

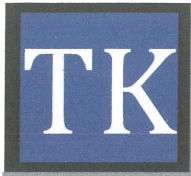
**Brooktrails Township Community  
Services District  
Basic Financial Statements  
June 30, 2018**

**Brooktrails Township Community Services District**  
**Basic Financial Statements**  
**June 30, 2018**  
**Table of Contents**

	<u>Page</u>
<b>Report of Independent Accountants</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements:</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	12
Statement of Activities	13
<i>Fund Financial Statements</i>	
Balance Sheet-Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities-Governmental Funds	16
Statement of Net Position-Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	18
Statement of Cash Flows-Proprietary Funds	19
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
<i>Notes to the Basic Financial Statements</i>	23
<b>Required Supplemental Information Section</b>	
Budgetary Comparison Schedule-General Fund	45
Notes to Budgetary Comparison Schedule-General Fund	46
Budgetary Comparison Schedule-Fire Services Special Revenue Fund	47
Schedule of Proportionate Share of Net Pension Liability	48
Schedule of Employer Pension Plan Contributions	49

**Brooktrails Township Community Services District  
Basic Financial Statements  
June 30, 2018  
Table of Contents**

	<u>Page</u>
<b>Required Supplemental Information Section (Continued)</b>	
Schedule of Changes in Net OPEB Liability and Related Ratios	50
Schedule of OPEB Plan Contributions	51



# **Terry E. Krieg, CPA**

## **Certified Public Accountant**

### **Independent Auditor's Report**

Honorable President and Members of  
The Board of Directors  
Brooktrails Township Community Services District  
Willits, California

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Brooktrails Township Community Services District, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Brooktrails Township Community Services District's basic financial statements as listed in the Table of Contents.

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

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

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

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund of the Brooktrails Township Community Services District, California as of June 30, 2018, and the respective changes in its 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.

#### **Emphasis of Matter**

As discussed in Note 5G to these financial statements, the District in fiscal 2018 adopted the provisions of Governmental Accounting Standards Board Statement Number 75, titled, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The District in fiscal 2018 changed its method of accounting for delinquent water availability fees, sewer availability fees and special fire tax levies. My opinion is not modified with respect to these matters.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11; the Budgetary Comparison Schedules on pages 46 and 47, the Schedules of Proportionate Share of the Net Pension Liability and Plan Contributions on pages 48 and 49, and the Schedules of Changes in the Net OPEB Liability and Related Ratios and the Schedule of OPEB Plan Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with Government Auditing Standards, I have also issued my report, dated April 20, 2019 on my consideration of the Brooktrails Township Community Services District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Brooktrails Township Community Services District's internal control over financial reporting and compliance.



Terry E. Krieg  
Certified Public Accountant  
Santa Rosa, California  
April 20, 2019

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

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, 2018.

### FINANCIAL HIGHLIGHTS

- The District's total net position increased by about \$225,000 over the course of this year's operations. The net position of business-type activities increased by about \$339,000 (or about 8 percent), and there was about \$114,000 decrease (or a 2 percent decrease) in the net position of governmental activities.
- During the year, the District's governmental activities expenses of \$1,345,597 were funded through a combination of property and special fire taxes as well as payment for services rendered to the Water and Sewer Enterprise Fund. The District could not financially afford these governmental activities without the property and special fire taxes. Total tax revenues in 2018 were about the same as that in the 2017 fiscal year.
- In the District's business-type activities, water sales and wastewater fees increased by about \$232,000 for a combined total of \$2.9 million. On a combined basis, business-type expenses increased about \$200,000 for a combined total of about \$2.7 million.
- The fire services fund reported an increase in fund balance of \$515,474 primarily due to reporting the inflow of \$420,000 in unspent capital lease proceeds and transfers in from the general fund. The Fire Fund ended fiscal 2018 with a fund balance of \$586,243 which includes the \$420,000 in funds related to the new lease.
- The general fund ended fiscal 2018 with a fund balance of \$206,538 compared to a \$395,654 fund balance at the end of fiscal 2017. The main reason for the decline was the \$244,402 in transfers out to the Fire Fund to relieve the Fire Fund of its obligation to the General Fund for unpaid interdepartmental overhead charges.
- At year-end, there was about \$226,278 in cash and investments to fund future governmental activities and an additional \$309,980 in escrowed lease funds restricted for the purchase of a water tender for the fire department. In the business-type activities, there was \$1,736,439 in cash and investments available to fund future activities and an additional \$375,169 restricted for future capital projects.

### 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 present 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 parts 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* and *long-term* financial information about the activities the government operates *like businesses*, such as the 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS

Figure A-1 summarizes the major features 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

**Major Features of Brooktrails Township Community Services District Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements	
		Governmental 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 the District operates similarly to private businesses: the water and wastewater operations
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
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 during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during 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 similar to those used by private-sector companies. The statement of net position includes *all* the government's assets and liabilities. All the current year's revenues and expenses 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 how 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*.

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### 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 statements provide 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 particular purposes.

- The Board of Directors establishes certain funds to control and manage money for particular purposes or to show that 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* that can readily be converted to 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 more or fewer financial resources that can be spent in the near future 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 are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Position.** The District's *combined* net position increased about 2 percent between fiscal years 2017 and 2018.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
<b>Assets</b>							
Current and other assets	\$ 1,186,200	\$ 866,400	\$ 2,868,600	\$ 2,339,500	\$ 4,054,800	\$ 3,205,900	26%
Capital assets	5,409,400	5,443,400	6,573,800	6,769,300	11,983,200	12,212,700	-2
<b>Total assets</b>	<b>\$ 6,595,600</b>	<b>\$ 6,309,800</b>	<b>\$9,442,400</b>	<b>\$9,108,800</b>	<b>\$16,038,000</b>	<b>\$15,418,600</b>	<b>4</b>
<b>Deferred outflows</b>							
Pension and OPEB items	220,600	198,100	395,500	369,900	616,100	568,000	9
Long-term debt outstanding	635,800	297,800	3,483,500	3,568,400	4,119,300	3,866,200	7
Net pension liability	684,800	609,400	1,353,600	1,233,000	2,038,400	1,842,400	11
OPEB liability	58,400	34,700	118,700	122,500	177,100	122,500	45
Other liabilities	188,400	164,600	207,900	164,000	396,300	328,600	21
<b>Total liabilities</b>	<b>1,567,400</b>	<b>1,106,500</b>	<b>5,163,700</b>	<b>5,087,900</b>	<b>6,731,100</b>	<b>6,159,700</b>	<b>9</b>
<b>Deferred inflows</b>							
Pension and OPEB items	17,400	56,200	43,600	99,000	61,000	155,200	-61
Net position:							
Net investment in Capital assets	5,193,600	5,145,700	3,090,300	3,200,900	8,283,900	8,346,600	-1
Restricted	-	70,800	375,200	351,100	375,200	421,900	-1
Unrestricted	37,800	128,700	1,165,100	739,800	1,202,900	868,500	39
<b>Total net position</b>	<b>\$5,231,400</b>	<b>\$5,345,200</b>	<b>\$4,630,600</b>	<b>\$4,291,800</b>	<b>\$9,862,000</b>	<b>\$9,637,000</b>	<b>2%</b>

Net position of the District's governmental activities decreased about \$113,800 to \$5.2 million. Almost 100 percent 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 \$37,800 unrestricted net position is what remains after almost a \$540,000 net reduction for actuarial pension and retiree medical obligations.

The net position of business-type activities increased by \$338,700 to \$4.6 million. 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.

