

**CASTROVILLE  
COMMUNITY SERVICES DISTRICT**

**Annual Financial Report  
and Supplemental Information  
with  
Independent Auditor's Report Thereon**

**June 30, 2021**

PROPOSED FINAL DRAFT

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Financial Statements  
June 30, 2021

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**CASTROVILLE COMMUNITY SERVICES DISTRICT**

**ORGANIZATION**  
June 30, 2021

**GOVERNING BOARD OF DIRECTORS**

| <b><u>Name</u></b> | <b><u>Office</u></b> |
|--------------------|----------------------|
| James R. Cochran   | President            |
| Glenn Oania        | Vice-President       |
| Cosme Padilla      | Director             |
| Ron Stefani        | Director             |
| Adriana Melgoza    | Director             |

**ADMINISTRATION**

|              |                                |
|--------------|--------------------------------|
| Eric Tynan   | General Manager                |
| Lidia Santos | Board Secretary/Office Manager |

PROPOSED FINAL DRAFT

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Castroville Community Services District  
Castroville, CA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Castroville Community Services District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

Board of Directors  
Castroville Community Services District  
Castroville, CA

## **Opinion**

In our 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, and each major fund of Castroville Community Services District, California, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed under the table of contents, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Castroville Community Services District's basic financial statements. The other supplementary information, as listed in the Table of Contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The enterprise funds' budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fechter & Company  
Certified Public Accountants

Sacramento, California  
November 8, 2021

## **CASTROVILLE COMMUNITY SERVICES DISTRICT**

### **Management's Discussion and Analysis June 30, 2021**

As management of the Castroville Community Services District (the District) (CCSD), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Castroville Community Services District for the fiscal year ended June 30, 2021. The Castroville Community Services District's financial management is responsible for preparing the Management's Discussion and Analysis section.

The Castroville Community Services District was formerly the Castroville Water District, a special district formed in 1952 under the County Water District Act for the purpose of installing, operating, and distributing a water supply for the community of Castroville. In May of 2006, the District assumed the assets and liabilities for the sewer and storm drain from CSA 14. In February of 2008, the Castroville Water District and CSA 14 were merged to create the Castroville Community Services District that resulted in acquiring additional services such as street lighting, recreational funding, open space, and street maintenance. Finally, in 2014 the CCSD merged with the Moss Landing Sanitation District which CCSD had been operating under contract for several years.

Currently, Monterey County and the community of Castroville are following the Castroville Community Plan, a plan that guides development in Castroville. If followed, this plan would more than double the size of Castroville, adding an additional 1,655 residential units, 40 new light industrial facilities, 50,000 square feet of commercial development, and a new light rail commuter train station.

In summary, the District with all the new services acts much like a small city government, which was in response to the community wanting more local control and accountability. With this merger, the District has tripled its area, contributed to a more efficient delivery of services, and increased its reserves for needed CIP projects.

### **ENTERPRISE-WATER OPERATIONS**

Presently, the District serves over approximately 7,000 customers through 2,145 water connections in the community of Castroville, which is in the northern Salinas Valley in Monterey County. The District provides approximately 780 acre-feet of water annually to government, commercial, and residential customers. The District operates four domestic water production wells and the estimated capacity of all four wells is approximately 6.12 million gallons per day. The water system encompasses approximately 13 miles of pipeline and includes two water storage tanks with a capacity of 1.1 million gallons. Monitoring wells are strategically placed along the coast to monitor water quality and groundwater levels in the aquifers that make up our water supply. All wells have real-time level transducers as well as "bubblers" to monitor static water level in the wells. In addition, all wells are sampled for over 180 constituents including but not limited to: chlorides, coliform, nitrates, nitrites, total dissolved solids, iron, turbidity, chromium, and sodium. At this time, the District receives 75 percent of its water from the 400-foot aquifer and 25 percent of its water from the 900-foot or "deep" aquifer. Unfortunately, Well #5 has arsenic at 21 ppb, and the limit is 10 ppb per the State Water Resource Control Board. A treatment system has been installed by Conco-West, Inc. and overseen by MNS Engineers to meet the lower standard arsenic standard. The District's cost for the arsenic treatment system was approximately \$1,250,000 and this treated water is being blended with the existing Well #2 at this site to bring the blended water below the 10-ppb level. The District was awarded a grant for \$581,000 from the California Department of Water Resources from

## **CASTROVILLE COMMUNITY SERVICES DISTRICT**

Management's Discussion and Analysis  
June 30, 2021

### **ENTERPRISE-WATER OPERATIONS - continued**

Prop 84 measure to facilitate treatment of this source, which has been finalized as of April 2016. In May of 2021 the Arsenic media used to bind the arsenic was saturated and was replaced with new media at a cost of \$137,800. The Castroville Community Services District passed a 218 measure in 2015 to increase water rates for the next five years in anticipation of developing more expensive water sources and to guarantee funding of current needs and future projects, and 2020 was the final year of the water rate increase.

Historically, the District has been wary of salt-water intrusion of its source aquifers. There has been some new movement in the Castroville area of the salt-water contour since 1997. While slowed, it is believed that this is due at least in part to the Castroville Seawater Intrusion Project (CSIP). Well #2 and Well #3 were starting to show signs of seawater intrusion and have been modified to seal off the upper perforations that allowed chlorides to exceed the 500 mg/L limit. Well #2 has a chloride of 68 mg/L which is below the secondary standard of 500 mg/L. Recently, Well #3 exceeded the secondary MCL of 500 mg/L and the District investigated options to replace or restore this resource. In spite of Well #3 being modified to reduce the recent spike in chlorides the District will be disconnecting Well #3 to saltwater intrusion this year and has agreed to pay \$83,000 to MCWRA for its destruction.

In addition, in response to losing Well #3, the District is investing in a new deep well at site #4. The District applied for Proposition 1 funding with the California Department of Water Resources and received a \$395,000 grant for the Emergency Deep Aquifer Supply and Storage Tank Project to help get technical planning and implementation plans for a Deep well, tank filling through the distribution system, and additional storage from a new 640,000-gallon storage tank. Also, should it become available, connecting to the Monterey Peninsula Water Supply Project (MPWSP) would be another response to losing Well #3. The District has a Water Purchase Agreement that would access desal water from the California American Water Desal Project (CAWDP) located north of Marina. The District would purchase the desal water from California American Water at a price based on the cost of pumping from its current wells. This purchased water would be used in lieu of pumping our wells in the hope it would help preserve the local aquifers and help halt seawater intrusion.

Additionally, the District is keeping an eye on the Salinas River Diversion Facility (SRDF), which started up in 2013, but due to the drought, was shut down in 2021. The SRDF is now not running but it is expected that up to 9 supplemental wells will be retired around Castroville when flows return to the Salinas River.

### **ENTERPRISE-SEWER OPERATIONS**

The District assumed the responsibilities and assets for sewer and storm drain activities on May 1, 2006 from County Service Area 14 (CSA 14). The sewer system incorporates 18 miles of main lines and five lift stations, three lift stations located in Castroville Zone 1, and the other two located in Zone 2. Along with these systems, the District acquired a jetter truck, utility truck with a crane, and cash reserves. The District has a large reserve fund balance as a result of the sale of a wastewater treatment facility a number of years ago by Castroville Sanitation District to the Monterey One Water formerly Monterey Regional Water Pollution Control Agency (MRWPCA); this fund itself generates additional income in the form of interest on principal.

## CASTROVILLE COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
June 30, 2021

### **ENTERPRISE-SEWER OPERATIONS - continued**

The proceeds and interest earned from the sale of the wastewater treatment facility are used to maintain, operate, repair, and construct sewer facilities in Zone 1 necessary to connect to the Monterey One Water treatment facilities. For this reason, no sewer user fees are assessed for Castroville (Zone 1) at this time. Currently, the District is pursuing a \$2,800,000 dollar grant to connect a new sewer main called the Washington Sewer Trunk Line Bypass to alleviate some of the flow in the main trunk-line connected to the regional pump station.

Moro Cojo, Monte Del Lago Mobile Home Park, and North Monterey County High School (Zone 2) are assessed user fees for sewer. In 2016, the District proceeded with a 218 measure to increase user fees for the next five years and 2020 was the final year.

In July of 2014, the District consolidated with the Moss Landing County Sanitation District creating Zone 3. Since acquiring the Moss Landing system, the District has installed a state-of-the-art remote control and monitoring system, replaced 12 damaged manholes, and plugged the storm drain inlets of 7 residences on Struve Road that created a cross connection with the sewer system. Sewer fees for Moss Landing (Zone 3) are collected by Monterey One Water and then sent to Castroville Community Services District. The District received a \$500,000 grant from the Department of Water Resources for the Moss Landing Wastewater Rehabilitation Project to facilitate upgrades to the Moss Landing sewer system and is currently applying for a \$2,800,000 grant to replace motor control centers, gravity lines, and a force main running under the Highway 1 bridge over the Elkhorn Slough for Moss Landing (Zone 3).

Furthermore, throughout the three sewer service areas, broken or damaged sewer mains and manholes were repaired or replaced, which has resulted in a more efficient and less costly operation and maintenance program. In addition, the SCADA system control was upgraded and has greatly increased the District's ability to monitor and respond to all lift station trending, alarms, or other concerns. The force mains in Castroville (Zone 1) were all "pigged" in 2008 to clear them of debris. The lift pumps were also repaired or replaced at all the lift stations. The force mains in Moss Landing (Zone 3) were scheduled for pigging in 2020/2021 fiscal year but have been rescheduled for 2021/2022.

### **ENTERPRISE-STORM DRAIN OPERATIONS**

Storm Drain user fees are assessed for both Castroville (Zone 1) and Moro Cojo (Zone 2). The storm drain system includes approximately 16 miles of main lines, four Vortec units, and 187 catch basins. All basins are being labeled with "Don't Dump, Flows to Bay." Currently, the District cleans the storm drain basins as needed, as well as contracting with a private company for street sweeping as needed to help keep debris from plugging the storm drain system. In September of 2013, the Union Street Storm Drain Project was completed in coordination with Monterey County Public Works. The District installed the basins and pipe and Monterey County Public Works put in the street, curb, and gutter. The Union alley storm drain and Rico Street storm drains were also installed. "Do not Dump" medallions were installed on storm drain inlets to deter illegal dumping.



