-	-	490,000	490,000	513,052	23,052
Intergovernmental:								
Grants	-	-	8,558	8,558	-	-	-	-
Fuel grant	-	-	-	-	15,000	15,000	-	(15,000)
Proposition 172 allocation	-	-	-	-	20,000	20,000	66,782	46,782
Charges for services:								
Strike team revenues	-	-	-	-	20,000	20,000	40,100	20,100
Planning fees	500	500	430	(70)	-	-	300	300
Franchise fees	27,000	27,000	40,211	13,211	49,000	49,000	-	(49,000)
Interest	300	300	1,012	712	-	-	27	27
Miscellaneous	36,150	36,150	2,117	(34,033)	37,000	37,000	89,481	52,481
<b>Total revenues</b>	<b>492,000</b>	<b>492,000</b>	<b>410,131</b>	<b>(81,869)</b>	<b>631,000</b>	<b>631,000</b>	<b>709,742</b>	<b>78,742</b>
<b>EXPENDITURES:</b>								
Current:								
General government:								
Administration	596,100	596,100	605,132	(9,032)	-	-	-	-
Recreation	45,986	45,986	33,622	12,364	-	-	-	-
Fire protection services	-	-	-	-	569,826	569,826	643,647	(73,821)
Capital outlay	-	-	-	-	15,000	15,000	-	15,000
Debt service:								
Principal	-	-	-	-	45,852	45,852	74,217	(28,365)
Interest and fiscal charges	-	-	-	-	-	-	74,976	(74,976)
<b>Total expenditures</b>	<b>642,086</b>	<b>642,086</b>	<b>638,754</b>	<b>3,332</b>	<b>630,678</b>	<b>630,678</b>	<b>792,840</b>	<b>(162,162)</b>
<b>REVENUES OVER (UNDER)</b>								
<b>EXPENDITURES</b>	<b>(150,086)</b>	<b>(150,086)</b>	<b>(228,623)</b>	<b>(78,537)</b>	<b>322</b>	<b>322</b>	<b>(83,098)</b>	<b>(83,420)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Other revenue (expenditures)	-	-	245,951	245,951	-	-	(60,801)	(60,801)
Transfers in	166,750	166,750	-	(166,750)	25,013	25,013	-	(25,013)
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>166,750</b>	<b>166,750</b>	<b>245,951</b>	<b>79,201</b>	<b>25,013</b>	<b>25,013</b>	<b>(60,801)</b>	<b>(85,814)</b>
<b>Net change in fund balances</b>	<b>16,664</b>	<b>16,664</b>	<b>17,328</b>	<b>664</b>	<b>25,335</b>	<b>25,335</b>	<b>(143,899)</b>	<b>(169,234)</b>
<b>FUND BALANCES:</b>								
Beginning of year	(391,533)	(391,533)	(391,533)	-	(120,378)	(120,378)	(120,378)	-
End of year	\$ (374,869)	\$ (374,869)	\$ (374,205)	\$ 664	\$ (95,043)	\$ (95,043)	\$ (264,277)	\$ (169,234)