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

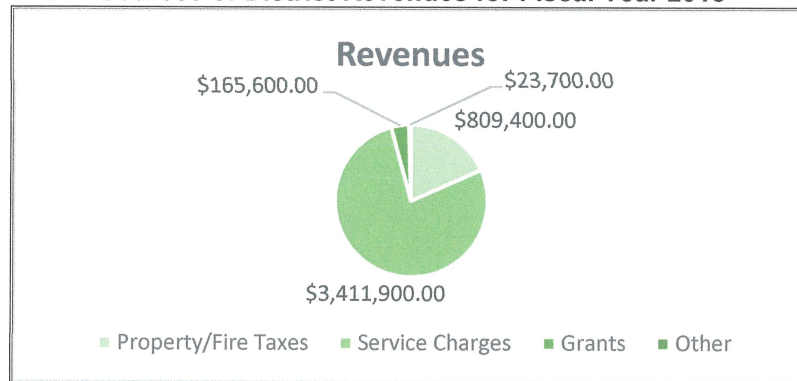
---

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

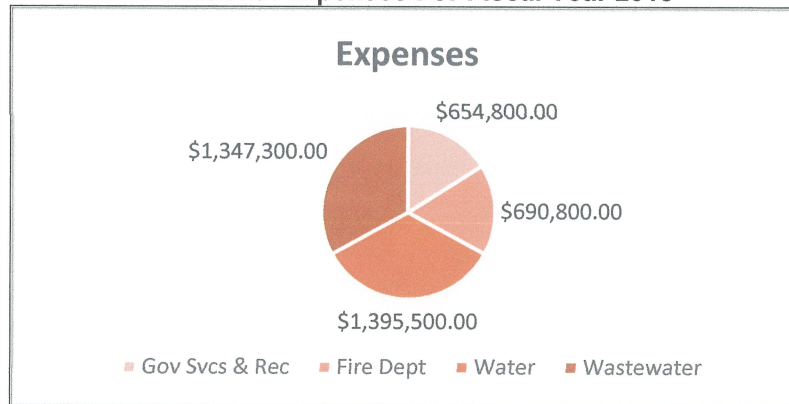
**Changes in net position.** The District's total revenues in fiscal 2018 were about \$4.4 million. (See Table A-2.) Virtually 71 cents of every dollar raised by the District came from charges for providing water and wastewater collection services, 18 cents of every dollar raised comes from property taxes and a special fire tax and the remaining 11 cents comes from charges for services including interfund overhead charges.

The total cost of all programs and services in fiscal 2018 increased by 12.5 percent or \$453,000 to about \$4.08 million. The District's expenses cover a range of services, with about 67% related to water and wastewater, 17% for fire services and the remaining 16% pertaining to administration and recreation operations.

**Sources of District Revenues for Fiscal Year 2018**



**Functional Expenses For Fiscal Year 2018**



**Governmental Activities** - Revenues for the District's governmental activities increased by about \$70,300, and the main reason was additional strike team revenues and grants in the Fire Fund.

**Business-Type Activities** - Revenues from the sale of water and wastewater services were in fiscal 2018 about \$232,000 more than in 2017 at about \$2.9 million.

Expenses in fiscal 2018 on a combined basis increased by about \$200,000 or about 8 percent more than the combined total of fiscal 2017 expenses.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

#### Revenues and Expenses of the District

Table A-2

**Changes in Brooktrails Township Community Services District Net Position**  
(in rounded dollars)

	Governmental Activities		Business-Type Activities		Combined Totals		Percent Change
	2018	2017	2018	2017	2018	2017	
Revenues:							
Program revenues:							
Charges for service	\$446,700	\$402,400	\$2,965,200	\$2,732,300	\$3,411,900	\$3,134,700	9%
Operating grants	39,200	20,500	-	-	39,200	20,500	91
Capital grants	-	-	126,400	-	126,400	-	100
Capital contributions	-	-	23,700	-	23,700	-	100
General revenues:							
Property taxes	315,500	304,200	-	-	315,500	304,200	4
Fire taxes	486,800	491,500	-	-	486,800	491,500	-1
Other revenues	1,900	1,200	5,200	-	7,100	1,200	492
Total revenues	1,290,100	1,219,800	3,120,500	2,732,300	4,410,600	3,952,100	12
Expenses:							
General & recreation	654,800	540,500	-	-	654,800	540,500	21
Fire services	690,800	551,500	-	-	690,800	551,500	25
Water	-	-	1,395,500	1,348,500	1,395,500	1,348,500	3
Wastewater	-	-	1,347,300	1,194,800	1,347,300	1,194,800	13
Total expenses	1,345,600	1,092,000	2,742,800	2,543,300	4,088,400	3,635,300	12
Increase (decrease) in net position before Special item	(55,500)	127,800	377,700	189,000	322,200	316,800	2
Special item	(58,300)	-	(39,000)	-	(97,300)	-	-100
Increase(decrease) in Net position	(113,800)		338,700		224,900	316,800	-29
Change in accounting principle	-	279,300		34,200		313,500	100
Net position, July 1	5,345,200	4,938,100	4,291,800	4,068,600	9,637,000	9,006,700	
Net position, June 30	<u>\$5,231,400</u>	<u>\$5,345,200</u>	<u>\$4,630,500</u>	<u>\$4,291,800</u>	<u>\$9,861,900</u>	<u>\$9,637,000</u>	2%

Table A-3 presents the cost of each of the District's largest programs - general and recreation, fire, water, and wastewater.



---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

#### Governmental Activities

- The amount that our taxpayers paid for general administration, recreation and fire activities through District taxes was \$802,293; Some of the cost was paid by:
  - Those who directly benefited from the programs including interfund charges - \$446,720
  - Other governments and organizations and property owners that subsidized certain programs with grants and contributions - \$39,238
- The District paid for the \$859,639 “public benefit” portion with \$804,175 in property taxes, special fire taxes, and other revenues. Even after using the tax revenues, there was about a \$113,802 short fall decrease in the residual net position which included the \$58,338 one-time expense to obtain Social Security System coverage for District employees.

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

	<u>Total Cost of Services</u>		<u>Percentage Change</u>
	<u>2018</u>	<u>2017</u>	<u>2017-2018</u>
General and Recreation	\$ 654,800	\$ 540,500	21%
Fire	690,800	551,500	25%
Water	1,395,500	1,348,500	3%
Wastewater	<u>1,347,300</u>	<u>1,194,800</u>	<u>13%</u>
Totals	<u>\$4,088,400</u>	<u>\$3,635,300</u>	<u>13%</u>

The increases in the general/recreation and fire expenses was the result of higher personnel and benefit expenses in fiscal 2018.

#### Business-type Activities

Combined revenues of the District’s business-type activities increased by \$388,200 in fiscal 2018 compared to fiscal 2017 mainly from \$232,900 more in user fees, and \$155,300 in capital grants, contributions and other revenues.

The net increase in business type expenses of about \$200,000 was the result of higher personnel and elevated benefit costs.

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a *combined* fund balance of \$792,781. The 2018 fiscal year ended with an overall increase of \$326,358 in the aggregated fund balances in the governmental funds. The \$326,358 net increase was directly related to reporting the inflow of \$420,000 of lease financing proceeds which was subsequently expended in fiscal 2019 upon delivery of a water tender for the fire department.

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 \$1,353,639 at the end of fiscal 2018.

The District's Water Fund ended the 2018 fiscal year with \$629,940 in unrestricted net position as a result of current liabilities (excluding long-term debt amounts) being less than year-end current assets. This year the water enterprise reported \$53,160 as its proportionate share of the District's net OPEB liability as a result of implementing the new GASB Statement Number 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB).

The Wastewater Fund ended 2018 with about \$535,124 in unrestricted net position, and a new \$65,564 liability for its share of the OPEB net obligation. This fund also ended 2018 with about \$336,481 restricted for future capital facilities.

### General Fund and Fire Fund Budgetary Highlights

General Fund spending was \$65,718 more than the final budget costs. General fund revenues were \$179,558 more than budgeted for fiscal 2018 as property tax revenue was more than expected by the Budget.

Spending in the fire services fund was \$116,637 more than the final budget. The spending variance was caused by higher personnel costs in fiscal 2018. Special fire tax revenues were about \$3,162 under budgeted amounts.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2018, the District had invested \$26.1 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 included \$110,020 deposit in the Fire Fund for a special order water tender being financed with a \$420,000 lease purchase arrangement. The water tender was not delivered until fiscal 2019.