# CASTROVILLE COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
June 30, 2021

## GOVERNMENTAL-STREET LIGHTS

Street light user fees are assessed for both Castroville (Zone 1) and Moro Cojo (Zone 2). The District is responsible for the electrical cost of these street lights to PG&E. Street lights are not metered and instead charged a flat rate fee, therefore, it is important that the District notify PG&E when a street light needs to be repaired. In 2016, all street lights were upgraded by PG&E to LED's. The resulting saving of approximately 60% will be used over the next few years to pay back the retrofit by PG&E. Current PG&E is reviewing what savings have been achieved.

The District has also replaced the lights, ballasts, and hardware on the crossover walkway in Castroville (Zone 1). A few years ago, a bulb-out was installed at the Castroville overhead sign to protect it from truck damage.

## GOVERNMENTAL-OPEN SPACE

Only Moro Cojo (Zone 2) is assessed user fees for open space. The District is only responsible for open space maintenance on approximately 3 acres fronting the Moro Cojo subdivision. This maintenance is performed two to three times a year and contracted out to the North County Recreation and Park District. It was mowed in August 2020 and June 2021.

## GOVERNMENTAL-STREET MAINTENANCE

Only Moro Cojo (Zone 2) is assessed user fees for street maintenance. All streets were resurfaced and stop lines and limit lines stenciled for the streets in Moro Cojo during fiscal year 2013-14. For fiscal year 2020-2021, damaged street signs were replaced and graffiti was painted over.

## GOVERNMENTAL-RECREATIONAL SERVICES

Recreational Services are extended services authorized to be provided by the District. The District can either provide services to its residents directly or may contract with another public agency to provide such services. Recreational funding is routed through the North County Recreation and Park District (NCRPD). Funds for NCRPD had been paid by CSA 14 before it was dissolved. Recreational funding is provided by ad valorem property tax revenues collected for Castroville (Zone 1). For fiscal year ended June 30, 2021, \$120,000 was provided to NCRPD for recreational funding of which \$20,000 was allocated for capital improvent projects. For clarification, revenues used to pay NCRPD come from ad valorem property taxes and may be used for any purpose the District is authorized to perform, including recreational funding.

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
June 30, 2021

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Castroville Community Services District's basic financial statements. The Castroville Community Services District's basic financial statements include four components:

- Government-wide financial statements
- Governmental fund financial statements
- Enterprise fund financial statements, and
- Notes to the basic financial statements

The financial statements presented here include all the activities of the Castroville Community Services District. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that the financial report present the District together with any component units that it has. The District has no component units as described in the GASB Statement.

This report also contains other supplementary information in addition to the basic financial statements themselves. In addition, there are several different types of financial statements within the first three groups identified above.

### ***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Castroville Community Services District finances, in a manner similar to a private-sector business. These government-wide financial statements can be found as listed under the table of contents of this report. This statement presents a measure of all assets, liabilities, revenues, expenses, gains, and losses using the economic resources measurement focus using the accrual basis of accounting.

The statement of net assets presents information on all of the Castroville Community Services District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Castroville Community Services District is improving or deteriorating.

The statement of activities presents information showing how the entity's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows (inflows and outflows of cash) in future fiscal periods (e.g., earned but unused vacation leave). The activities of the Castroville Community Services District are conducted by the District; governed by its own five-person board of directors who are responsible for policy decisions, which govern the operations of the District.

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
June 30, 2021

## ***Governmental Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Castroville Community Services District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Castroville Community Services District uses enterprise fund types of enterprise funds for its business-type activities. The Castroville Community Services District uses governmental funds types for its governmental-type activities. The Castroville Community Services District uses governmental funds to account for its street-light, open space, and street maintenance operations. Ad valorem property taxes are used for recreational services. In addition, as mentioned earlier, revenue from ad valorem property taxes may be used for any purpose the Castroville Community Services District is authorized to perform.

Governmental funds are used to report the same functions presented as governmental-type activities in the government-wide financial statements. The Castroville Community Services District uses governmental funds to account for its general government and recreation activities. Governmental funds financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Governmental funds provide the same type of information as the government-wide financial statements, only in more detail. The governmental fund financial statements provide separate information for the general government and recreation activities of the Castroville Community Services District.

## ***Enterprise Funds Financial Statements***

Enterprise funds are used to report the same functions presented as business-type activities. The Castroville Community Services District uses enterprise funds to account for its water, sewer, and storm drain operations.

The enterprise fund financial statements provide separate information for the water, sewer, and storm drain operations, which are considered to be the major funds of the Castroville Community Services District. Enterprise funds financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

## ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items.

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
June 30, 2021

## ***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Castroville Community Services District's progress in funding its obligations.

## **Government-Wide Financial Analysis – Overall Financial Position**

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Castroville Community Services District, assets exceeded liabilities by \$19,283,645 at the close of the most recent fiscal year.

By far the largest portion of the Castroville Community Services District's net assets, \$13,138,146 (68 percent) reflects unrestricted net assets which may be used to meet the District's ongoing obligations to citizens and creditors. An additional portion of the Castroville Community Services District's net assets, \$5,702,206 (28 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. The Castroville Community Services District uses these capital assets to provide services to citizens of Castroville. Consequently, these assets are not available for future spending.

**Table 1 - Condensed Statement of Net Position**

| Description                        | Government-Type Activities |                   | Business-Type Activities |                     |
|------------------------------------|----------------------------|-------------------|--------------------------|---------------------|
|                                    | 2021                       | 2020              | 2021                     | 2020                |
| Cash and other current assets      | \$ 465,956                 | \$ 399,583        | \$13,414,783             | \$12,456,852        |
| Capital assets, net                | 17,513                     | 18,810            | 5,684,693                | 5,803,561           |
| Other non-current assets           | -                          | -                 | 62,471                   | 66,593              |
| Deferred outflows                  | -                          | -                 | 561,131                  | 910,500             |
| Total assets                       | <u>\$ 483,469</u>          | <u>\$ 418,393</u> | <u>\$19,723,078</u>      | <u>\$19,237,506</u> |
| Current liabilities                | \$ 22,662                  | \$ 3,487          | \$ 233,788               | \$ 193,924          |
| Noncurrent liabilities             | -                          | -                 | 189,414                  | 824,023             |
| Deferred inflows                   | -                          | -                 | 477,037                  | 97,735              |
| Total liabilities                  | <u>22,662</u>              | <u>3,487</u>      | <u>900,239</u>           | <u>1,115,682</u>    |
| Net Position:                      |                            |                   |                          |                     |
| Investment in capital assets       | 17,513                     | 18,810            | 5,684,693                | 5,870,154           |
| Restricted                         | 443,294                    | 396,096           | -                        | -                   |
| Unrestricted                       | -                          | -                 | 13,138,146               | 12,251,670          |
| Total net position                 | <u>460,807</u>             | <u>414,906</u>    | <u>18,822,839</u>        | <u>18,121,824</u>   |
| Total liabilities and net position | <u>\$ 483,469</u>          | <u>\$ 418,393</u> | <u>\$19,723,078</u>      | <u>\$19,237,506</u> |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Management’s Discussion and Analysis  
June 30, 2021

At the end of the current fiscal year, the Castroville Community Services District is able to report positive balances in its net assets. The same situation held true for the prior fiscal year.

**Table 2 - Condensed Statement of Activities**

| Description                           | Government-Type Activities |            | Business-Type Activities |               |
|---------------------------------------|----------------------------|------------|--------------------------|---------------|
|                                       | 2021                       | 2020       | 2021                     | 2020          |
| Fines, fees, and charges for services | \$ 66,693                  | \$ 66,368  | \$ 1,966,813             | \$ 1,728,256  |
| Other general revenues                | 1,641                      | 6,732      | 774,854                  | 909,073       |
| Total revenues                        | 68,334                     | 73,100     | 2,741,667                | 2,637,329     |
| Expenses                              | (175,934)                  | (153,441)  | (1,887,152)              | (1,810,948)   |
| Transfers in (out)                    | 153,500                    | 140,000    | (153,500)                | (140,000)     |
| Change in net position                | 45,900                     | 59,659     | 701,015                  | 686,381       |
| Net position, beginning               | 414,906                    | 355,247    | 18,121,824               | 17,435,443    |
| Net position, ending                  | \$ 460,806                 | \$ 414,906 | \$ 18,822,839            | \$ 18,121,824 |

The District’s Governmental–type activities net assets increased over the past two fiscal years. The primary reason is due to transfers in from other funds, along with other user fees, exceeding the payments to North County Recreation and Park District to provide recreation and park services. The Business-type activity reflects an increase in net assets in 2021 compared to 2020. The primary reason for this fluctuation is due to a continued increase in water sales and property tax apportionments during the year ending June 30, 2021.

***Enterprise Funds***

The Castroville Community Services District’s enterprise funds provide the same type of information found in the government-wide financial statements, but in a classified format. The reason they are similar is that business-type activities in the government-wide financial statements are presented on the economic resources measurement which is the same presentation method as in the fund level financial statements.

**Financial Highlights**

The assets of the Castroville Community Services District exceeded its liabilities at the close of the most recent fiscal year by \$18,822,839 (net position) in its business-type activities and \$460,807 for the governmental-type activities.

The Castroville Community Services District’s total assets increased primarily due to the \$586,694 increase in cash and cash equivalents.

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Management’s Discussion and Analysis  
June 30, 2021

**Analysis of Balances and Transactions of Funds**

The District is a multipurpose, enterprise entity, and as such, maintains multiple fund types which include interfund balances. The analysis of balances is shown in tables one and two of this report, and in the section labeled “Financial Highlights.” For further detailed information refer to “Statement of Activities,” as listed under the Table of Contents, which reflects changes in net assets as well as the change in the governmental funds.