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

## PROPRIETARY FUNDS

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

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

<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, 2022

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 1,704,720	\$ 495,321	\$ 2,200,041
Receivables:			
Accounts receivable, net	152,654	169,121	321,775
Intergovernmental receivables	40,319	84,574	124,893
Prepaid expenses	3,913	35,362	39,275
Inventories	30,539	-	30,539
Due from other funds	-	866,331	866,331
<b>Total current assets</b>	<u>1,932,145</u>	<u>1,650,709</u>	<u>3,582,854</u>
<b>Noncurrent assets:</b>			
Long-term receivables - delinquent accounts	276,088	380,474	656,562
Capital assets, net	5,170,967	620,302	5,791,269
<b>Total assets</b>	<u>7,379,200</u>	<u>2,651,485</u>	<u>10,030,685</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan	121,128	159,393	280,521
OPEB	6,089	6,737	12,826
<b>Total assets and deferred outflows of resources</b>	<u>\$ 7,506,417</u>	<u>\$ 2,817,615</u>	<u>\$ 10,324,032</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 37,203	\$ 11,883	\$ 49,086
Accrued liabilities	9,396	4,661	14,057
Interest payable	7,031	4,846	11,877
Compensated absences - current portion	6,131	5,803	11,934
Long-term debt - due within one year	78,547	27,933	106,480
<b>Total current liabilities</b>	<u>138,308</u>	<u>55,126</u>	<u>193,434</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	55,181	52,229	107,410
Long-term debt	2,968,676	39,315	3,007,991
Net pension liability	387,255	471,643	858,898
Net OPEB liability	18,412	25,492	43,904
<b>Total liabilities</b>	<u>3,567,832</u>	<u>643,805</u>	<u>4,211,637</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	360,219	439,311	799,530
OPEB	26,763	29,386	56,149
<b>Total deferred inflows of resources</b>	<u>386,982</u>	<u>468,697</u>	<u>855,679</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,123,744	553,054	2,676,798
Restricted for capital projects	-	-	-
Unrestricted	1,427,859	1,152,059	2,579,918
<b>Total net position</b>	<u>3,551,603</u>	<u>1,705,113</u>	<u>5,256,716</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 7,506,417</u>	<u>\$ 2,817,615</u>	<u>\$ 10,324,032</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, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Sale of water	\$ 1,107,637	\$ -	\$ 1,107,637
Service fees	-	1,123,649	1,123,649
Availability charges	122,019	238,832	360,851
Penalties	72,374	1,082	73,456
Other operating revenues	21,614	4,700	26,314
<b>Total operating revenues</b>	<u>1,323,644</u>	<u>1,368,263</u>	<u>2,691,907</u>
<b>OPERATING EXPENSES:</b>			
Personnel services	372,301	402,024	774,325
Contractual services	25,451	32,813	58,264
Intergovernmental treatment costs	-	517,762	517,762
Utilities	173,103	14,480	187,583
Insurance	79,314	103,056	182,370
Other supplies and expenses	437,638	140,836	578,474
Depreciation	344,666	55,752	400,418
<b>Total operating expenses</b>	<u>1,432,473</u>	<u>1,266,723</u>	<u>2,699,196</u>
<b>OPERATING INCOME(LOSS)</b>	<u>(108,829)</u>	<u>101,540</u>	<u>(7,289)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Other nonoperating revenues (expenses)	(183,476)	(85,686)	(269,162)
Intergovernmental revenue	285,263	-	285,263
Gain/loss on the sale of assets	-	(26,226)	(26,226)
Interest revenue	211	617	828
Interest expense	(78,394)	11,738	(66,656)
<b>Total non-operating revenues, net</b>	<u>23,604</u>	<u>(99,557)</u>	<u>(75,953)</u>
<b>NET INCOME BEFORE TRANSFERS</b>	<u>(85,225)</u>	<u>1,983</u>	<u>(83,242)</u>
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>(85,225)</u>	<u>1,983</u>	<u>(83,242)</u>
<b>NET POSITION:</b>			
Beginning of year	3,636,828	1,703,130	5,339,958
End of year	<u>\$ 3,551,603</u>	<u>\$ 1,705,113</u>	<u>\$ 5,256,716</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, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 1,763,853	\$ 1,222,736	\$ 2,986,589
Cash payments to suppliers for goods and services	(774,253)	(847,223)	(1,621,476)
Cash payments to employees for services	(428,510)	(461,537)	(890,047)
<b>Net cash provided by operating activities</b>	<u>561,090</u>	<u>(86,024)</u>	<u>475,066</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Grants received	285,263	-	285,263
Transfers received (paid)	-	(410,341)	(410,341)
<b>Net cash used by noncapital financing activities</b>	<u>285,263</u>	<u>(410,341)</u>	<u>(125,078)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from debt issuance	-	-	-
Payments of notes payable	(87,095)	(42,446)	(129,541)
Interest paid	(54,962)	11,496	(43,466)
Acquisition and construction of capital assets	(55,652)	-	(55,652)
Proceeds from the sale of capital assets	-	(26,226)	(26,226)
<b>Net cash (used) by capital and related financing activities</b>	<u>(197,709)</u>	<u>(30,950)</u>	<u>(228,659)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	211	617	828
<b>Net cash provided by investing activities</b>	<u>211</u>	<u>617</u>	<u>828</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	648,855	(526,698)	122,157
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	<u>1,055,865</u>	<u>1,022,019</u>	<u>2,077,884</u>
End of year	<u>\$ 1,704,720</u>	<u>\$ 495,321</u>	<u>\$ 2,200,041</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (108,829)	\$ 101,540	\$ (7,289)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	344,666	55,752	400,418
Pension expense	100,945	122,963	223,908
OPEB expense	(7,854)	(10,830)	(18,684)
Other nonoperating	(175,159)	(36,548)	(211,707)
(Increase) decrease in current assets:			
Accounts receivable	447,912	(49,391)	398,521
Intergovernmental receivables	(40,319)	(84,574)	(124,893)
Prepaid expenses	16,133	(14,534)	1,599
Inventory	(10,225)	-	(10,225)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	9,559	(110,157)	(100,598)
Compensated absences	(48,355)	(48,683)	(97,038)
Lein receivable	32,616	(11,562)	21,054
<b>Net cash provided by operating activities</b>	<u>\$ 561,090</u>	<u>\$ (86,024)</u>	<u>\$ 475,066</u>