Additional information about the District's capital assets can be found starting on page 30 and 31 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,721	\$ 4,721	\$ 52	\$ 52	\$ 4,773	\$ 4,773
Buildings	775	775	-	-	775	775
Fire facilities	170	170	-	-	170	170
Equipment	102	80	1,229	1,172	1,331	1,252
Fire vehicles equipment	1,312	1,312	-	-	1,312	1,312
Dams			1,537	1,537	1,537	1,537
Pipe and collection lines			7,130	6,999	7,130	6,999
Treatment plant			9,066	9,066	9,066	9,066
Totals	7,080	6,939	19,014	18,826	26,094	25,884
Less accumulated depreciation	(1,671)	(1,614)	(12,440)	(12,057)	(14,111)	(13,671)
Net capital assets	<u>\$ 5,409</u>	<u>\$ 5,444</u>	<u>\$ 6,574</u>	<u>\$ 6,769</u>	<u>\$ 11,983</u>	<u>\$ 12,213</u>

### LONG-TERM OBLIGATIONS

The District entered into a \$420,000 capital lease to finance the purchase of fire water tender. All debt payments were made as necessary. Additional information about long-term debt can be found in the detailed notes on all funds on page 32.

The District's combined total net pension liability was \$2,038,445 at June 30, 2018, and its net OPEB liability was \$177,201. More information about the net pension liability, the District's pension plans and OPEB plan can be found starting on page 37.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2019 fiscal year, the general fund and fire services revenue projections will continue to be conservative. The District will be required to increase the base rate for wastewater to accommodate costs associated with the construction of the City of Willits Wastewater Treatment Plant, as well as increased processing costs as a result of the operation of the new 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 financial information, contact the General Manager, Brooktrails Township Community Services District, 24860 Birch Street, Willits, California 95490.

Respectfully Submitted,  
 Tamara Alaniz  
 General Manager

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 226,278	\$ 1,736,439	\$ 1,962,717
Net receivables	195,364	333,507	528,871
Inventory	-	20,313	20,313
Prepayments	9,917	12,246	22,163
Deposits	110,020	-	110,020
Internal balances	(13,579)	13,579	-
Total current assets	528,000	2,116,084	2,644,084
Noncurrent assets:			
Restricted cash and cash equivalents	309,980	375,169	685,149
Long-term receivables - delinquencies	348,239	377,324	725,563
Net capital assets	5,409,433	6,573,837	11,983,270
Total noncurrent assets	6,067,652	7,326,330	13,393,982
Total assets	6,595,652	9,442,414	16,038,066
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	215,580	385,364	600,944
Other postemployment benefits	4,972	10,094	15,066
Total deferred outflows of resources	220,552	395,458	616,010
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	9,832	50,475	60,307
Accrued liabilities	35,367	12,443	47,810
Compensated absences	138,086	108,694	246,780
Interest payable	4,981	36,269	41,250
Capital leases due within one year	90,293	-	90,293
Loans, notes, certificates due within one year	-	89,593	89,593
Total current liabilities	278,559	297,474	576,033
Liabilities due in more than one year:			
Certificates of participation	-	3,106,300	3,106,300
USDA loan	-	283,402	283,402
Capital leases	545,527	-	545,527
Bank note payable	-	4,212	4,212
Net other post employment obligation	58,477	118,724	177,201
Net pension liability	684,806	1,353,639	2,038,445
Total liabilities due in more than one year	1,288,810	4,866,277	6,155,087
Total liabilities	1,567,369	5,163,751	6,731,120
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	15,216	39,095	54,311
Other postemployment benefits	2,198	4,463	6,661
Total deferred inflows of resources	17,414	43,558	60,972
<b>NET POSITION</b>			
Net investment in capital assets	5,193,613	3,090,330	8,283,943
Restricted for:			
Capital additions and debt service	-	375,169	375,169
Unrestricted	37,808	1,165,064	1,202,872
Total net position	\$ 5,231,421	\$ 4,630,563	\$ 9,861,984

See accompanying notes to the basic financial statements

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	District Government		
					Governmental Activities	Business-type Activities	Total
District government:							
Governmental activities:							
General administration	\$ 556,981	\$ 408,243	\$ -	\$ -	\$ (148,738)	\$ -	\$ (148,738)
Parks recreation	97,752	-	-	-	(97,752)	-	(97,752)
Fire services	690,864	38,477	39,238	-	(613,149)	-	(613,149)
Total governmental activities	1,345,597	446,720	39,238	-	(859,639)	-	(859,639)
Business-Type Activities:							
Water	1,395,527	1,429,358	-	11,697	-	45,528	45,528
Wastewater	1,347,254	1,535,838	-	138,443	-	327,027	327,027
Total business-type activities	2,742,781	2,965,196	-	150,140	-	372,555	372,555
Total District government	\$ 4,088,378	\$3,411,916	\$ 39,238	\$ 150,140	(859,639)	372,555	(487,084)
General revenues and special item:							
General revenues:							
Taxes:							
Property taxes					\$ 315,455	\$ -	\$ 315,455
Special fire tax					486,838	-	486,838
Unrestricted investment earnings					1,882	5,151	7,033
Special item: Social Security Section 218 coverage agreement					(58,338)	(38,986)	(97,324)
Total general revenues					745,837	(33,835)	712,002
<b>Change in net position</b>					(113,802)	338,720	224,918
Net position, beginning (restated)					5,345,223	4,291,843	9,637,066
Net position, ending					\$ 5,231,421	\$ 4,630,563	\$ 9,861,984
See accompanying notes to the basic financial statements							

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**

**Balance Sheet  
Governmental Funds  
June 30, 2018**

	<b>General Fund</b>	<b>Fire Services Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 226,278	\$ 309,980	\$ 536,258
Taxes receivable	23,980	171,384	195,364
Prepayments	6,822	3,095	9,917
Deposit for capital asset acquisition	-	110,020	110,020
Long-term receivables - delinquent fire taxes	-	348,239	348,239
Total assets	<u>\$ 257,080</u>	<u>\$ 942,718</u>	<u>\$ 1,199,798</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 7,790	\$ 2,042	\$ 9,832
Accrued liabilities	29,173	6,194	35,367
Due to other funds	13,579	-	13,579
Total liabilities	<u>50,542</u>	<u>8,236</u>	<u>58,778</u>
Deferred inflows of resources			
Delinquent fire taxes	<u>-</u>	<u>348,239</u>	<u>348,239</u>
Fund balances:			
Nonspendable	6,822	3,095	9,917
Nonspendable - capital asset acquisition	-	110,020	110,020
Restricted for capital asset acquisition	-	309,980	309,980
Unassigned	199,716	163,148	362,864
Total fund balances	<u>206,538</u>	<u>586,243</u>	<u>792,781</u>
Total liabilities and fund balances	<u>\$ 257,080</u>	<u>\$ 942,718</u>	<u>\$ 1,199,798</u>
Total Governmental Fund Balances			\$ 792,781

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	5,409,433
Long-term receivables do not provide current financial resources and therefore are deferred in the funds	348,239
The net OPEB liability does not require the use of current financial resources and is therefore not reported in the funds.	(58,477)
The net pension liability does not require the use of current financial resources and is not reported in the funds	(684,806)
Deferred inflows from pensions and other postemployment benefits do not provide current financial resources and are not reported in the funds	(17,414)
Deferred outflows from pensions and other postemployment benefits do not use current financial resources and are not reported in the funds	220,552
Some liabilities including compensated absences, accrued interest payable and long-term debt are not due and payable in the current period and, therefore, are not reported in the funds	<u>(778,887)</u>

Net Position of Governmental Activities	<u>\$ 5,231,421</u>
---	---------------------