**Analysis of Variations Between Original and Final Budget Amounts**

The District adopts its budget in accordance with California law. It is District policy to not modify the budget in total, although certain reallocations of expenditures may occasionally be made. The budget is adopted on a projected cash flow basis. It reflects items such as repayment of debt principal and projected capital expenditures as cash outflows that are not recognized as expenses under Generally Accepted Accounting Principles.

Budget variances are reviewed by District management on an ongoing basis as part of the financial management of the District. Budget variances during the year ended June 30, 2021 for Governmental activity consisted of:

**Table 3 - Budget Vs. Actual**

|   | <u>Budget</u>   | <u>Actual</u>   | <u>Variances</u> | <u>Explanation</u>                          |
|---|-----------------|-----------------|------------------|---|
| Revenues:   |                 |                 |                  |   |
| Investment earnings                               | \$67,030        | \$66,693        | \$ (337)         | Fluctuation in interest earned with LAIF    |
| Charges for services and other                    | 2,500           | 1,641           | (859)            |   |
| Total revenues                                    | <u>69,530</u>   | <u>68,334</u>   | <u>(1,196)</u>   |   |
| Expenditures:                                     |                 |                 |                  |   |
| Streets, street lights, and open space            | 60,860          | 54,637          | (6,223)          | Fee charged by NRCPD was less than expected |
| Recreation  | 140,000         | 120,000         | (20,000)         |   |
| Total expenditures                                | <u>200,860</u>  | <u>174,636</u>  | <u>(26,223)</u>  |   |
| Transfers in                                      | <u>153,500</u>  | <u>153,500</u>  | -                |   |
| Excess (deficiency) of revenues over expenditures | <u>\$22,170</u> | <u>\$47,198</u> | <u>\$ 25,027</u> |   |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Management’s Discussion and Analysis  
June 30, 2021

**Capital Assets and Debt Administration**

**Capital Assets**

The Castroville Community Services District’s investment in capital assets for its business-type activities as of June 30, 2021, totals \$5,684,693 (net of accumulated depreciation). Investment in capital assets includes water equipment, pumping equipment, lift station improvements, system improvements to storm drains, and building improvements. Additionally, the District also acquired the Moss Landing sanitation system as of July 1, 2014. The District incurred an increase in its investment in capital assets this year in comparison to last fiscal year.

Major capital asset classes during the current fiscal year included the following:

**Table 4 - Capital Assets, Net of Depreciation**

|                  | Enterprise Funds    |                     |
|------------------|---------------------|---------------------|
|                  | 2021                | 2020                |
| Water Fund       | \$ 3,886,802        | \$ 4,012,138        |
| Sewer Zone 1 & 2 | 1,341,701           | 1,350,983           |
| Sewer Zone 3     | 456,190             | 440,441             |
|                  | <u>\$ 5,684,693</u> | <u>\$ 5,803,562</u> |
|                  | Governmental Funds  |                     |
|                  | 2021                | 2020                |
| Overhead sign    | <u>\$ 17,513</u>    | <u>\$ 18,810</u>    |

Additional information on the Castroville Community Services District’s capital assets can be found in Note 3.

**Infrastructure Assets**

The District has adopted the recommended approach of GASB Statement No. 34 with regard to infrastructure assets. All identifiable infrastructure assets have been capitalized at their purchase cost, estimated value for contributed or donated assets, or estimated cost for those items expensed in prior years and not previously capitalized.

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
June 30, 2021

## **Economic Factors and Next Year's Rates**

The unemployment rate for Monterey County, in which Castroville Community Services District is located, was 7.4 percent in June 2021, which is decrease of 7 percent from a year ago due to the COVID-19 pandemic. This compares with an unadjusted unemployment rate of 7.7 percent for California and 5.9 percent for the nation during the same period.

The District is not raising water rates in Zone 1 or sewer rates in Zone 2 and Zone 3 for 2021/2022.

All these factors were considered in preparing the Castroville Community Services District's budget for the 2021/2022 fiscal year.

The District is required to adopt a budget by California law. Before the Districts adopts its budget, notice is hereby given that the preliminary budgets of the Castroville Community Services District of Monterey County for the fiscal year will be considered for adoption by the Board of Directors, and are available at the following time and place within the District for inspection by interested taxpayers.

## **Requests for Information**

This financial report is designed to provide a general overview of the Castroville Community Services District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Castroville CSD, 11499 Geil Street, Castroville, CA 95012.



**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

|                                       | Governmental<br>Activities | Business-Type<br>Activities | Totals               |
|---------------------------------------|----------------------------|-----------------------------|----------------------|
| <b>Assets</b>                         |                            |                             |                      |
| Current Assets:                       |                            |                             |                      |
| Cash and cash equivalents             | \$ 465,726                 | \$ 10,304,943               | \$ 10,770,669        |
| Investments                           | -                          | 2,902,067                   | 2,902,067            |
| Accounts receivable, net              | -                          | 160,993                     | 160,993              |
| Interest receivable                   | 227                        | 8,174                       | 8,401                |
| Supplies inventory                    | -                          | 33,775                      | 33,775               |
| Prepaid expenses                      | -                          | 4,831                       | 4,831                |
| <b>Total current assets</b>           | <b>465,953</b>             | <b>13,414,783</b>           | <b>13,880,736</b>    |
| Noncurrent Assets:                    |                            |                             |                      |
| Organizational costs                  | -                          | 62,471                      | 62,471               |
| Capital assets, net                   | 17,513                     | 5,684,693                   | 5,702,206            |
| <b>Total noncurrent assets</b>        | <b>17,513</b>              | <b>5,747,164</b>            | <b>5,764,677</b>     |
| <b>Total Assets</b>                   | <b>483,466</b>             | <b>19,161,947</b>           | <b>19,645,413</b>    |
| <b>Deferred Outflows of Resources</b> |                            |                             |                      |
| Related to pensions                   | -                          | 533,465                     | 533,465              |
| Related to OPEB                       | -                          | 27,666                      | 27,666               |
| <b>Liabilities</b>                    |                            |                             |                      |
| Current Liabilities:                  |                            |                             |                      |
| Accounts payable                      | 22,660                     | 54,131                      | 76,791               |
| Accrued payroll and benefits          | -                          | 113,836                     | 113,836              |
| Refundable deposits                   | -                          | 65,821                      | 65,821               |
| <b>Total current liabilities</b>      | <b>22,660</b>              | <b>233,788</b>              | <b>256,448</b>       |
| Long-term Liabilities:                |                            |                             |                      |
| Net pension liability                 | -                          | 23,038                      | 23,038               |
| Net OPEB liability                    | -                          | 166,376                     | 166,376              |
| <b>Total long-term liabilities</b>    | <b>-</b>                   | <b>189,414</b>              | <b>189,414</b>       |
| <b>Total Liabilities</b>              | <b>22,660</b>              | <b>423,202</b>              | <b>445,862</b>       |
| <b>Deferred Inflows of Resources</b>  |                            |                             |                      |
| Related to pensions                   | -                          | 455,630                     | 455,630              |
| Related to OPEB                       | -                          | 21,407                      | 21,407               |
| <b>Net Position</b>                   |                            |                             |                      |
| Net investment in capital assets      | 17,513                     | 5,684,693                   | 5,702,206            |
| Restricted - Special Revenue Projects | 443,293                    | -                           | 443,293              |
| Unrestricted                          | -                          | 13,138,146                  | 13,138,146           |
| <b>Total Net Position</b>             | <b>\$ 460,806</b>          | <b>\$ 18,822,839</b>        | <b>\$ 19,283,645</b> |

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

**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2021**

| Functions/Programs                     | Operating Expenses  | Program Revenues            | Net (Expenses) Revenues and Changes in Net Position |                          | Totals               |
|--|---------------------|-----------------------------|---|--------------------------|----------------------|
|  |                     | Fees & Charges for Services | Governmental Activities                             | Business-Type Activities |                      |
| <b>Governmental Activities:</b>        |                     |                             |   |                          |                      |
| Streets, Street Lights, and Open Space | \$ 55,934           | \$ 66,693                   | \$ 10,759   | \$ -                     | \$ 10,759            |
| Recreation                             | 120,000             | -                           | (120,000)   | -                        | (120,000)            |
| Total Governmental Activities          | <u>175,934</u>      | <u>66,693</u>               | <u>(109,241)</u>                                    | <u>-</u>                 | <u>(109,241)</u>     |
| <b>Business-Type Activities:</b>       |                     |                             |   |                          |                      |
| Water                                  | 1,116,362           | 1,479,430                   | -   | 363,068                  | 363,068              |
| Sewer                                  | 611,068             | 297,988                     | -   | (313,080)                | (313,080)            |
| Moss Landing                           | 159,722             | 189,395                     | -   | 29,673                   | 29,673               |
| Total Business-type Activities         | <u>1,887,152</u>    | <u>1,966,813</u>            | <u>-</u>  | <u>79,661</u>            | <u>79,661</u>        |
| Total primary government               | <u>\$ 2,063,086</u> | <u>\$ 2,033,506</u>         | <u>(109,241)</u>                                    | <u>79,661</u>            | <u>(29,580)</u>      |
| <b>General Revenues:</b>               |                     |                             |   |                          |                      |
| Property taxes                         |                     |                             | -   | 646,159                  | 646,159              |
| Interest income                        |                     |                             | 1,641   | 62,148                   | 63,789               |
| Other income                           |                     |                             | -   | 66,547                   | 66,547               |
| Total general revenues                 |                     |                             | <u>1,641</u>  | <u>774,854</u>           | <u>776,495</u>       |
| Change in net position                 |                     |                             | (107,600)   | 854,515                  | 746,915              |
| Interfund transfers                    |                     |                             | 153,500   | (153,500)                | -                    |
| Net position, beginning of year        |                     |                             | <u>414,906</u>                                      | <u>18,121,824</u>        | <u>18,536,730</u>    |
| Net position, end of year              |                     |                             | <u>\$ 460,806</u>                                   | <u>\$ 18,822,839</u>     | <u>\$ 19,283,645</u> |