**There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2022.**

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, 2022**

	<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, 2022**

	Retired Employees Health Care Plan
<b>Additions</b>	
Contributions:	
Employer	\$ -
Investment income:	
Net appreciation in fair value of investments	-
<b>Total additions</b>	<u>-</u>
<b>Deductions</b>	
Benefits and administrative expenses	<u>\$ -</u>
<b>Total deductions</b>	<u>-</u>
<b>Net increase</b>	-
<b>Net position held in trust for other post employment benefits:</b>	
Beginning of year	36,792
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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

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

**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The District has no significant separately held investments as its invested funds are held by 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 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, 2022**

**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	\$ -	\$ -	\$ -	\$ 1,908,150	\$ 1,908,150
Petty cash	-	-	-	600	600
Local Agency Investment Fund	328,083	-	-	-	328,083
Total pooled items	328,083	-	-	1,908,750	2,236,833
Total cash and cash equivalents	\$ 328,083	\$ -	\$ -	\$ 1,908,750	\$ 2,236,833
Financial Statement presentation:					
Governmental activities					\$ -
Business-type Activities					2,200,041
Fiduciary activities					36,792
Total					\$ 2,236,833

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, 2022, \$1,658,150 of the District's bank balances of \$1,908,150 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, 2022**

**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, 2022 was \$35,761,173,309 of which the District had a balance of \$328,083. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2022 has a portfolio with market valuation of \$231,867,874,452. 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, 2022 was as follows:

<b>Governmental Activities:</b>	July 1, 2021	Additions	Deletions	Transfer/ Adjustments	June 30, 2022
<b>Nondepreciable assets:</b>					
Land	\$ 4,682,444	\$ -	\$ -	\$ -	\$ 4,682,444
<b>Total nondepreciable assets</b>	<u>4,682,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,682,444</u>
<b>Depreciable assets:</b>					
Buildings and improvements	797,657	-	-	-	797,657
Fire facilities	169,795	-	-	-	169,795
Fire vehicles and equipment	1,720,441	15,000	-	-	1,735,441
Other equipment	86,349	8,554	-	-	94,903
<b>Total depreciable assets</b>	<u>2,774,242</u>	<u>23,554</u>	<u>-</u>	<u>-</u>	<u>2,797,796</u>
<b>Total</b>	<u>7,456,686</u>	<u>23,554</u>	<u>-</u>	<u>-</u>	<u>7,480,240</u>
<b>Accumulated depreciation:</b>					
Buildings and improvements	(603,063)	(11,824)	-	8	(614,879)
Fire facilities	(166,685)	(207)	-	(8)	(166,900)
Fire vehicles and equipment	(1,154,834)	(80,066)	-	(37)	(1,234,937)
Other equipment	(73,368)	(9,444)	-	(296)	(83,108)
<b>Total accumulated depreciation</b>	<u>(1,997,950)</u>	<u>(101,541)</u>	<u>-</u>	<u>(333)</u>	<u>(2,099,824)</u>
<b>Net depreciable assets</b>	<u>776,292</u>	<u>(77,987)</u>	<u>-</u>	<u>(333)</u>	<u>697,972</u>
<b>Total capital assets</b>	<u>\$ 5,458,736</u>	<u>\$ (77,987)</u>	<u>\$ -</u>	<u>\$ (333)</u>	<u>\$ 5,380,416</u>