See accompanying notes to the basic financial statements

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Fire Services Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 315,455	\$ -	\$ 315,455
Special fire taxes	-	486,838	486,838
Intergovernmental	-	39,238	39,238
Charges for services:			
Other governments	-	35,021	35,021
Interfund overhead charges	357,699	-	357,699
Planning fees	2,670	-	2,670
Franchise fees	30,828	-	30,828
Interest	1,853	29	1,882
Miscellaneous	17,046	3,456	20,502
	<hr/>	<hr/>	<hr/>
Total revenues	725,551	564,582	1,290,133
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
General government:			
Administration	512,447	-	512,447
Recreation	91,594	-	91,594
Fire Protection services	-	588,645	588,645
Capital outlay	32,652	3,839	36,491
Debt service:			
Principal	-	81,939	81,939
Interest	-	14,321	14,321
	<hr/>	<hr/>	<hr/>
Total expenditures	636,693	688,744	1,325,437
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures before other financing source and special item	88,858	(124,162)	(35,304)
	<hr/>	<hr/>	<hr/>
Other financing source(uses)			
Transfers in	-	244,402	244,402
Transfer out	(244,402)	-	(244,402)
Capital lease financing	-	420,000	420,000
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(244,402)	664,402	420,000
	<hr/>	<hr/>	<hr/>
Special item:			
Social Security Section 218 coverage agreement	(33,572)	(24,766)	(58,338)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(189,116)	515,474	326,358
	<hr/>	<hr/>	<hr/>
Fund balances, July 1	395,654	70,769	466,423
	<hr/>	<hr/>	<hr/>
Fund balances, June 30	\$ 206,538	\$ 586,243	\$ 792,781
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the 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 Fiscal Year Ended June 30, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$ 326,358
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$22,924) exceed depreciation (\$56,876) in the current period.	(33,952)
Changes in compensated absences do not always require the use of current financial resources and are therefore not reported in the funds	(50,874)
Changes in the net pension liability and deferred items do not use current financial resources and are not reported in the funds	(16,928)
Proceeds from capital lease financing provide current financial resources but increase liabilities in the statement of net position	(420,000)
Repayment of long-term debt uses current financial resources, but reduces liabilities in the statement of net position	81,939
Interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds	(4,981)
Changes in the OPEB Obligation do not provide current financial resources and are not reported in the funds	4,636
	(440,160)
Net differences	\$ (113,802)
Change in Net Position of Governmental Activities	

See accompanying notes to the basic financial statements

**BROOKTRAILS COMMUNITY SERVICES DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Enterprise Funds		
	Water	Wastewater	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 905,710	\$ 830,729	\$ 1,736,439
Receivables(net)	168,121	165,386	333,507
Inventory	20,313	-	20,313
Prepayments	6,020	6,226	12,246
Due from other funds	-	13,579	13,579
Total current assets	1,100,164	1,015,920	2,116,084
Noncurrent assets:			
Other assets:			
Cash and cash equivalents	38,688	336,481	375,169
Long-term receivables - delinquent accounts	174,604	202,720	377,324
Total other noncurrent assets	213,292	539,201	752,493
Capital assets:			
Land	51,057	854	51,911
Dams	1,537,468	-	1,537,468
Equipment	485,111	743,759	1,228,870
Lines	3,379,879	3,750,412	7,130,291
Treatment plant, tanks, and improvements	8,355,446	710,188	9,065,634
Less accumulated depreciation	(8,557,140)	(3,883,197)	(12,440,337)
Net capital assets	5,251,821	1,322,016	6,573,837
Total noncurrent assets	5,465,113	1,861,217	7,326,330
Total assets	6,565,277	2,877,137	9,442,414
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	172,976	212,388	385,364
Other postemployment benefits	4,520	5,574	10,094
	177,496	217,962	395,458
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	49,470	1,005	50,475
Accrued liabilities	5,995	6,448	12,443
Interest payable	31,007	5,262	36,269
Compensated absences	53,888	54,806	108,694
Loans and certificates due in one year	66,114	23,479	89,593
Total current liabilities	206,474	91,000	297,474
Liabilities due in more than one year:			
Bank loan	4,212	-	4,212
USDA Certificate	370,300	-	370,300
USDA Loans	126,463	156,939	283,402
Net pension liability	609,221	744,418	1,353,639
Net other postemployment benefit liability	53,160	65,564	118,724
USDA Certificate, Series 2008	2,736,000	-	2,736,000
Total liabilities due in more than one year	3,899,356	966,921	4,866,277
<b>Total liabilities</b>	4,105,830	1,057,921	5,163,751
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Pensions	17,585	21,510	39,095
Other postemployment benefits	1,998	2,465	4,463
	19,583	23,975	43,558
<b>NET POSITION</b>			
Net investment in capital assets	1,948,732	1,141,598	3,090,330
Restricted for capital improvements	38,688	336,481	375,169
Unrestricted	629,940	535,124	1,165,064
Total net position	\$ 2,617,360	\$ 2,013,203	\$ 4,630,563

See accompanying notes to the basic financial statements

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	Enterprise Funds		
	Water	Wastewater	Totals
<b>OPERATING REVENUES</b>			
Sale of water	\$ 1,200,907	\$ -	\$ 1,200,907
Services fees	-	1,209,709	1,209,709
Availability charges	108,771	269,043	377,814
Penalties	107,026	50,686	157,712
Other operating revenues	12,654	6,400	19,054
Total operating revenues	1,429,358	1,535,838	2,965,196
<b>OPERATING EXPENSES</b>			
Personnel services	341,017	366,867	707,884
Contractual services	18,288	26,645	44,933
Interfund overhead and services	140,046	153,470	293,516
Intergovernmental treatment costs	-	578,764	578,764
Utilities	139,511	14,281	153,792
Insurance	25,242	15,443	40,685
Other supplies and expenses	310,472	75,895	386,367
Depreciation	275,250	107,875	383,125
Total operating expenses	1,249,826	1,339,240	2,589,066
Operating income (loss)	179,532	196,598	376,130
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest expense	(145,701)	(8,014)	(153,715)
Interest and investment revenue	1,873	3,278	5,151
Net non-operating revenues (expenses)	(143,828)	(4,736)	(148,564)
Capital contributions:			
Capital connection fees	11,697	12,014	23,711
Capital grants	-	126,429	126,429
Total capital contributions	11,697	138,443	150,140
Change in net position before special item	47,401	330,305	377,706
Special item:			
Social Security Section 218 coverage agreement	(18,367)	(20,619)	(38,986)
Change in net position	29,034	309,686	338,720
Total net position, July 1	2,588,326	1,703,517	4,291,843
Total net position, June 30	\$ 2,617,360	\$ 2,013,203	\$ 4,630,563

See accompanying notes to the basic financial statements

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**

	Enterprise Funds		
	Water	Wastewater	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$1,395,006	\$ 1,449,681	\$ 2,844,687
Payments to suppliers	(447,951)	(740,628)	(1,188,579)
Interfund charges for services	(140,046)	(153,470)	(293,516)
Other operating receipts	12,654	6,400	19,054
Payments to employees	(310,199)	(333,587)	(643,786)
Net cash provided by (used for) operating activities	509,464	228,396	737,860
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Social Security Section 218 coverage payments	(18,367)	(20,619)	(38,986)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on long-term debt	(63,284)	(21,627)	(84,911)
Capital connections	11,697	12,014	23,711
Purchase capital assets	(100,319)	(87,360)	(187,679)
Capital grants	-	126,429	126,429
Interest paid on long-term debt	(146,221)	(8,650)	(154,871)
Net cash provided by (used for) capital and related financing activities	(298,127)	20,806	(277,321)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest receipts	1,873	3,278	5,151
Net cash provided by investing activities	1,873	3,278	5,151
Net change in cash and cash equivalents	194,843	231,861	465,690
Balances-beginning of the year	749,555	935,349	1,684,904
Balances-end of the year	\$ 944,398	\$ 1,167,210	\$ 2,150,594

See accompanying notes to the basic financial statements

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Enterprise Funds		
	Water	Wastewater	Totals
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 179,532	\$ 196,598	\$ 376,130
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	275,250	107,875	383,125
Change in assets and liabilities:			
Receivables, net	6,257	(39,075)	(32,818)
Delinquent receivables - liens	(27,954)	(40,682)	(68,636)
Prepayments	(424)	(446)	(870)
Accounts payable	45,986	(29,154)	16,832
Net pension liability and related deferrals	16,589	19,227	35,816
Other liabilities	14,228	14,053	28,281
Net cash provided by (used for) operating activities	<u>\$ 509,464</u>	<u>\$ 228,396</u>	<u>\$ 737,860</u>

**Noncash capital financing activities:**

None

See accompanying notes to the basic financial statements

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Statement of Fiduciary Net Position**  
**June 30, 2018**

	<b>Retired Employees Health Care Plan</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
Investments at fair value:	
California Employer's Retiree Benefit Trust Program (CERBT)	
pooled investments	<hr/> 34,666
Total assets	<hr/> <hr/> \$ 34,666
<b>LIABILITIES</b>	
Accounts payable	\$ -
Due to other governmental agencies	<hr/> -
Total liabilities	<hr/> -
<b>NET POSITION</b>	
Held in trust for other postemployment benefits	<hr/> <hr/> \$ 34,666

See accompanying notes to the basic financial statements

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Retired Employees Health Care Plan Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Retired Employees Health Care Plan</b>
<b>Additions:</b>	
Contributions:	
Employer	\$ -
Investment income:	
Net appreciation in fair value of investments	2,540
Total additions	2,540
<b>Deductions:</b>	
Benefits and administrative expenses	-
Total deductions	-
<b>Net increase</b>	2,540
<b>Net position held in trust for other post employment benefits:</b>	
Beginning of year	32,126
End of year	\$ 34,666

See accompanying notes to the basic financial statements



## BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

### Notes to the Basic Financial Statements June 30, 2018

#### Note 1. Summary of Significant Accounting Policies

##### A. 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.

##### 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.

## BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

### Notes to the Basic Financial Statements June 30, 2018

#### Note 1. Summary of Significant Accounting Policies (continued)

##### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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

## **BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**

### **Notes to the Basic Financial Statements June 30, 2018**

#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **D. Assets, Liabilities, and Net Assets or Equity**

###### ***1. 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.

###### ***2. 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.

###### ***3. 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

### Notes to the Basic Financial Statements June 30, 2018

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### D. Assets, Liabilities, and Net Assets or Equity (Continued)

##### 4. 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 GASB 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. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets 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

##### 5. Compensated Absences

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.