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

**CASTROVILLE COMMUNITY SERVICES DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2021**

|  | Zone 1<br>Castroville | Zone 2<br>Moro Cojo | Total<br>Governmental<br>Funds |
|--|-----------------------|---------------------|--------------------------------|
| <b>Assets</b>                              |                       |                     |                                |
| Cash and cash equivalents                  | \$ 149,086            | \$ 316,640          | \$ 465,726                     |
| Accounts receivable:                       |                       |                     |                                |
| Accounts receivable, net                   | -                     | -                   | -                              |
| Interest receivable                        | 59                    | 168                 | 227                            |
| <b>Total assets</b>                        | <b>\$ 149,145</b>     | <b>\$ 316,808</b>   | <b>\$ 465,953</b>              |
| <b>Liabilities and Fund Equity</b>         |                       |                     |                                |
| <b>Liabilities</b>                         |                       |                     |                                |
| Accounts payable                           | \$ 21,832             | \$ 828              | \$ 22,660                      |
| <b>Total liabilities</b>                   | <b>21,832</b>         | <b>828</b>          | <b>22,660</b>                  |
| <b>Fund Balances</b>                       |                       |                     |                                |
| Restricted - Special Revenue Funds         | 127,313               | 315,980             | 443,293                        |
| <b>Total fund balances</b>                 | <b>127,313</b>        | <b>315,980</b>      | <b>443,293</b>                 |
| <b>Total liabilities and fund balances</b> | <b>\$ 149,145</b>     | <b>\$ 316,808</b>   | <b>\$ 465,953</b>              |

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

**CASTROVILLE COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2021**

|  |                          |
|--|--------------------------|
| Fund Balances of Governmental Funds  | \$ 443,293               |
| Amounts reported for governmental activities in the statement of net position are different because:                                 |                          |
| Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds. | <u>17,513</u>            |
| Net position of governmental activities  | <u><u>\$ 460,806</u></u> |

PROPOSED FINAL DRAFT

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

**CASTROVILLE COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED  
JUNE 30, 2021**

|   | Zone 1<br>Castroville    | Zone 2<br>Moro Cojo      | Total<br>Governmental<br>Funds |
|---|--------------------------|--------------------------|--------------------------------|
| <b>Revenues:</b>                                  |                          |                          |                                |
| User fees   | \$ 33,093                | \$ 33,600                | \$ 66,693                      |
| Interest income                                   | 348                      | 1,293                    | 1,641                          |
| Total Revenues                                    | <u>33,441</u>            | <u>34,893</u>            | <u>68,334</u>                  |
| <b>Expenditures:</b>                              |                          |                          |                                |
| Streets, Street Lights, and Open Space            | 47,068                   | 7,569                    | 54,637                         |
| Recreation  | 120,000                  | -                        | 120,000                        |
| Total Expenditures                                | <u>167,068</u>           | <u>7,569</u>             | <u>174,637</u>                 |
| Excess (Deficiency) of revenues over expenditures | <u>(133,627)</u>         | <u>27,324</u>            | <u>(106,303)</u>               |
| <b>Other Financing Sources:</b>                   |                          |                          |                                |
| Transfers in                                      | 153,500                  | -                        | 153,500                        |
| Total Other Financing Sources                     | <u>153,500</u>           | <u>-</u>                 | <u>153,500</u>                 |
| Net Change in Fund Balance                        | 19,873                   | 27,324                   | 47,197                         |
| Fund Balances, beginning of year                  | <u>107,440</u>           | <u>288,656</u>           | <u>396,096</u>                 |
| Fund Balances, end of year                        | <u><u>\$ 127,313</u></u> | <u><u>\$ 315,980</u></u> | <u><u>\$ 443,293</u></u>       |

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

**CASTROVILLE COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED  
JUNE 30, 2021**

|  |    |        |
|--|----|--------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 47,197 |
|--|----|--------|

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 costs of those assets is allocated over their estimated useful lives as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

|                      |  |                |
|----------------------|--|----------------|
| Depreciation expense |  | <u>(1,297)</u> |
|----------------------|--|----------------|

|   |    |                      |
|---|----|----------------------|
| Change in net position of governmental activities | \$ | <u><u>45,900</u></u> |
|---|----|----------------------|

PROPOSED FINAL DRAFT

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

**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION - ENTERPRISE FUNDS**  
**JUNE 30, 2021**

|   | <b>Water<br/>Castroville</b> | <b>Sewer Castroville<br/>&amp; Moro Cojo</b> | <b>Sewer<br/>Moss Landing</b> | <b>Totals</b>        |
|---|------------------------------|--|-------------------------------|----------------------|
| <b>Assets</b>                             |                              |  |                               |                      |
| Cash and cash equivalents                 | \$ 4,794,034                 | \$ 4,674,713                                 | \$ 836,196                    | \$ 10,304,943        |
| Investments                               | -                            | 2,902,067                                    | -                             | 2,902,067            |
| Accounts receivable, net                  | 81,769                       | 3  | 79,221                        | 160,993              |
| Interest receivable                       | 3,780                        | 3,722  | 672                           | 8,174                |
| Supplies inventory                        | 31,704                       | 2,071  | -                             | 33,775               |
| Prepaid expenses                          | 2,174                        | 2,174  | 483                           | 4,831                |
| Due from other funds                      | -                            | 62,000                                       | (62,000)                      | -                    |
| <b>Total current assets</b>               | <b>4,913,461</b>             | <b>7,646,750</b>                             | <b>854,572</b>                | <b>13,414,783</b>    |
| <b>Non-current assets</b>                 |                              |  |                               |                      |
| Capital assets, net of depreciation       | 3,886,801                    | 1,341,701                                    | 456,191                       | 5,684,693            |
| Organizational costs, net                 | -                            | 62,471                                       | -                             | 62,471               |
| <b>Total noncurrent assets</b>            | <b>3,886,801</b>             | <b>1,404,172</b>                             | <b>456,191</b>                | <b>5,747,164</b>     |
| <b>Total Assets</b>                       | <b>\$ 8,800,262</b>          | <b>\$ 9,050,922</b>                          | <b>\$ 1,310,763</b>           | <b>\$19,161,947</b>  |
| <b>Deferred Outflows of Resources</b>     |                              |  |                               |                      |
| Deferred pension outflows                 | 240,058                      | 240,058                                      | 53,349                        | 533,465              |
| Deferred OPEB outflows                    | 12,449                       | 12,450                                       | 2,767                         | 27,666               |
| <b>Liabilities</b>                        |                              |  |                               |                      |
| Accounts payable                          | \$ 16,159                    | \$ 23,884                                    | \$ 14,088                     | \$ 54,131            |
| Accrued payroll and benefits              | 51,344                       | 51,187                                       | 11,305                        | 113,836              |
| Customer deposits                         | 64,821                       | -  | 1,000                         | 65,821               |
| <b>Total current liabilities</b>          | <b>132,324</b>               | <b>75,071</b>                                | <b>26,393</b>                 | <b>233,788</b>       |
| <b>Non-current liabilities</b>            |                              |  |                               |                      |
| Net pension liability                     | 10,367                       | 10,369                                       | 2,302                         | 23,038               |
| Other Post Employment Benefits            | 74,869                       | 74,869                                       | 16,638                        | 166,376              |
| <b>Total noncurrent liabilities</b>       | <b>85,236</b>                | <b>85,238</b>                                | <b>18,940</b>                 | <b>189,414</b>       |
| <b>Total Liabilities</b>                  | <b>217,560</b>               | <b>160,309</b>                               | <b>45,333</b>                 | <b>423,202</b>       |
| <b>Deferred Inflows of Resources</b>      |                              |  |                               |                      |
| Deferred pension inflows                  | 205,032                      | 205,034                                      | 45,564                        | 455,630              |
| Deferred OPEB inflows                     | 9,633                        | 9,633  | 2,141                         | 21,407               |
| <b>Net Position</b>                       |                              |  |                               |                      |
| Net investment in capital assets          | 3,886,801                    | 1,341,701                                    | 456,191                       | 5,684,693            |
| Unrestricted                              | 4,733,743                    | 7,586,753                                    | 817,651                       | 13,138,146           |
| <b>Total Net Position</b>                 | <b>8,620,544</b>             | <b>8,928,454</b>                             | <b>1,273,842</b>              | <b>18,822,839</b>    |
| <b>Total liabilities and net position</b> | <b>\$ 8,838,104</b>          | <b>\$ 9,088,763</b>                          | <b>\$ 1,319,175</b>           | <b>\$ 19,246,041</b> |