**Brooktrails Township Community Services District**  
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**For the year ended June 30, 2022**

**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	\$ 14,216
Recreation	7,052
Fire protection services	80,273
<b>Total</b>	<u><u>101,541</u></u>

Capital asset activity relating to business-type activities for the year ended June 30, 2022 was as follows:

<b>Business-Type Activities:</b>	July 1, 2021	Additions	Deletions	Transfer/ Adjustments	June 30, 2022
<b>Nondepreciable assets:</b>					
Land	\$ 51,911	\$ -	\$ -	\$ 1,707	\$ 53,618
Construction in progress	-	-	-	-	-
<b>Total nondepreciable assets</b>	<u>51,911</u>	<u>-</u>	<u>-</u>	<u>1,707</u>	<u>53,618</u>
<b>Depreciable assets:</b>					
Dams	1,537,468	-	-	-	1,537,468
Pipelines and distribution systems	3,336,568	-	-	-	3,336,568
Pipelines and collection system	4,373,240	-	-	6,675	4,379,915
Treatment plant, tanks and improvements	8,448,851	-	-	-	8,448,851
Equipment	1,950,587	17,640	-	-	1,968,227
<b>Total depreciable assets</b>	<u>19,646,714</u>	<u>17,640</u>	<u>-</u>	<u>6,675</u>	<u>19,671,029</u>
<b>Total</b>	<u>19,698,625</u>	<u>17,640</u>	<u>-</u>	<u>8,382</u>	<u>19,724,647</u>
<b>Accumulated depreciation:</b>					
Dams	(1,352,288)	(30,749)	-	(684)	(1,383,721)
Pipelines and distribution systems	(2,939,154)	(73,848)	-	6,391	(3,006,611)
Pipelines and collection system	(3,625,126)	(86,444)	-	(2,486)	(3,714,056)
Treatment plant, tanks and improvements	(4,598,778)	(137,018)	-	-	(4,735,796)
Equipment	(1,024,593)	(72,359)	-	3,758	(1,093,194)
<b>Total accumulated depreciation</b>	<u>(13,539,939)</u>	<u>(400,418)</u>	<u>-</u>	<u>6,979</u>	<u>(13,933,378)</u>
<b>Net depreciable assets</b>	<u>6,106,775</u>	<u>(382,778)</u>	<u>-</u>	<u>13,654</u>	<u>5,737,651</u>
<b>Total capital assets</b>	<u>\$ 6,158,686</u>	<u>\$ (382,778)</u>	<u>\$ -</u>	<u>\$ 15,361</u>	<u>\$ 5,791,269</u>

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

<b>Business-Type activities</b>	
Water	\$ 344,666
Sewer	55,752
<b>Total</b>	<u><u>400,418</u></u>