##### 6. 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.

##### 7. 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.

## **BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**

### **Notes to the Basic Financial Statements June 30, 2018**

#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **D. Assets, Liabilities, and Net Assets or Equity (Continued)**

##### **7. Fund Balance – Governmental Funds (Continued)**

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.

##### **8. 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.

##### **9. 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.

For purposes of measuring the net other postemployment benefit liability (OPEB), deferred outflows of resources 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.

##### **10. 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.

## BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

### Notes to the Basic Financial Statements June 30, 2018

#### Note 2. Reconciliation of Government-Wide and Fund Financial Statements

##### A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that “capital assets are not financial resources and are not reported in the funds.” The details of this \$ 5,409,433 difference are as follows:

Capital assets	\$ 7,080,207
Less: Accumulated depreciation	<u>(1,670,774)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 5,409,433</u>

Another element of the reconciliation explains that “long-term liabilities” are not due and payable in the current period and are therefore not reported in the funds. The details of this \$778,887 difference are as follows:

Long-Term Debt Obligations	
Compensated absences	\$ (138,086)
Interest payable	(4,981)
Capital lease obligations	<u>(635,820)</u>
Net adjustment to decrease fund balance total governmental funds to arrive at net position - governmental activities	<u>\$ (778,887)</u>

##### B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ (440,160) difference and other significant components of the difference are as follows:

Capital outlay	\$ 22,924
Depreciation expense	(56,876)
Other items	(68,147)
Proceeds from capital lease financing	(420,000)
Repayment of capital leases	<u>81,939</u>
Net adjustment to decrease <i>net changes in fund balances – of governmental activities</i>	<u>\$ (440,160)</u>

#### Note 3. Stewardship, Compliance, and Accountability

##### A. Budgetary Information

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

# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 4. Detailed Notes on All Funds

#### A. Deposits and Investments

Deposits and investments at June 30, 2018 consisted of the following:

Demand deposits and cash on hand	\$ 1,802,354
Capital asset acquisition escrow account	309,980
Pooled investments	535,532
Fiduciary funds	<u>34,666</u>
Total deposits and investments	<u>\$ 2,682,532</u>

*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, 2018, \$1,601,736 of the District's bank balances of \$ 1,851,736 was exposed to credit risk.

Pooled Investments	Maturities	Fair Value
Local Agency Investment Fund(LAIF)	Average 193 days	<u>\$ 535,532</u>
Totals		<u>\$ 535,532</u>

The \$309,980 represents funds held in an escrow account at KS State Bank pending disbursement for the purchase of a water tender for the fire department.

*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.

#### B. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

	General	Fire	Totals	Water	Wastewater
Taxes	\$23,980	\$171,384	\$195,364	\$ -	\$ -
Accounts	-	-	-	168,121	165,386
Delinquent charges	-	-	-	174,604	202,720
Delinquent taxes	<u>-</u>	<u>348,239</u>	<u>348,239</u>		
Totals	<u>\$23,980</u>	<u>\$519,623</u>	<u>\$543,603</u>	<u>\$342,725</u>	<u>\$ 368,106</u>

The long-term receivables are liens secured by properties that are collected when the properties are sold or transferred to new owners.



**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**

**Notes to the Basic Financial Statements  
June 30, 2018**

**Note 4. Detailed Notes on All Funds (Continued)**

**C. Interfund Receivables and Payables and Transfers**

1. The composition of interfund balances was:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Wastewater enterprise	General fund-recreation cash flow loan	\$ 13,579
	Total	<u>\$ 13,579</u>

**D. Capital Assets**

Capital asset activity relating to governmental activities for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 4,720,818	\$ -	\$ -	\$ 4,720,818
Total capital assets, not being depreciated	<u>4,720,818</u>	<u>-</u>	<u>-</u>	<u>4,720,818</u>
Capital assets, being depreciated:				
Buildings and improvements	774,733	-	-	774,733
Fire facilities	169,795	-	-	169,795
Fire vehicles and equipment	1,311,475	-	-	1,311,475
Other equipment	<u>80,462</u>	<u>22,924</u>	<u>-</u>	<u>103,386</u>
Total capital assets being depreciated	<u>2,336,465</u>	<u>22,924</u>	<u>-</u>	<u>2,359,389</u>
Less accumulated depreciation for:				
Buildings and improvements	(297,488)	(2,163)	-	(299,651)
Recreational facilities and equipment	(260,548)	(6,978)	-	(267,526)
Fire facilities	(166,072)	(206)	-	(166,278)
Fire vehicles and equipment	(818,186)	(47,289)	-	(865,475)
Other equipment	<u>(71,604)</u>	<u>(240)</u>	<u>-</u>	<u>(71,844)</u>
Total accumulated depreciation	<u>(1,613,898)</u>	<u>(56,876)</u>	<u>-</u>	<u>(1,670,774)</u>
Total capital assets, being depreciated, net	<u>722,567</u>	<u>(33,952)</u>	<u>-</u>	<u>688,615</u>
Governmental activities capital assets, net	<u>\$ 5,443,385</u>	<u>\$ (33,952)</u>	<u>\$ -</u>	<u>\$ 5,409,433</u>

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**

**Notes to the Basic Financial Statements  
June 30, 2018**

**Note 4. Detailed Notes on All Funds (Continued)**

**D. Capital Assets**

Capital asset activity relating to business-type activities for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 51,911	\$ -	\$ -	\$ 51,911
Total capital assets, not being depreciated	<u>51,911</u>	<u>-</u>	<u>-</u>	<u>51,911</u>
Capital assets, being depreciated:				
Dams	1,537,468	-	-	1,537,468
Pipelines and distribution system	3,336,567	43,312	-	3,379,879
Pipelines and collection system	3,663,052	87,360	-	3,750,412
Treatment plant, tanks, and improvements	9,065,634	-	-	9,065,634
Equipment	<u>1,171,863</u>	<u>57,007</u>	<u>-</u>	<u>1,228,870</u>
Total capital assets being depreciated	<u>18,774,584</u>	<u>187,679</u>	<u>-</u>	<u>18,962,263</u>
Less accumulated depreciation for:				
Dams	(1,229,975)	(31,188)	-	(1,261,163)
Pipelines and distribution system	(2,676,655)	(65,991)	-	(2,742,646)
Pipelines and collection system	(3,279,280)	(74,063)	-	(3,353,343)
Treatment plant, tanks and improvements	(4,039,779)	(178,071)	-	(4,217,850)
Equipment	<u>(831,523)</u>	<u>(33,812)</u>	<u>-</u>	<u>(865,335)</u>
Total accumulated depreciation	<u>(12,057,212)</u>	<u>(383,125)</u>	<u>-</u>	<u>(12,440,337)</u>
Total capital assets, being depreciated, net	<u>6,717,372</u>	<u>(195,446)</u>	<u>-</u>	<u>6,521,926</u>
Business-type activities capital assets, net	<u><u>\$6,769,283</u></u>	<u><u>\$ (195,446)</u></u>	<u><u>\$ -</u></u>	<u><u>\$6,573,837</u></u>

# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 4. Detailed Notes on All Funds (Continued)

#### D. Capital Assets (Continued)

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

##### **Governmental activities:**

General government	\$ 4,381
Fire services	47,495
Parks and recreation	<u>5,000</u>

Total depreciation expense - governmental activities	<u>\$56,876</u>
--	-----------------

##### **Business-Type activities:**

Water	\$ 275,250
Wastewater	<u>107,875</u>

Total depreciation expense - business type activities	<u>\$ 383,125</u>
---	-------------------

#### E. Long-Term Debt

##### *Certificates of Participation*

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

Fiscal Year	Principal	Interest	Total
2019	\$ 7,700	\$ 16,065	\$ 23,765
2020	8,100	15,738	23,838
2021	8,400	15,394	23,794
2022	8,800	15,036	23,826
2023	9,100	14,663	23,763
2024-2028	51,900	67,160	119,060
2029-2033	63,800	55,160	118,960
2034-2038	78,700	40,386	119,086
2039-2043	96,800	22,186	118,986
2044-2046	<u>44,700</u>	<u>2,870</u>	<u>47,570</u>
Totals	<u>\$ 378,000</u>	<u>\$ 264,658</u>	<u>\$ 642,658</u>

## BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

### Notes to the Basic Financial Statements June 30, 2018

#### Note 4. Detailed Notes on All Funds (Continued)

##### F. Long-Term Debt (Continued)

###### *USDA Loan*

In addition, the District entered into a Loan Agreement, dated June 13, 2005, with the United States Department of Agriculture for an additional \$149,000 to provide additional funding for the project described above. Future debt service is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,337	\$ 5,474	\$ 7,811
2020	2,436	5,375	7,811
2021	2,540	5,271	7,811
2022	2,648	5,163	7,811
2023	2,760	5,051	7,811
2024-2028	15,664	23,391	39,055
2029-2033	19,288	19,767	39,055
2034-2038	23,751	15,304	39,055
2039-2043	29,245	9,810	39,055
2044-2048	28,130	3,114	31,244
Totals	<u>\$ 128,799</u>	<u>\$ 97,720</u>	<u>\$ 226,519</u>

###### *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. Future debt service is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 22,573	\$ 7,893	\$ 30,466
2020	23,560	6,906	30,466
2021	24,591	5,875	30,466
2022	25,667	4,799	30,466
2023	26,790	3,676	30,466
2024-2025	57,237	3,785	61,022
Totals	<u>\$ 180,418</u>	<u>\$ 32,933</u>	<u>\$ 213,351</u>

###### *Certificates of Participation – Series 2008*

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

# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 4. Detailed Notes on All Funds (Continued)

#### Long-Term Debt (Continued)

Fiscal Year	Principal	Interest	Total
2019	\$ 48,000	\$ 118,320	\$ 166,320
2020	50,000	116,280	166,280
2021	52,000	114,156	166,156
2022	54,000	111,946	165,946
2023	56,000	109,650	165,650
2024-2028	319,000	510,298	829,298
2029-2033	392,000	436,646	828,646
2034-2038	485,000	343,030	828,030
2039-2043	595,000	233,752	828,752
2044-2048	733,000	96,052	829,052
Totals	<u>\$ 2,784,000</u>	<u>\$2,190,130</u>	<u>\$ 4,974,130</u>

Pledged Revenues - The District has pledged future water system revenues, net of specified expenses as defined to repay the certificates of participation and USDA loan relating to the water system. Total principal and interest remaining to be paid on those obligations are \$5,843,307. Annual principal and interest payments on those obligations are expected to require 58 percent of net system revenues as defined. Principal and interest paid for the current year and total net system revenues (exclusive of transfers in) were \$ 209,505 and \$358,300 respectively.

#### *Bank Loan*

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

Fiscal Year	Principal	Interest	Totals
2019	\$ 8,078	\$ 481	\$ 8,559
2020	4,212	68	4,280
Totals	<u>\$ 12,290</u>	<u>\$ 549</u>	<u>\$ 12,839</u>

#### *Capital Lease Obligation*

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

# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 4. Detailed Notes on All Funds (Continued)

#### Long-Term Debt (Continued)

##### *Capital Lease Obligation (Continued)*

The capital leases and the cost of the equipment was \$425,302, bear interest at 3.593 percent, and are payable in annual installments as shown below through 2028. The leases are secured by the purchased equipment and the District has agreed to appropriate enough funds in each year's budget to provide for the annual repayment amounts. The future debt service on the leases is as follows:

<u>Fiscal Year</u>	<u>Water Tender Fire Vehicle</u>	<u>Fast Attack Vehicle</u>	<u>Turn-Out Gear Equipment</u>	<u>Breathing Equipment</u>
2019	\$ 19,365	\$ 19,679	\$ 24,534	\$ 49,078
2020	19,365	19,679	24,534	49,078
2021	60,017	19,679	24,531	-
2022	60,017	-	-	-
2023	60,017	-	-	-
2024 -2028	300,085	-	-	-
Total minimum annual lease payments	518,866	59,037	73,599	98,156
Less amount representing interest	(98,866)	(4,679)	(5,210)	(5,084)
Net present value of net minimum payments	<u>\$ 420,000</u>	<u>\$ 54,359</u>	<u>\$ 68,389</u>	<u>\$ 93,072</u>

##### *Changes in Long-term liabilities*

Long-term debt activity for the 2018 fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital lease obligations	\$ 297,759	\$ 420,000	\$ 81,939	\$ 635,820	\$ 90,293
Compensated absences	87,212	138,086	87,212	138,086	138,086
<b>Total</b>	<u>\$ 384,971</u>	<u>\$ 558,086</u>	<u>\$ 169,151</u>	<u>\$ 773,906</u>	<u>\$ 228,379</u>
<b>Business-Type Activities:</b>					
Certificate of participation	\$ 385,400	\$ -	\$ 7,400	\$ 378,000	\$ 7,700
Certificates of participation, 2008	2,830,000	-	46,000	2,784,000	48,000
USDA Loan	131,041	-	2,243	128,799	2,337
USDA Loan, 2010	202,045	-	21,627	180,418	22,573
Bank loan	19,932	-	7,641	12,290	8,078
Compensated absences	82,526	108,694	82,526	108,694	108,694
<b>Totals</b>	<u>\$ 3,650,944</u>	<u>\$ 108,694</u>	<u>\$ 167,437</u>	<u>\$ 3,592,201</u>	<u>\$ 197,382</u>

##### *Subsequent Event:*

In March 2019, the District used unspent lease proceeds from the water tender escrow fund to repay \$104,329 in the lease obligation. The debt service repayment schedule for this lease was amended to reflect the repayment and reduced the annual minimum lease payments from fiscal 2021 through fiscal 2028 from \$60,017 per annum to \$44,744 per annum.

## **BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**

### **Notes to the Basic Financial Statements June 30, 2018**

#### **Note 5. Other Information**

##### **A. Risk Management**

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

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

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

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

There have been no significant changes in insurance coverages in fiscal 2018. Settlements have not exceeded coverage for each of the past three fiscal years. There were no significant claim liabilities at the end of fiscal 2018.

## BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

### Notes to the Basic Financial Statements June 30, 2018

#### Note 5. Other Information (Continued)

##### **B. Contingencies, Commitments and Wastewater Agreement**

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

*Grants and allocations.* Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor 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 grantor 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 provides 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. Commencing with the next installment due by the City on the City's USDA loans, 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. In addition, the District shall pay by May 25, 2015, \$213,500 representing the amounts withheld by the District toward the City's USDA loan number 7. 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. The \$213,500 required payment was made by the District and expensed in fiscal 2015.

*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.

##### **C. Public Employee Pension Plans**

*Plan Description* - 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.



# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 5. Other Information (Continued)

#### C. Public Employee Pension Plans (Continued)

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, 2014 (the measurement date), the average active employee contribution rate is 6.891 percent of annual pay, and the average employer contribution rate is 24.901 percent of annual payroll (6.905 and 14.533 percent for the safety plan).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions - At June 30, 2018 the District reported a liability of \$2,038,445 for its proportionate share of the net pension liability for all plans. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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 plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2018, the District's proportion was 0.038310 percent for the miscellaneous plan and 0.004670 percent for its safety plan. For the measurement period ending June 30, 2017, the District recognized pension expense of \$294,888. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$ -	\$ (29,044)
Changes in assumptions	249,790	-
Net difference between projected and actual Earnings on pension plan investments	61,155	-
Changes in proportions and differences between District contributions and proportionate share of contributions	8,968	(24,490)
District contributions subsequent to the Measurement date	208,022	-
Totals	<u>\$527,935</u>	<u>\$ (53,534)</u>

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**

**Notes to the Basic Financial Statements  
June 30, 2018**

**Note 5. Other Information (Continued)**

**C. Public Employee Pension Plans (Continued)**

The \$208,022 reported as deferred outflows of resources related to pensions from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability financial reporting year ended June 30, 2019 (plan measurement date of June 30, 2018). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
	2019	\$33,811
	2020	169,031
	2021	99,846
	2022	(36,309)
	2023	-
	Thereafter	-

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Safety Plan</u>		
Differences between expected and actual experience	\$ 1,927	\$ -
Changes in assumptions	34,892	-
Net difference between projected and actual Earnings on pension plan investments	8,240	-
Changes in proportions and differences between District contributions and proportionate share of contributions	3,221	(757)
District contributions subsequent to the Measurement	24,729	-
Totals	<u>\$ 73,009</u>	<u>\$ (757)</u>

The \$24,279 reported as deferred outflows of resources related to pensions from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the financial reporting year year ended June 30, 2019 (plan measurement year June 30, 2018). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$8,349
2020	27,479
2021	16,518
2022	(4,823)
2023	-
Thereafter	-

# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 5. Other Information (Continued)

#### C. Public Employee Pension Plans (Continued)

*Actuarial Assumptions* – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.0 percent
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

All other actuarial assumptions used in the June 30, 2016 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 the CalPERS website under Forms and Publications.

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 cash flows. The expected rate of return was then set equivalent to a single equivalent rate calculated by CalPERS and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0	.80	2.27
Inflation Sensitive	6.0	.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure & Forestland	-	3.90	5.36
Liquidity	2.0	(.40)	(.90)

*Discount Rate* – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would 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 Employee Retirement Fund.

*Sensitivity of the District's 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 calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1-percentage higher (7.15 percent) than the current rate:

District's proportionate share of the net pension liability	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Miscellaneous Plan	\$2,745,899	\$1,854,554	\$1,116,327
Safety Plan	\$ 308,740	\$ 183,891	\$ 81,832

## BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

### Notes to the Basic Financial Statements June 30, 2018

#### Note 5. Other Information (Continued)

##### C. Public Employee Pension Plans (Continued)

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

##### **D. Restricted Net Position and Fund Balances**

The \$375,169 restricted net position in the business type activities represents assets that can be used only in accordance with restrictions imposed by law or regulations. The \$309,980 restricted fund balance in the fire fund consists of escrowed funds for capital acquisitions. The \$110,020 non-spendable in the fire fund represents a deposit on the water tender delivered in December 2018.

##### **E. Other Post- Employment Benefits**

###### *Plan Description.*

The District's agent multiple-employer defined benefit OPEB Plan provides OPEB for all eligible full-time 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.

###### *Employees Covered by the Benefit Terms.*

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefits	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>10</u>
	<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, 2018, the District's contribution rate was 1.9 percent of covered employee payroll. The amount contributed for fiscal 2018 was \$14,341 which amount was based on the District's decision to prefund its obligation. Employer contributions are made on an ad hoc basis.

###### *Net OPEB Liability*

The District's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 5. Other Information (Continued)

#### E. Other Post- Employment Benefits (Continued)

##### *Actuarial assumptions*

The total net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.75 percent per year
Salary increases	3.0 percent per year
Investment rate of return	6.75 percent net of investment expense including inflation
Healthcare cost trend rates	7.5 percent for 2019 decreasing to 4 percent in 2076 and later years

Post retirement mortality projected fully generational with Scale MP-17.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial valuation as of June 30, 2017.

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

##### *Discount Rate*

The discount rate used was 4.09 percent at June 30, 2017 and 3.40 percent at June 30, 2016

##### *Changes in the Net OPEB Liability:*

	<i>Increase (Decrease)</i>		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (a)	Net OPEB Liability (a) – (b)
Balances at 6/30/2017	\$211,947	\$ 29,102	\$182,845
Changes for the year:			
Service cost	11,312	-	11,312
Interest	7,347	-	7,347
Actual versus expected experience			
Assumption changes	(6,905)		(6,905)
Contributions – employer		14,341	(14,341)
Net investment income		3,073	(3,073))
Benefit payments	(14,341)	(14,341)	-
Administrative expenses	-	(16)	16
Net changes	(2,587)	3,057	(5,644)
Balances at 6/30/2018	\$209,360	\$32,159	\$177,201

# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 5. Other Information (Continued)

#### E. Other Post - Employment Benefits (Continued)

*Sensitivity of the Net OPEB Liability to changes in the discount rate and health- care cost trend rates*

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the Net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage point higher (8 percent) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Net OPEB Liability (Asset)	\$187,286	\$177,201	\$167,636

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Current Trend</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$163,142	\$177,201	\$193,443

#### *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, 2018, the District recognized OPEB expense of \$15,358. At June 30, 2018, 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	\$ -	\$ -
Changes of assumptions	-	5,773
Net differences between projected and actual earnings on OPEB plan investments	-	888
Contributions subsequent to the measurement date	<u>15,066</u>	<u>-</u>
Totals	<u>\$ 15,066</u>	<u>\$6,661</u>

# BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

## Notes to the Basic Financial Statements June 30, 2018

### Note 5. Other Information (Continued)

#### E. Other Post - Employment Benefits (Continued)

Contributions subsequent to the measurement date (June 30, 2017) will be considered in the plan valuation (June 30, 2018) for the 2019 fiscal year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended June 30	Amounts
2019	\$ (1,354)
2020	(1,354)
2021	(1,354)
2022	(1,354)
2023	(1,132)
Thereafter	(113)

#### *Payable to the OPEB Plan*

At June 30, 2018, the District had no payable for the outstanding amount of contributions to the plan for the year ended June 30, 2018.

#### F, Special Item - Social Security Section 218 Coverage Agreement

The District voluntarily entered into an agreement with the Social Security Administration to provide Social Security and Medicare Hospital Insurance to District employees. The \$97,324 reported in the statement of activities and the fund financial statements represents the costs associated with implementation of the agreement.

#### G. Change in Accounting Principle

The District in fiscal 2018 made a change in its accounting practices in order to implement the accounting and financial reporting requirements of the Governmental Accounting Standards Board (GASB) Statement Number 75 titled Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The District also changed its method of accounting for delinquent special fire taxes and water/wastewater availability fees. The change was made to record delinquent accounts for amounts reported by the County as delinquent for the current and past four years. The impact of the changes in accounting principles had the following impact on the District's statement of net position:

	Governmental Activities	Business-Type Activities	Total District
Net position, June 30, 2017			
As originally reported	\$5,065,951	\$4,257,623	\$9,323,574
Change in accounting principle:			
OPEB obligation payable	(34,693)	(122,506)	(157,199)
Delinquent water and wastewater availability fees		156,726	156,726
Delinquent special fire taxes	313,965	-	313,965
Net position June 30, 2017			
As restated	<u>\$5,345,223</u>	<u>\$4,291,843</u>	<u>\$9,637,066</u>

**Required Supplementary Information**  
**Brooktrails Township Community Services District**  
**Budgetary Comparison Schedule - General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts			
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b>Fund Balance, July 1</b>	\$ 395,654	\$ 395,654	\$ 395,654	\$ -
Resources (inflows):				
Property taxes	124,918	124,918	315,455	190,537
Plan check fees	-	-	2,670	2,670
Rents	4,800	4,800	4,000	(800)
Interest	5,100	5,100	1,853	(3,247)
Franchise fees	27,216	27,216	30,828	3,612
Interfund charges for service	383,959	383,959	357,699	(26,260)
Insurance refunds	-	-	-	-
Miscellaneous	-	-	13,046	13,046
Amounts available for charges to appropriations	941,647	941,647	1,121,205	179,558
<b>Charges to appropriations:</b>				
<b>General government:</b>				
Personnel	368,811	368,811	403,279	(34,468)
Supplies	6,500	6,500	12,300	(5,800)
Contract services	12,000	12,000	24,977	(12,977)
Legal	25,930	25,930	39,336	(13,406)
Contingencies	500	500	-	500
Other services and materials	95,136	95,136	66,128	29,008
<b>Recreation</b>				
Other services and supplies	81,070	81,070	91,593	(10,523)
<b>Capital outlay</b>	14,600	14,600	32,652	(18,052)
<b>Transfers out</b>	-	-	244,402	(244,402)
Total charges to appropriations	604,547	604,547	914,667	(310,120)
Fund Balance, June 30	\$ 337,100	\$ 337,100	\$ 206,538	\$ (130,562)