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

**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2021**

|  | <u>Water<br/>Castroville</u> | <u>Sewer Castroville<br/>&amp; Moro Cojo</u> | <u>Sewer<br/>Moss Landing</u> | <u>Totals</u>        |
|--|------------------------------|--|-------------------------------|----------------------|
| <b>Operating Revenues</b>                  |                              |  |                               |                      |
| Water sales                                | \$ 1,367,644                 | \$ -   | \$ -                          | \$ 1,367,644         |
| User fees                                  | -                            | 229,718                                      | 189,395                       | 419,113              |
| New service and connection fees            | 111,786                      | 68,270                                       | -                             | 180,056              |
| Other revenues                             | 20,662                       | 715  | 45,170                        | 66,547               |
| Total operating revenues                   | <u>1,500,092</u>             | <u>298,703</u>                               | <u>234,565</u>                | <u>2,033,360</u>     |
| <b>Operating Expenses</b>                  |                              |  |                               |                      |
| Payroll and related expenses               | 427,201                      | 401,009                                      | 78,117                        | 906,327              |
| Water and sewer line expenses              | 33,394                       | 5,701  | -                             | 39,095               |
| Depreciation expense                       | 319,150                      | 84,122                                       | 35,597                        | 438,869              |
| Other general operations                   | 28,058                       | 20,279                                       | 5,361                         | 53,698               |
| Meter expenses                             | 28,501                       | -  | -                             | 28,501               |
| Automobile expenses                        | 2,202                        | 2,202  | 489                           | 4,893                |
| Lift station expenses                      | 1,301                        | 6,296  | 961                           | 8,558                |
| Well site, storm drain, and hydrant        | 95,520                       | 9,140  | 242                           | 104,902              |
| Consulting expenses                        | 23,943                       | 14,698                                       | 3,747                         | 42,388               |
| Office and billing expenses                | 23,272                       | 3,342  | 2,695                         | 29,309               |
| Retirement plan contributions              | 6,493                        | 21,546                                       | 16,499                        | 44,538               |
| Insurance expense                          | 12,155                       | 20,220                                       | 4,493                         | 36,868               |
| Utility expenses                           | 114,878                      | 18,424                                       | 11,521                        | 144,823              |
| Bond, loan, and certificate expenses       | -                            | 500  | -                             | 500                  |
| Bad debt expense                           | 294                          | -  | -                             | 294                  |
| Total operating expenses                   | <u>1,116,362</u>             | <u>607,479</u>                               | <u>159,722</u>                | <u>1,883,563</u>     |
| <b>Operating income</b>                    | <u>383,730</u>               | <u>(308,776)</u>                             | <u>74,843</u>                 | <u>149,797</u>       |
| <b>Non-Operating Revenues (Expenses)</b>   |                              |  |                               |                      |
| Property taxes                             | -                            | 553,359                                      | 92,800                        | 646,159              |
| Interest revenue                           | 24,204                       | 33,876                                       | 4,068                         | 62,148               |
| Amortization of investment discount        | -                            | (3,589)                                      | -                             | (3,589)              |
| Tranfers (out)                             | (463)                        | (153,038)                                    | -                             | (153,500)            |
| Total non-operating revenues (expenses)    | <u>23,742</u>                | <u>430,609</u>                               | <u>96,868</u>                 | <u>551,218</u>       |
| <b>Increase (Decrease) in Net Position</b> | 407,472                      | 121,833                                      | 171,711                       | 701,015              |
| Net position - beginning of the year       | <u>8,213,072</u>             | <u>8,806,621</u>                             | <u>1,102,131</u>              | <u>18,121,824</u>    |
| Net position - ending of the year          | <u>\$ 8,620,544</u>          | <u>\$ 8,928,454</u>                          | <u>\$ 1,273,842</u>           | <u>\$ 18,822,839</u> |

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



**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2021**

|   | <b>Water<br/>Castroville</b> | <b>Sewer Castroville<br/>&amp; Moro Cojo</b> | <b>Sewer<br/>Moss Landing</b> | <b>Totals</b>        |
|---|------------------------------|--|-------------------------------|----------------------|
| <b>Cash Flows From Operating Activities:</b>  |                              |  |                               |                      |
| Cash received from customers  | \$ 1,453,688                 | \$ 308,652                                   | \$ 179,575                    | \$ 1,941,915         |
| Other cash receipts   | 20,662                       | 715  | 45,170                        | 66,547               |
| Cash paid to suppliers for services and inventories                                     | (329,986)                    | (64,396)                                     | (28,613)                      | (422,995)            |
| Cash paid to employees  | (416,107)                    | (392,460)                                    | (76,217)                      | (884,784)            |
| Net Cash Provided (Used) By Operating Activities  | <u>728,257</u>               | <u>(147,489)</u>                             | <u>119,915</u>                | <u>700,683</u>       |
| <b>Cash Flows From Non-Capital Financing Activities:</b>                                |                              |  |                               |                      |
| Property taxes and assessments  | -                            | 553,359                                      | 92,800                        | 646,159              |
| Transfers between Funds   | (463)                        | (125,038)                                    | (28,000)                      | (153,500)            |
| Net Cash (Used) Provided By Non-Capital Financing Activities                            | <u>(463)</u>                 | <u>428,322</u>                               | <u>64,800</u>                 | <u>492,659</u>       |
| <b>Cash Flows From Capital Financing Activities:</b>                                    |                              |  |                               |                      |
| Purchase of property and equipment  | (193,814)                    | (74,840)                                     | (51,347)                      | (320,001)            |
| Net Cash (Used) By Capital Financing Activities   | <u>(193,814)</u>             | <u>(74,840)</u>                              | <u>(51,347)</u>               | <u>(320,001)</u>     |
| <b>Cash Flows From Investing Activities:</b>  |                              |  |                               |                      |
| Interest earned on operating funds  | 34,756                       | 46,192                                       | 5,784                         | 86,732               |
| Purchase of investments   | -                            | (367,323)                                    | -                             | (367,323)            |
| Net Cash Provided (Used) By Investing Activities  | <u>34,756</u>                | <u>(321,131)</u>                             | <u>5,784</u>                  | <u>(280,591)</u>     |
| <b>Increase in Cash and Cash Equivalents</b>  | 568,737                      | (115,140)                                    | 139,152                       | 592,750              |
| <b>Cash and cash equivalents, beginning</b>   | 4,228,021                    | 4,792,579                                    | 697,649                       | 9,718,249            |
| <b>Cash and cash equivalents, end of the year</b>                                       | <u>\$ 4,796,758</u>          | <u>\$ 4,677,440</u>                          | <u>\$ 836,801</u>             | <u>\$ 10,310,999</u> |
| <b>Reconciliation of Cash and Cash Equivalents:</b>                                     |                              |  |                               |                      |
| Cash and cash equivalents - Unrestricted  | <u>\$ 4,794,034</u>          | <u>\$ 4,674,713</u>                          | <u>\$ 836,196</u>             | <u>\$ 10,304,943</u> |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b> |                              |  |                               |                      |
| Operating income  | \$ 383,730                   | \$ (308,776)                                 | \$ 74,843                     | \$ 149,797           |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                              |  |                               |                      |
| Depreciation and amortization   | 319,150                      | 84,122                                       | 35,597                        | 438,869              |
| Changes in operating assets and liabilities:  |                              |  |                               |                      |
| Trade Receivables   | (25,742)                     | 10,664                                       | (9,820)                       | (24,898)             |
| Supplies inventory and prepaid expenses   | (3,421)                      | 386  | (29)                          | (3,064)              |
| Accrued payroll and related items   | 8,548                        | 8,549  | 1,900                         | 18,997               |
| Deposits  | 2,221                        | -  | 1,000                         | 3,221                |
| Accounts payable  | (1,280)                      | 12,514                                       | 6,412                         | 17,646               |
| Net pension liability and related deferrals   | 42,505                       | 45,052                                       | 10,012                        | 97,569               |
| Net OPEB liability and related deferrals  | 2,546                        | -  | -                             | 2,546                |
| Net cash provided (used) by operating activities  | <u>\$ 728,257</u>            | <u>\$ (147,489)</u>                          | <u>\$ 119,915</u>             | <u>\$ 700,683</u>    |

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

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Description of Operations**

Castroville Community Services District (the “District”) is authorized by California Government Code Sections 6100 et seq. The District provides water, sewer, storm drain, streetlights, open space, street maintenance, and recreational services to residential and commercial customers in and around the Township of Castroville, California and sewer services for Moss Landing, California.

The District’s reporting entity includes all significant operation and revenue sources which the District Board of Directors exercises oversight responsibility. Oversight responsibility is determined based on selection of the governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

### **Basis of Presentation**

The Castroville Community Services District’s financial statements have been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Government-wide Statements:** The *Statement of Net Position* and the *Statement of Activities* display information about the primary government (the District). These statements include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities*, which are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which are financed, in whole or in part, by fees charged to external parties.

**Fund Financial Statements:** The fund financial statements provide information about the District’s funds. Separate statements for fund categories – *governmental and enterprise* -are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column.

Enterprise fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

## CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of Presentation** (continued)

Financial reporting is based upon all Governmental Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The District reported the following major funds in the accompanying financial statements:

Zone 1 Water Fund (Enterprise) – This fund accounts for all the District’s water resources.

Zone 1 and 2 Sewer Fund (Enterprise) – This Fund accounts for all the District’s sewer and storm drain operations.

Zone 3 Sewer Fund Moss Landing (Enterprise) – This Fund accounts for all the Moss Landing sewer operations.

Zone 1 Castroville (Governmental) – This fund accounts for the income and expenditures related to street lighting and recreation activities in Zone 1.

Zone 2 (Governmental) – This fund accounts for the income and expenditures related to the open space, street lighting, and Streets activities in Zone 2.

#### **Basis of Accounting**

Castroville Community Services District uses the accrual method of accounting for financial statement reporting purposes. Under the accrual method revenues are recognized when they are earned, and expenses are recognized when they are incurred.

#### **Reporting Entity**

The District’s reporting entity includes all significant operation and revenue sources for which the District Board of Directors exercises oversight responsibility as determined under the criteria established by the National Council on Governmental Accounting Statement No. 3. Oversight responsibility is determined based on selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. The financial statements of Castroville Community Services District include the financial activities of the District as well as transactions made by the fiscal agent under authority granted by the District in various resolutions authorizing the issuance of improvement bonds and water certificates. The District is exempt from federal income and state franchise taxes.

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### New GASB Pronouncements

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future:

- GASB 87 – *Leases*, effective for periods beginning after December 15, 2019, deferred to years beginning after December 15, 2020.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. The District maintains bank accounts at financial institutions located within the Counties of Monterey and San Francisco.

It is the District's policy to maintain all investments in insured accounts in the District's name. Assessments in excess of estimated current bond requirements of the District are deposited in the Local Agency Investment Fund. Said cash earns interest based on the fund's prorata share of the cash in the fund. In accordance with the Governmental Accounting Standards Board Statement 3 (i.e., Deposits with Financial Institutions, GASB 3), cash is to be categorized to indicate the level of credit risk assumed by the Fund at year end. Substantially, all investments are insured or registered and held by the Fund or its agent in the agent's nominee name, with subsidiary records listing the Fund as the legal owner. Accordingly, said cash investment would be included in "Category 1" as defined by GASB 3. See Note 2 for further discussion of Cash & Cash Equivalents.