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

**4. LONG-TERM DEBT**

**Long-Term Debt Activity**

	Balance July 1, 2021	Additions	Retirements	Adjustments	Balance June 30, 2022	Due Within One Year
<b>Governmental Activities</b>						
Direct borrowings	\$ 301,851	\$ -	\$ (58,681)	\$ 193,260	\$ 436,430	\$ 59,197
Note Payable	-	249,971	(21,214)	-	228,757	21,977
Compensated absences	72,426	3,322	-	-	75,748	7,575
Total	<u>\$ 374,277</u>	<u>\$ 253,293</u>	<u>\$ (79,895)</u>	<u>\$ 193,260</u>	<u>\$ 740,935</u>	<u>\$ 88,749</u>
<b>Business-Type Activities</b>						
Water Revenue Refunding Bonds, Series 2021	\$ 2,895,000	\$ -	\$ (70,000)	\$ -	\$ 2,825,000	\$ 70,000
Premium	239,318	-	(17,095)	-	222,223	8,547
USDA Loan, 2010	109,694	-	(42,446)	-	67,248	27,933
Compensated Absences	108,972	10,372	-	-	119,344	11,934
Total	<u>\$ 3,401,333</u>	<u>\$ 10,372</u>	<u>\$ (129,541)</u>	<u>\$ -</u>	<u>\$ 3,233,815</u>	<u>\$ 118,414</u>

**Direct Borrowings – Financed Purchases**

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

**Note Payable**

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

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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

**Water Revenue Refunding Bonds, Series 2021**

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

**USDA Loan – 2010**

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

The District's future debt service will be:

Year Ending June 30,	Governmental Activities					
	Direct Borrowings			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 59,197	\$ 15,779	\$ 74,976	\$ 21,977	\$ 8,225	\$ 30,202
2024	61,482	13,494	74,976	22,767	7,435	30,202
2025	63,856	11,120	74,976	23,585	6,616	30,201
2026	66,321	8,655	74,976	24,433	5,768	30,201
2027	71,032	6,460	77,492	25,312	4,890	30,202
2028-2032	114,542	8,689	123,231	110,683	10,125	120,808
<b>Total</b>	<b>\$ 436,430</b>	<b>\$ 64,197</b>	<b>\$ 500,627</b>	<b>\$ 228,757</b>	<b>\$ 43,059</b>	<b>\$ 271,816</b>
Due within one year	\$ 59,197	\$ 15,779	\$ 74,976	\$ 21,977	\$ 8,225	\$ 30,202
Due after one year	377,233	48,418	425,651	206,780	34,834	241,614
<b>Total</b>	<b>\$ 436,430</b>	<b>\$ 64,197</b>	<b>\$ 500,627</b>	<b>\$ 228,757</b>	<b>\$ 43,059</b>	<b>\$ 271,816</b>



**Brooktrails Township Community Services District**  
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**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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

Year Ending June 30,	Business-Type Activities					
	Water Revenue Refunding Bonds, Series			USDA Loan 2010		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 70,000	\$ 113,000	\$ 183,000	\$ 27,933	\$ 2,533	\$ 30,466
2024	75,000	110,200	185,200	29,258	1,208	30,466
2025	75,000	107,200	182,200	10,057	97	10,154
2026	80,000	104,200	184,200	-	-	-
2027	85,000	101,000	186,000	-	-	-
2028-2032	465,000	452,200	917,200	-	-	-
2033-2037	550,000	352,200	902,200	-	-	-
2038-2042	640,000	235,200	875,200	-	-	-
2043-2047	670,000	102,000	772,000	-	-	-
2048-2052	115,000	4,600	119,600	-	-	-
Total	<u>\$ 2,825,000</u>	<u>\$ 1,681,800</u>	<u>\$ 4,506,800</u>	<u>\$ 67,248</u>	<u>\$ 3,838</u>	<u>\$ 71,086</u>
Due within one year	\$ 70,000	\$ 113,000	\$ 183,000	\$ 27,933	\$ 2,533	\$ 30,466
Due after one year	2,755,000	1,568,800	4,323,800	39,315	1,305	40,620
Total	<u>\$ 2,825,000</u>	<u>\$ 1,681,800</u>	<u>\$ 4,506,800</u>	<u>\$ 67,248</u>	<u>\$ 3,838</u>	<u>\$ 71,086</u>

**5. NET POSITION/FUND BALANCES**

**Net Position**

Net position at June 30, 2022 consisted of the following:

Description	Balance as of June 30, 2022
Net investment in capital assets	\$ 8,741,112
Unrestricted (deficit)	411,450
Total unrestricted net position	<u>\$ 9,152,562</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, 2022**