**Required Supplementary Information**  
**Brooktrails Township Community Services District**  
**Budgetary Comparison Schedule - General Fund**  
**Note to RSI**  
**For the Fiscal Year Ended June 30, 2018**

**Note A. Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and expenditures:**

**Sources/inflows resources:**

Actual amounts "available for appropriation" from budgetary comparison schedule:	\$ 1,121,205
Differences - budget to GAAP:	

The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(395,654)
	(395,654)

Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 725,551
	\$ 725,551

**Uses/outflows of resources:**

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 914,667
---	------------

Differences - budget to GAAP:	
Transfers out are a budgetary outflow , but are not considered to be expenditures for financial reporting purposes	(244,402)
Less special item for Social Security System buy in	(33,572)
	(277,974)

Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 636,693
	\$ 636,693

**Required Supplementary Information**  
**Brooktrails Township Community Services District**  
**Budgetary Comparison Schedule - Fire Services Fund**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 70,769	\$ 70,769	\$ 70,769	\$ -
Resources (inflows):				
Special fire taxes	490,000	490,000	486,838	(3,162)
Interest	-	-	29	29
Charges for services	11,000	11,000	35,021	24,021
Intergovernmental grants	-	-	18,451	18,451
Proposition 172 allocations	-	-	20,787	20,787
Miscellaneous	20,000	20,000	3,456	(16,544)
Capital lease financing	-	-	420,000	420,000
Donations	2,500	2,500	-	(2,500)
Transfers in	-	-	244,402	244,402
Amounts available for charges to appropriations	<u>594,269</u>	<u>594,269</u>	<u>1,299,753</u>	<u>705,484</u>
<b>Charges to appropriations:</b>				
<b>Fire Services:</b>				
Salaries and benefits	252,855	252,855	384,527	(131,672)
Services and supplies	98,300	98,300	153,309	(55,009)
Interfund charges for services	64,183	64,183	64,183	-
Insurance	22,913	22,913	15,231	7,682
Contingencies	22,000	22,000	-	22,000
Debt service	93,300	93,300	96,260	(2,960)
Capital outlay	18,000	18,000	-	18,000
Total charges to appropriations	<u>571,551</u>	<u>571,551</u>	<u>713,510</u>	<u>(141,959)</u>
Fund Balance, June 30	<u>\$ 22,718</u>	<u>\$ 22,718</u>	<u>\$ 586,243</u>	<u>\$ 563,525</u>

**Explanation of Difference between Budgetary Inflows and Outflows and GAAP  
Revenues and Expenditures:**

Sources/inflows resources:

Actual amounts available "available for appropriation" from above budgetary comparison schedule: \$ 1,299,753

Differences - budget to GAAP:

Proceeds of capital leases are reported as an other financing sources in the funds and not as revenues in the funds (420,000)

Transfers in are a financial resource, but are not considered as revenues for financial reporting purposes (244,402)

The fund balance at the beginning of the year is a budgetary resource but is (70,769)

Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 564,582

Uses/outflows resources:

Actual amounts "total charges to appropriations " from the budgetary comparison schedule \$ 713,510

Less special item: Social Security Section 218 Coverage Agreement (24,766)

Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds \$ 688,744

**Brooktrails Township Community Services District**  
**Schedule of the District's Proportionate Share of Net Pension Liability**  
**(Last Ten Fiscal Years)**  
**June 30, 2018**

	Fiscal Year End			
	2015	2016	2017	2018
	6/30/2014	6/30/2015	6/30/2016	6/30/2017
<b>Measurement Date</b>				
District's proportionate of the net pension liability	0.02469%	0.02207%	0.02129%	0.02129%
District's proportionate share of the net pension liability	\$ 1,536,497	\$ 1,514,887	\$ 1,842,415	\$2,038,445
District's covered employee payroll	\$ 585,403	\$ 621,263	\$ 666,499	\$ 707,313
District's proportionate share of the net pension liability as a percentage of covered employee payroll	262.47%	243.84%	276.43%	255.66%
Plan's fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%

Notes to the schedule:

**Benefit changes:** There were no plan changes

**Changes in assumptions:** In fiscal 2016, the Plan's discount rate was changed from 7.65 percent to 7.50 percent.

In fiscal 2018, the discount rate was changed from 7.50 percent to 7.15 percent.

**Last Ten Years:** 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**  
**Schedule of the District's Employers Pension Plan Contributions**  
**(Last Ten Fiscal Years)**  
**June 30, 2018**

<b>Contributions for the Fiscal Year Ended</b>	<b>June 30</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Contractually required contribution	\$ 126,263	\$199,033	\$214,472	\$ 88,686
Contribution in relation to the contractually required contribution	\$ 126,263	\$199,033	\$214,472	\$ 88,696
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered employee payroll	\$ 621,263	\$666,499	\$797,313	\$451,233
Contributions as a percentage of covered employee payroll	20.32%	29.86%	26.90%	19.65%

**Notes to the schedule:**

**Plan valuation Date:** June 30, 2016

**Last Ten Years:** 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 Changes in The District's Net OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years**

	<u>2018</u>
<b>Total OPEB Liability:</b>	
Service cost	\$ 11,312
Interest	7,347
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(6,905)
Benefit payments	<u>(14,341)</u>
<b>Net change in total OPEB Liability</b>	(2,587)
<b>Total OPEB liability, beginning of year</b>	<u>211,947</u>
<b>Total OPEB liability, end of year (a)</b>	<u><u>\$ 209,360</u></u>
<b>Plan fiduciary net position:</b>	
Contributions employer	\$ 14,341
Net investment income	3,073
Benefit payments	(14,341)
Administrative expense	<u>(16)</u>
<b>Net change in fiduciary net position</b>	3,057
<b>Plan fiduciary net position, beginning of year</b>	<u>29,102</u>
<b>Plan fiduciary net position, end of year (b)</b>	<u><u>\$ 32,159</u></u>
<b>District's net OPEB liability, end of year (a-b)</b>	<u><u>\$ 177,201</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	15.4%
<b>Covered payroll</b>	\$ 766,516
<b>District's net OPEB liability as a percentage of covered payroll</b>	23.1%

**Notes to Schedule:**

Benefit changes: In fiscal 2018 there were no changes.

Changes of assumptions: In fiscal 2018, there were no changes.

Ten years of Data: Fiscal 2018 was the first year of implementation of the GASB Statement Number 75. Additional years information will be presented as it becomes available.

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT**  
**Required Supplementary Information**  
**Schedule of OPEB Plan Contributions**  
**Last 10 Fiscal Years**

	<u>2018</u>
Actuarially determined contribution	\$ 14,341
Contributions in relation to the actuarially determined contribution	<u>(14,341)</u>
Contribution deficiency (Excess)	<u>\$ -</u>
 Covered payroll	 \$ 773,766
Contributions as a percentage of covered payroll	1.9%

**Notes to schedule:**

Valuation Date	June 30, 2017
Methods and assumptions:	Entry age
Actuarial method	Level percentage of payroll, closed
Amortization method	22 year closed period for 2017/2018
Asset valuation method	Market value assets
Inflation	3.0 percent
Healthcare cost trend rates	4.0 percent per year
Salary increases	2.75 percent average including inflation
Investment rate of return	6.75 percent
Retirement age	2009 CalPERS 2.0 % @60 and 2.5% @ 55
Mortality	Post retirement mortality projected fully generational with Scale MP-17
Benefit changes	None in fiscal 2018
Changes of assumptions	None in fiscal 2018
Ten years of data	Fiscal 2018 was the first year that GASB Statement Number 75 was implemented by the District. Additional years data will be presented as it becomes available.