### Investments

In December 2012, the District entered into an agreement with the CalTrust Joint Powers Authority to invest in the CalTrust Money Market Fund. The District's investment policy is based upon the provisions of the California Government Code commencing with Section 53600 governing the investments of local agency funds and deposits of public monies.

### Accounts Receivable

Accounts receivable as reflected in the financial statements are from customers whose property is located within the County of Monterey. Accounts receivable consists of amounts due from customers for water and sewer charges.

### Supplies Inventories

Inventories are valued at cost, which approximates market. The District's inventory consists of parts and components for wells, lift stations, and other infrastructure kept onsite.

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Transfers**

Expenses are allocated between the Castroville Water Fund (45%), Castroville and Moro Cojo Sewer Fund (45%) and Moss Landing Sewer fund (10%). All expenses are paid out of the Water Fund’s checking account. These expenses are shown as Interfund Transfers on the Statement of Net Activities.

**Interfund Balances**

On the fund financial statements, interfund loans are classified as “due to/from other funds” on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position.

**Capital Assets**

Minor expenditures for renewals and betterments are charged to expense. Major expenditures for renewals and betterments are capitalized. In cases where assets are donated to the District, construction costs or estimated market values are recorded. Costs of assets sold, retired, or otherwise disposed of have been eliminated from the accounts, and gains or losses on disposition are included in operations.

The cost of property and equipment is depreciated over the estimated lives of the assets from date of acquisition based on the straight-line method of depreciation over the following estimated useful lives:

**Business Activities**

| <b><u>Asset Category</u></b>  | <b><u>Useful Lives</u></b> |
|-------------------------------|----------------------------|
| Buildings and Improvements    | 5-35 years                 |
| Water Equipment, and Vehicles | 3-30 years                 |
| Sewer Equipment, and Vehicles | 3-50 years                 |
| Hydrants                      | 10-45 years                |
| Meters                        | 5-30 years                 |
| Projects, Wells, and Pipes    | 10-40 years                |
| SCADA System                  | 5 years                    |
| Telemetry System              | 5-7 years                  |

**Governmental Activities**

| <b><u>Asset Category</u></b> | <b><u>Useful Lives</u></b> |
|------------------------------|----------------------------|
| Sign                         | 15 years                   |

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Deferred Outflow/Inflows of Resources

The Statement of Net Position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources that apply to future periods and therefore will not be recognized as an expense until that time. The District has the following deferred outflows of resources:

- Deferred outflows related to the pension plan equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to the pension plan for difference between expected and actual experience. These amounts are amortized over the expected average remaining service lifetime (EARSL) of members provided with pensions through the Plan.
- Deferred outflows related to the pension resulting from changes in assumptions. These amounts are amortized over the expected average remaining service lifetime (EARSL) of members provided with pensions through the Plan.
- Deferred outflows related to the pension plan resulting from the difference in projected and actual earnings on plan investments. These amounts are amortized over five years.
- Deferred outflows related to the OPEB plan equal to employer contributions made after the measurement date of the net OPEB liability.

The Statement of Net Position includes a separate section for deferred inflows of resources. These deferred inflows of resources represent receipts that apply to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has the following deferred inflows of resources:

- Deferred inflows related to the pension plan for differences between actual and expected experience. These amounts are amortized over the expected average remaining service lifetime (EARSL) of members provided with pensions through the Plan.
- Deferred inflows related to the pension plan resulting from changes in assumptions. These amounts are amortized over the expected average remaining service lifetime (EARSL) of members provided with pensions through the Plan.
- Deferred inflows related to the pension plan for the changes in proportion and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over the expected average remaining service lifetime (EARSL) of members provided with pensions through the Plan.
- Deferred inflows related to the OPEB plan resulting from the difference in projected and actual earnings on plan investments. These amounts are amortized over five years.

### Compensated Absences

The District has recorded an accrual for compensated absences in accordance with the District's policy of paying for unused vacation time of employees. Sick leave is not included in the accrual as the District does not pay for unused sick time upon employee termination.

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Employees earn vacation leave after six months of continuous employment as follows:

| <b><u>Time of Employment</u></b> | <b><u>Accrual of Vacation Leave</u></b> |
|----------------------------------|---|
| Six months to one year           | 40.00 hours earned                      |
| One to five years                | 6.67 hours per month                    |
| Five to ten years                | 10.00 hours per month                   |
| Ten or more years                | 13.33 hours per month                   |

**Customer Deposits**

New customers are required to provide deposits for service. The customer deposits held by the District are refunded upon termination of service or on written request after one year.

**Designated Assets**

Certain assets are classified as designated due to the Board of Directors designation for capital additions.

**Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to the District's OPEB and OPEB expense, information about the fiduciary net position of its OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position has been determined on the same basis as they are reported by the Plan. For this purpose, the District's OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position/Fund Equity**

The financial statements are presented using the net asset method. Net Position are categorized as invested capital assets (net of related debt), restricted and unrestricted.

***Net Invested in Capital Assets*** – This category groups all capital assets, including infrastructure, into one component of Net Position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

***Restricted Net Position*** – This category presents external restrictions on Net Position imposed by creditors, grantors, contributors, laws, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Unrestricted Net Position*** – This category represents Net Position of the District not restricted for any project or other purpose.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred on debt issued to finance construction is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

### **Fund Balances – Governmental Funds**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances of the governmental funds are classified as follows:

***Non-spendable*** – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** – amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

***Committed*** – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the district. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

***Assigned*** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the district's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

***Unassigned*** – contains all other spendable amounts.

The District applies restricted resources first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the district considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### **Revenues – Operating**

Revenues, such as charges for services, result from exchange transactions, in which each party gives and receives essentially equal value. On an accrual basis, revenue from charges for service is recognized in the period in which the service has been completed. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.



# CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenues – Non-operating

Revenues that result from non-exchange transactions or ancillary activities in which the District receives value without directly giving equal value in return, include investment earnings, subsidies, and property taxes. On an accrual basis, non-exchange transactions are recognized in the period in which the ancillary activity takes place.

### Property Taxes

Property tax in California is levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. Property taxes collected by the levying agency are placed in a pool, and then allocated to the local governmental units. Property tax revenue is recognized in the fiscal year in which taxes are levied.

The property tax calendar is as follows:

|                  |                           |
|------------------|---------------------------|
| Lien date:       | January 1                 |
| Levy date:       | July 1                    |
| Due Date         | November 1 and February 1 |
| Delinquent date: | December 10 and April 10  |

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Significant items in the District's financial statements subject to such estimates and assumptions include the valuations of the Net Pension Liability. The Net Pension Liability is reported to the District by CalPERS and as of the date of the financial statements the report is not completed. However, a preliminary estimate was provided by CalPERS in September 2018 and management believes this estimate will not materially change in the future.

### Prior Year Data Reclassifications

Certain amounts presented in the prior year financial statements may have been reclassified in order to be consistent with the current year's presentation. Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 2 – CASH AND INVESTMENTS**

Cash and Investments at June 30, 2021 are classified on the Statement of Financial Position as follows:

| Unrestricted cash and investments: | Water Fund          | Sewer Fund          | Moss Landing Fund | Governmental Funds | Total               |
|------------------------------------|---------------------|---------------------|-------------------|--------------------|---------------------|
| Cash and cash equivalents:         |                     |                     |                   |                    |                     |
| FDIC Insured Accounts              | \$ 175,749          | \$ 86,710           | \$ 11,971         | \$ 113,869         | \$ 388,299          |
| Petty cash                         | 800                 | -                   | -                 | -                  | 800                 |
| Funds in LAIF                      | 4,617,485           | 4,588,003           | 824,225           | 351,857            | 10,381,570          |
| Subtotal                           | <u>4,794,034</u>    | <u>4,674,713</u>    | <u>836,196</u>    | <u>465,726</u>     | <u>10,770,669</u>   |
| Investments:                       |                     |                     |                   |                    |                     |
| Funds in CAMP                      | -                   | 2,902,067           | -                 | -                  | 2,902,067           |
| Total                              | <u>\$ 4,794,034</u> | <u>\$ 7,576,780</u> | <u>\$ 836,196</u> | <u>\$ 465,726</u>  | <u>\$13,672,736</u> |

The District does not have any balances held in County Treasury or restricted cash accounts as of June 30, 2021.

The District’s Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District. The following also identifies certain provisions of the California Government Code (or the District’s policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type         | Maximum Maturity | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|------------------------------------|------------------|------------------------|---------------------------------|----------------------------------|
| U.S. Treasury Obligations          | 5 years          | N/A                    | None                            | No Limit                         |
| U.S. Agency Securities             | 5 years          | N/A                    | None                            | No Limit                         |
| Bankers Acceptances                | 180 days         | N/A                    | 30%                             | 30%                              |
| U.S. Commercial Paper              | 270 days         | A                      | 25%                             | 10%                              |
| Negotiable Certificates of Deposit | 5 years          | N/A                    | 30%                             | No Limit                         |
| Repurchase Agreements              | 1 year           | N/A                    | None                            | No Limit                         |
| Reverse Repurchase Agreements      | 92 days          | N/A                    | None                            | No Limit                         |
| Demand Deposits                    | N/A              | Highest                | 20%                             | 10%                              |
| Medium Term Notes                  | 5 years          | A                      | 30%                             | No Limit                         |
| Money Market Mutual Funds          | N/A              | Highest                | 20%                             | 10%                              |
| Mortgage Passthrough Securities    | 5 years          | AA                     | 20%                             | No Limit                         |
| State of California Obligations    | 5 years          | A                      | None                            | No Limit                         |
| Local Agency Investment Fund       | N/A              | N/A                    | \$50 million                    | No Limit                         |
| Supranational Securities           | 5 years          | AA                     | 30%                             | No Limit                         |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 2 – CASH AND INVESTMENTS (CONTINUED)**

Interest rate risk is defined as the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity the more sensitive the investment is to market fluctuations.