**Notes to Basic Financial Statements, Continued**

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

**Fund Balance**

Fund balance consisted of the following at June 30, 2022:

<b>Nonspendable:</b>	
<b>Major Funds</b>	
General Fund	\$ 6,374
Fire Services Fund	4,923
<b>Total Nonspendable</b>	<u>11,297</u>
<b>Unassigned (deficit):</b>	
<b>Major Funds:</b>	
General Fund	(380,579)
Fire Services Fund	(269,200)
<b>Total Major Funds- Unassigned</b>	<u>(649,779)</u>
<b>Total Unassigned</b>	<u>(649,779)</u>
<b>Total Fund Balance</b>	<u>\$ (638,482)</u>

Management intends deficit fund balances are to be covered by collection of unpaid fire assessments of \$269,200.

**Excess of Expenditures and Transfers Over Appropriations:** Expenditures and transfers exceeded appropriations for the year ended June 30, 2022, for the following funds:

<u>Governmental Activities</u>	<u>Final Budget</u>	<u>Total Expenditures and Transfers</u>	<u>Excess Expenditures Over Appropriations</u>
<b>Major Funds</b>			
Fire Services Fund	\$ 630,678	\$ 792,840	\$ (162,162)

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
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**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, 2022:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ -	\$ 390,553
Fire Services Fund	-	475,778
Total Major Funds	<u>-</u>	<u>866,331</u>
<b><u>Proprietary Funds</u></b>		
<b>Major Enterprise Funds:</b>		
Wastewater	<u>866,331</u>	<u>-</u>
Major Enterprise Funds	<u>866,331</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 866,331</u></u>	<u><u>\$ 866,331</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.

**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.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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**7. RISK MANAGEMENT, Continued**

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 2022. Settlements have not exceeded coverage for each of the past three fiscal years. There were no significant claim liabilities at the end of fiscal 2022.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**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, 2021 (the measurement date), the active employee contribution rates was 6.25 or 7.0 percent of annual pay, and the employer contribution rate was 7.59 or 10.88 percent of annual payroll (11.60 and 15.66 percent for the safety plan).

For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 195,206	\$ 39,962

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
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**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, 2022, 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	\$ 1,173,396
Safety	124,533
Total Net Pension Liability	<u>\$ 1,297,929</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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2022 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2021	0.04346%	0.00364%	0.01908%
Proportion - June 30, 2022	0.06180%	0.00355%	0.02400%
Change - Increase (Decrease)	0.01834%	-0.00009%	0.00492%

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

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

For the year ended June 30, 2022, the District recognized pension expense of \$337,439. At June 30, 2022, 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	\$ -	\$ -
Differences between Expected and Actual Experience	152,859	-
Differences between Projected and Actual Investment Earnings	-	1,098,435
Differences between Employer's Contributions and Proportionate Share of Contributions	3,135	85,847
Change in Employer's Proportion	-	25,029
Pension Contributions Made Subsequent to Measurement Date	235,168	-
	<u>\$ 391,162</u>	<u>\$ 1,209,311</u>

\$235,168 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, 2023. 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	
2023	\$ (245,277)
2024	(251,064)
2025	(253,510)
2026	(303,465)
2027	-
Thereafter	-

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

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

*Actuarial Assumptions* - The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability based on the following actuarial methods and assumptions.

Actuarial Assumptions	
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.5%
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 2.50% until purchasing power protection allowance floor on purchasing power applies.

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 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**  
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**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>
Public equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	77.00%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

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

(2) An expected inflation of 2.92% used for this period.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**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	\$ 2,072,516	\$ 1,173,396	\$ 430,106
Safety	274,832	124,533	1,081
Total	<u>\$ 2,347,348</u>	<u>\$ 1,297,929</u>	<u>\$ 431,187</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, 2022, the District had no outstanding payable amounts for contributions to the pension plan required for the year ended June 30, 2022.