The sensitivity of the District’s investments is summarized by the following table. This table shows the maturity terms of the District’s investments:

| Investment Type                        | 12 Months<br>or Less | 12 to 36<br>Months | Total         |
|--|----------------------|--------------------|---------------|
| LAIF                                   | \$ 10,381,570        | \$ -               | \$ 10,381,570 |
| CAMP                                   | 359,211              | -                  | 359,211       |
| CalTrust Medium-Term Fund              | -                    | 2,542,856          | 2,542,856     |
| Total Cash Equivalents and Investments | \$ 10,740,781        | \$ 2,542,856       | \$ 13,283,637 |
| Cash in bank and on hand               |                      |                    | 389,099       |
| Total Cash and Investments             |                      |                    | \$ 13,672,736 |

**Local Agency Investment Fund (LAIF)**

The Local Agency Investment Fund was created by statute and began in 1977. The Local Agency Investment Fund is a voluntary program for California local governments and special districts. The Fund is administered by the California State Treasurer and is enabled by Section 16429.1 et seq. of the California Government Code. All securities purchased within LAIF are purchased under the authority of Government Code Section 16430 and 16480.4. All investments are purchased at market and a market valuation is conducted monthly. All District deposits with LAIF are available on demand.

**California Asset Management Program (CAMP)**

The California Asset Management Program is a Joint Powers Authority formed in 1989 by treasurers and finance directors of several local government agencies to provide professional investment services to California public agencies at a reasonable cost. CAMP offers investors the option of investing in either the CAMP money market portfolio, which is rated AAAM by Standard & Poor’s, or other individually managed portfolios.

**CalTrust Medium-Term Fund**

CalTrust is a Joint Powers Authority formed by the CSAC Finance Corporation and the League of California Cities to provide a convenient method for local agencies to pool their assets for investment. CalTrust offers local agencies the option of investing in either the Money Market, Short-Term or Medium-Term accounts, which are rated AA-f by Standard & Poor’s.

**Credit Risk**

Credit risk is measured by nationally recognized statistical agencies such as Standard & Poor’s. Credit risk is simply the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

## CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

### NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

The below table shows the credit ratings of the Districts Cash and Investments:

|                            | Rating as of Fiscal Year-End |                   | Total                | % of<br>Total |
|----------------------------|------------------------------|-------------------|----------------------|---------------|
|                            | AA-f                         | AAAm              |                      |               |
| <u>Investment Type:</u>    |                              |                   |                      |               |
| CAMP Money Market Fund     | \$ -                         | \$ 359,211        | \$ 359,211           | 3%            |
| CalTrust Medium-Term Fund  | 2,542,856                    | -                 | 2,542,856            | 19%           |
| Total Cash Equivalents     | <u>\$ 2,542,856</u>          | <u>\$ 359,211</u> | 2,902,067            |               |
| <u>Not Rated:</u>          |                              |                   |                      |               |
| LAIF                       |                              |                   | 10,381,570           | 76%           |
| Cash in bank and on hand   |                              |                   | 389,099              | 3%            |
| Total Cash and Investments |                              |                   | <u>\$ 13,672,736</u> | <u>100%</u>   |

#### **Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

#### **Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities using mutual funds or government investment pools (such as LAIF and CAMP).

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposits or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all public agency deposits. Under California law this collateral remains with the institution but is held in the District's name and places the District ahead of general creditors of the institution.

#### **Fair Value Measurement**

The District categorizes its fair value measurement of investments utilizing 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 each asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; and Level 3 inputs are significant unobservable inputs. The District's investment in the Local Agency Investment Fund of \$10,381,570 and investment in California Asset Management Program of \$389,099 are measured at Net Asset Value (NAV) and therefore are not subject to the fair value hierarchy.

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 2 – CASH AND INVESTMENTS (CONTINUED)**

The District had the following recurring fair value measurements as of June 30, 2021:

|   | Fair Value          | Quoted<br>Prices<br>Level 1 | Observable<br>Inputs<br>Level 2 | Unobservable<br>Inputs<br>Level 3 |
|---|---------------------|-----------------------------|---------------------------------|-----------------------------------|
| Investment Type (Subject to Hierarchy): |                     |                             |                                 |                                   |
| CalTrust Medium-Term Fund               | \$ 2,542,856        | \$ -                        | \$ 2,542,856                    | \$ -                              |
| Total Subject to Hierarchy              | <u>\$ 2,542,856</u> | <u>\$ -</u>                 | <u>\$ 2,542,856</u>             | <u>\$ -</u>                       |

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

| <u>Business-Type Activities</u>            | <u>June 30, 2020</u> | <u>Additions</u>   | <u>Dispositions</u> | <u>June 30, 2021</u> |
|--|----------------------|--------------------|---------------------|----------------------|
| Capital assets not being depreciated:      |                      |                    |                     |                      |
| Land                                       | \$ 210,610           | \$ -               | \$ -                | \$ 210,610           |
| Construction in progress                   | 20,975               | 130,468            | -                   | 151,443              |
| Total capital assets not being depreciated | <u>231,585</u>       | <u>130,468</u>     | <u>-</u>            | <u>362,053</u>       |
| Capital assets being depreciated:          |                      |                    |                     |                      |
| Buildings and improvements                 | 718,077              | -                  | -                   | 718,077              |
| Water equipment and vehicles               | 617,425              | 15,937             | -                   | 633,362              |
| Sewer equipment and vehicles               | 1,202,195            | 11,616             | -                   | 1,213,811            |
| Hydrants                                   | 37,292               | -                  | -                   | 37,292               |
| Meters                                     | 363,062              | 10,678             | -                   | 373,740              |
| Projects, wells, and pipes                 | 10,463,160           | 151,302            | -                   | 10,614,462           |
| Telemetry system                           | 181,825              | -                  | -                   | 181,825              |
| Total capital assets being depreciated     | <u>13,583,036</u>    | <u>189,533</u>     | <u>-</u>            | <u>13,772,569</u>    |
| Less: accumulated depreciation             |                      |                    |                     |                      |
| Water                                      | (6,960,179)          | (319,150)          |                     | (7,279,329)          |
| Sewer Zone 1                               | (893,598)            | (84,122)           |                     | (977,720)            |
| Sewer Zone 3                               | (157,283)            | (35,597)           |                     | (192,880)            |
| Total accumulated depreciation             | <u>(8,011,060)</u>   | <u>(438,869)</u>   | <u>-</u>            | <u>(8,449,929)</u>   |
| Net capital assets being depreciated       | <u>5,571,976</u>     | <u>(249,336)</u>   | <u>-</u>            | <u>5,322,640</u>     |
| Business-type activity capital assets, net | <u>\$ 5,803,561</u>  | <u>\$(118,868)</u> | <u>\$ -</u>         | <u>\$ 5,684,693</u>  |

Depreciation expense charged to the water and sewer functions for the years ending June 30, 2021 and 2020 was \$438,869 and \$420,382, respectively.

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 3 – CAPITAL ASSETS (CONTINUED)**

| <u>Government-Type Activities</u>             | <u>June 30, 2020</u> | <u>Additions</u>  | <u>Dispositions</u> | <u>June 30, 2021</u> |
|---|----------------------|-------------------|---------------------|----------------------|
| Capital assets being depreciated:             |                      |                   |                     |                      |
| Signs   | \$ 19,459            | \$ -              | \$ -                | \$ 19,459            |
| Total capital assets being depreciated        | <u>19,459</u>        | <u>-</u>          | <u>-</u>            | <u>19,459</u>        |
| Accumulated depreciation                      | <u>(649)</u>         | <u>(1,297)</u>    |                     | <u>(1,946)</u>       |
| Government-type activity, capital assets, net | <u>\$ 18,810</u>     | <u>\$ (1,297)</u> | <u>\$ -</u>         | <u>\$ 17,513</u>     |

Depreciation expense charged to the government function for the years ending June 30, 2021 and 2020 was \$1,297 and \$649, respectively.

**NOTE 4 – DUE TO/FROM OTHER FUND**

As a result of the consolidation with the Moss Landing Sanitation District in July 2014, the District’s sewer fund paid the USDA Bond obligation of the Moss Landing Sanitation District. Therefore, the total amount of the bond or \$234,000 was due from the Moss Landing Sewer Fund to the Zone 1 Sewer Fund. As of June 30, 2021, \$62,000 was due from the Moss Landing Sewer fund to the Zone 1 Sewer fund.

**NOTE 5 – DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The District contributes to the California Public Employee’s Retirement System (CalPERS), a cost-sharing, multiple-employer, public employee defined benefit pension plan. The Plan operates under the provisions of the California Public Employees’ Retirement Law (PERL), the California Public Employees’ Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by the CalPERS Board of Administration. PERS acts as a common investment and administrative agent for all participating public entities within the State of California. Benefit Provisions and other requirements are established by state statute. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website. The District’s plan is of the “Miscellaneous 2% at 60 Risk Pool” and “2% at 62 Risk Pool”. Those employees who first established CalPERS membership prior to January 1, 2013 without a break in service greater than six months participate in the “Miscellaneous 2% at 60 Risk Pool”. Employees hired on or after January 1, 2013 who participate in CalPERS for the first time and those employees not eligible for reciprocity with another California public retirement system participate in the “Miscellaneous 2% at 62 Risk Pool”. The employer contribution rate for those participating in the “Miscellaneous 2% at 60 Risk Pool” is 7% and the employer contribution rate for those employees participating in the “Miscellaneous 2% at 62 Risk Pool” is 7.25%.

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Benefits Provided**

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit includes one of the following: Basic Death Benefit, Post-Retirement Survivor Allowance, or Optional Settlement 2W Death Benefit.