**9. OTHER POST-EMPLOYMENT BENEFITS**

*Plan Description*

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

*Benefits Provided*

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

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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

*Employees Covered by the Benefit Terms.*

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	9
	<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, 2022, 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, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions:</b>	
Actuarial Valuation Date	June 30, 2021
Inflation	2.5 percent per year
Salary increase	Aggregate - 2.75% annually Merit - CalPERS 2000-2019 Experience Study
Investment rate of return	6.25% net of investment expenses
Healthcare cost trend rates	- Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of .75% in 2076 - Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Mortality Improvement	CalPERS 2000-2019 Experience Study

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

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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

*Discount rate*

The discount rate used was 2.93 percent at June 30, 2021 and 2.84 percent at June 30, 2020.

*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 6/30/2021*	\$ 140,692	\$ 38,071	\$ 102,621
Changes for the year			
Service Cost	10,619	-	10,619
Interest	4,111	-	4,111
Actual vs. expected experience	(26,828)	-	(26,828)
Assumption changes	(8,130)	-	(8,130)
Contributions - employer	-	13,176	(13,176)
Contributions - employee	-	-	-
Net investment income	-	10,464	(10,464)
Benefit payments	(13,176)	(13,176)	-
Administrative expenses	-	(14)	14
Net Changes	(33,404)	10,450	(43,854)
Balance at 6/30/2022**	\$ 107,288	\$ 48,521	\$ 58,767

\*Measurement date 6/30/2020

\*\* Measurement date 6/30/2021

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

The discount rate used for the fiscal year end 2021 is 2.93%. 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, 2021:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Change in Discount Rate	1.93%	2.83%	3.93%
Net OPEB Liability	\$ 65,317	\$ 58,767	\$ 52,452

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**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, 2021:

Change in Healthcare Cost Trend Rate	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 47,763	\$ 58,767	\$ 71,606

*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, 2022, the District recognized OPEB income of \$11,094. At June 30, 2022, 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	\$ -	\$ 77,918
Changes in assumptions	7,135	9,173
Net difference between projected and actual earnings on plan investments	-	5,604
Employer contributions made subsequent to the measurement date	13,918	-
Total	<u>\$ 21,053</u>	<u>\$ 92,695</u>

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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**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
2023	(23,046)
2024	(21,949)
2025	(21,419)
2026	(12,234)
2027	(4,726)
Thereafter	(2,186)

*Payable to the OPEB Plan*

At June 30, 2022, the District had no payable for the outstanding amount of contributions to the plan for the year ended June 30, 2022.

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

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

City of Willits Wastewater Agreement. The District does not own 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's share of the costs to operate the City's wastewater treatment plant in future years. In addition, the District shall pay to the City 36 percent of the amounts payable to the USDA by the City on the City's three USDA loans. The \$22,000 fixed monthly fee and share of the City's debt service costs are considered by the District to be operating expenses for financial reporting purposes.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**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. 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; 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. 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.

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**For the year ended June 30, 2022**

**Notes to Basic Financial Statements, Continued**

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**11. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

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.



**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

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 10,619	\$ 10,641	\$ 10,278	\$ 10,484	\$ 11,312
Interest on the total OPEB liability	4,111	4,880	9,464	8,684	7,347
Differences between expected and actual experience	(26,828)	-	(104,062)	-	-
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	(8,130)	7,036	4,140	(3,104)	(6,905)
Contributions - employer	-	-	(12,043)	(15,066)	(14,341)
Benefit payments	(13,176)	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(33,404)</b>	<b>22,557</b>	<b>(92,223)</b>	<b>998</b>	<b>(2,587)</b>
<b>Total OPEB liability - beginning</b>	<b>140,692</b>	<b>118,135</b>	<b>210,358</b>	<b>209,360</b>	<b>211,947</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 107,288</b>	<b>\$ 140,692</b>	<b>\$ 118,135</b>	<b>\$ 210,358</b>	<b>\$ 209,360</b>
<b>Plan fiduciary Net Position</b>					
Contributions - employer	\$ 13,176	\$ -	\$ 12,043	\$ 15,066	\$ 14,341
Contributions - employee	-	-	-	-	-
Actual investment income	10,464	1,299	2,139	2,559	3,073
Administrative expense	(14)	(18)	(7)	(60)	(16)
Benefit payments	(13,176)	-	(12,043)	(15,066)	(14,341)
<b>Net change in plan fiduciary net position</b>	<b>10,450</b>	<b>1,281</b>	<b>2,132</b>	<b>2,499</b>	<b>3,057</b>
<b>Plan fiduciary net position - beginning</b>	<b>38,071</b>	<b>36,790</b>	<b>34,658</b>	<b>32,159</b>	<b>29,102</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 48,521</b>	<b>\$ 38,071</b>	<b>\$ 36,790</b>	<b>\$ 34,658</b>	<b>\$ 32,159</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 58,767</b>	<b>\$ 102,621</b>	<b>\$ 81,345</b>	<b>\$ 175,700</b>	<b>\$ 177,201</b>
Covered-employee payroll	\$ 857,538	\$ 969,091	\$ 952,829	\$ 773,766	\$ 766,516
Net OPEB liability as a percentage of covered-employee payroll	6.9%	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. Additional years will be added as they become 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 235,168	\$ 210,126	\$ 240,114	\$ 260,095	\$ 232,751	\$ 214,472	\$ 199,033	\$ 126,263
Contributions in relation to the actuarially determined contributions	<u>(235,168)</u>	<u>(210,126)</u>	<u>(240,114)</u>	<u>(260,095)</u>	<u>(232,751)</u>	<u>(214,472)</u>	<u>(199,033)</u>	<u>(126,263)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 768,951	\$ 969,091	\$ 755,235	\$ 692,689	\$ 678,270	\$ 797,313	\$ 666,499	\$ 621,263
Contribution as a percentage of covered-employee	30.58%	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

	2022	2021	2020	2019	2018	2017	2016	2015
Plan's Proportion of the Net Pension Liability/(Asset)	0.02400%	0.01908%	0.01954%	0.02001%	0.02055%	0.02129%	0.02207%	0.02469%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,297,929	\$ 2,075,768	\$ 2,002,484	\$ 1,927,817	\$ 2,038,445	\$ 1,842,415	\$ 1,514,887	\$ 1,536,497
Plan's Covered-Employee Payroll	\$ 740,645	\$ 969,091	\$ 755,235	\$ 678,270	\$ 797,313	\$ 666,499	\$ 621,263	\$ 585,403
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	175.24%	214.20%	265.15%	284.23%	255.66%	276.43%	243.84%	262.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	88.29%	73.89%	74.02%	75.26%	73.31%	74.06%	78.40%	79.82%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 274,693	\$ 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, 2022**

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>2022</u>
a) Outstanding Principal Balance at June 30:	\$ 2,825,000
b) Water Sales	\$ 1,107,637
c) Number of connections of the Water System	1,555
d) Changes in rates:	No change in base or water usage rates.

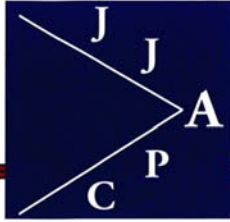
e) Summary coverage information:

	<u>2022</u>
Operating revenues	\$ 1,323,644
Investment income	211
Other nonoperating revenues	285,263
<b>Total Revenue</b>	<u>\$ 1,609,118</u>
Personnel costs	372,301
Supplies	437,638
Professional Services	25,451
Other Charges	252,417
<b>Total Operations and Maintenance</b>	<u>1,087,807</u>
<b>Net Revenue Available For Debt Service</b>	<u>\$ 521,311</u>
Debt service:	
2021 Water Revenue Refunding Bonds	\$ 156,942
USDA Loans	30,466
Total debt service	<u>\$ 189,663</u>
<b>Net Revenue After Debt Service</b>	<u>\$ 331,648</u>
Calculated coverage	<u>2.75</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, 2022, 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 31, 2023.

***Report on Internal Control over Financial Reporting***

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

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

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

Board of Directors  
Brooktrails Township Community Services District  
Willits, California

### ***Report on Compliance and Other Matters***

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

### **Purpose of this Report**

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

May 31, 2023

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