**Pension Liability, Pension Expense, and Deferred Outflow/Inflows of Resources Related to Pension**

The District’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability as of June 30, 2019 was \$657,254 and June 30, 2020 was \$23,039. For the years ended June 30, 2021 and 2020, the District recognized pension expense of \$154,014 and \$52,725.

The net difference between projected and actual investment earnings on pension plan investments is amortized over a five- year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining net difference is amortized over the remaining amortization periods. The net difference between projected and actual investment earnings on pension plan investments in the schedule of collective pension amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis. Deferred Outflows of Resources and Deferred Inflows of Resources relating to differences between expected and actual experience and changes of assumptions are amortized over the expected average remaining service lifetime (EARSL) of members provided with pensions through the Plan, determined as of the beginning of the related measurement period. The EARSL for PERF C for the June 30, 2020 measurement date is 3.8 years, which was obtained by dividing the total service years of 530,470 by 140,593 (the total number of participants: active, inactive, and retired) in PERF C.

The District’s proportionate share of the net pension liability as of June 30, 2021 and 2020, was as follows:

|                              | <u>% of PERF-C</u> | <u>% of Miscellaneous Pool</u> |
|------------------------------|--------------------|--------------------------------|
| Proportion - June 30, 2021   | 0.00021%           | 0.00055%                       |
| Proportion - June 30, 2020   | 0.00641%           | 0.01641%                       |
| Change - Increase (Decrease) | <u>0.00620%</u>    | <u>0.01586%</u>                |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date  | \$ 53,898                                 | \$ -                                     |
| Differences between actual and expected experience  | 1,187                                     | -  |
| Changes in assumptions  | -   | 164                                      |
| Net differences between projected and actual earnings<br>on pension plan investments                        | 684                                       | -  |
| Changes in employer's proportion  | 23,439                                    | 432,743                                  |
| Differences between the employer's contributions<br>and the employer's proportionate share of contributions | 454,257                                   | 22,720                                   |
| Total   | <u>\$ 533,465</u>                         | <u>\$ 455,627</u>                        |

A total of \$53,898 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The amount reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

|      | <u>Year Ended<br/>June 30</u> | <u>Total</u> |
|------|-------------------------------|--------------|
| 2022 | \$ 9,549                      |              |
| 2023 | 7,421                         |              |
| 2024 | 6,642                         |              |
| 2025 | 328                           |              |
|      | <u>\$ 23,940</u>              |              |

**Employees Covered Hired:**

|             | <u>Prior to 2013</u> | <u>Subsequent to 2013</u> |
|-------------|----------------------|---------------------------|
| Active      | 4                    | 2                         |
| Transferred | 1                    | 2                         |
| Separated   | 1                    | 1                         |
| Retired     | 4                    | 0                         |



CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

**NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Funding Policy**

All full-time District employees must participate in PERS, based on state statute. The Plan requires participants to contribute an amount of 7% or 7.25% of their annual covered salary determined by actuarial valuation and which plan applies to employees as described in the paragraph above. The contribution rate for the June 30, 2021 fiscal year was 9.929% for those employees hired prior to January 1, 2013 and 7.874% for those employees hired on or after January 1, 2013 of annual covered payroll. For the years ended June 30, 2021 and June 30, 2020, the contributions recognized as part of pension expense for the Plan was \$23,898 and \$70,211.

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

|                       | <u>Miscellaneous</u> |
|-----------------------|----------------------|
| 1% Decrease           | 6.15%                |
| Net Pension Liability | 469,453              |
| Current Discount Rate | 7.15%                |
| Net Pension Liability | 23,039               |
| 1% Increase           | 8.15%                |
| Net Pension Liability | (345,820)            |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Information Common to the Miscellaneous and PEPR Miscellaneous Plans**

**Actuarial Assumptions** – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial assumptions:

|                                  | Miscellaneous   |
|----------------------------------|---|
| Valuation Date                   | June 30, 2019   |
| Measurement Date                 | June 30, 2020   |
| Actuarial Cost Method            | Entry Age Normal  |
| Actuarial Assumptions:           |   |
| Discount Rate                    | 7.15%   |
| Inflation                        | 3%  |
| Projected Salary Increase        | Varies by Entry Age and Service   |
| Investment Rate of Return        | 8%  |
| Mortality Rate Table             | Derived using CalPERS Membership Data for all Funds from the 2017 experience study report                                 |
| Post Retirement Benefit Increase | Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.50% Thereafter |

**Change of Assumptions and Benefit Changes** – There were no changes to benefit terms. The CalPERS Board of Administration adopted a new amortization policy effective with this actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on UAL bases attributable to assumption and method changes and non-investment gains/losses. The new policy also does not utilize a 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

**Discount Rate**

The discount rate used to measure the total pension liability for was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

## NOTE 5 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

| <u>Asset Class</u>  | <u>New Strategic<br/>Allocation</u> | <u>Real Return<br/>Years 1-10<sup>1</sup></u> | <u>Real Return<br/>Years 11+<sup>2</sup></u> |
|---------------------|-------------------------------------|---|--|
| Global Equity       | 50.00%                              | 4.80%   | 5.98%  |
| Global Fixed Income | 28.00%                              | 1.00%   | 2.62%  |
| Inflation Assets    | 0.00%                               | 0.77%   | 1.81%  |
| Private Equity      | 8.00%                               | 6.30%   | 7.23%  |
| Real Assets         | 13.00%                              | 3.75%   | 4.93%  |
| Liquidity           | 1.00%                               | 0.00%   | -0.92%                                       |

<sup>1</sup>An expected inflation of 2.00% used for this period

<sup>2</sup>An expected inflation of 2.92% used for this period

### **Pension Plan Fiduciary Net Position**

The Plan's fiduciary net position has been determined on the same basis as that used by the Plan. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. More information on the Plan can be found at [www.calpers.ca.gov/page/employers/actuarial-resources](http://www.calpers.ca.gov/page/employers/actuarial-resources).

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 6 – POSTEMPLOYMENT HEALTHCARE PLAN**

The District has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The primary objective of the statement was to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions or OPEB. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed in this Statement.

**Plan Description**

The District participates in an agent multi-employer defined benefit post-employment healthcare plan (the plan) administered by California Public Employees Retirement System (CalPERS). CalPERS issues publicly available reports that include a full description of the OPEB plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

**Eligibility for Benefits**

The plan offers medical benefits to certain eligible participants. The table below describes benefits available to employees hired before January 1, 2013. Employees hired on or after January 1, 2013 and are at least 52 years of age upon retirement will receive the statutory minimum health benefits under sections of the Government Code collectively known as the Public Employees’ Medical and Hospital Care Act or PEMHCA.

|                         |                                       |
|-------------------------|---------------------------------------|
| Benefit types provided  | Medical only                          |
| Duration of benefits    | Lifetime                              |
| Required service        | 20 years                              |
| Minimum Age             | 50                                    |
| Dependent Coverage      | Yes                                   |
| District Contribution % | 100%                                  |
| District Cap            | PERS Choice Other Northern California |

**Plan Membership**

As of June 30, 2021, the date of the latest actuarial valuation, plan participation consisted of:

|   |                 |
|---|-----------------|
| Retirees and beneficiaries receiving benefits | 1               |
| Active employees                              | 6               |
| Total plan participants                       | <u><u>7</u></u> |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 6 – POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

The contribution requirements of plan members and the District are established and may be amended by the District’s Board of Directors. The Employer’s Contribution for each employee shall be the amount necessary to pay the full cost of his/her enrollment including the enrollment of family members in a health benefits plan or plans up to a maximum of total premium per month. The plan assets are held in the California Employers’ Retiree Benefit Trust (CERBT) Fund which is a Section 115 trust fund dedicated to prefunding OPEB for all eligible California public agencies. The annual contributions are based on the actuarially determined contributions. For the fiscal years ended June 30, 2021 and June 30, 2020, the District’s contributions to the trust were \$19,000 for each year.

**Net OPEB Liability**

The District’s net OPEB liability for the Plan is measured as the total OPEB liability, less the plan’s fiduciary net position. The net OPEB liability of the Plans is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2020. The components of the net OPEB liability of the District at June 30, 2020 were as follows:

|                                  |                     |
|----------------------------------|---------------------|
| Total OPEB liability             | \$ (422,033)        |
| OPEB plan Fiduciary Net Position | 255,658             |
| Net OPEB liability               | <u>\$ (166,375)</u> |

**Actuarial Method and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefit provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The calculation method used to determine the service cost and total OPEB liability, mandated by GASB 75, is called the “actuarial cost method”. Since the Plan includes fewer than 100 employees, GASB Statement No. 75 provides an alternate allowable method. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise provided:

|   |  |
|---|--|
| Actuarial Cost Method                   | Entry Age Normal   |
| Valuation Date                          | June 30, 2020  |
| Inflation Rate                          | 2.75% per year   |
| Investment Rate of Return/Discount Rate | 7%   |
| Healthcare Cost Trend Rate              | 4% per year  |
| Payroll Growth Rate                     | 2.75% per year   |
| Retirement Rates                        | 2009 CalPERS retirement rates for the 2%@60 Rates for Miscellaneous Employees  |
|   | 2009 CalPERS retirement rates for the 2%@60 Rates for Miscellaneous Employees, minimum Retirement age of 52 for new hires after 12/31/2012 |
| Service Requirement Mortality           | 2014 CalPERS Active Mortality for Miscellaneous Employees  |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 6 – POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total OPEB Liability was 7%. The discount rate is based on assumed long-term return on the plan assets assuming 100% funding through CERBT. Assumptions are based upon the historic 30-year real rates of return for each asset class offset by investment expenses. The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions the OPEB Plan's fiduciary net position was projected to cover all future benefits for current plan participants. The assumed allocation and rate of return for each asset class is listed below:

**CERBT – Strategy 1**

| <u>Asset Class</u>                             | <u>Percentage of Portfolio</u> | <u>Assumed Gross Return</u> |
|--|--------------------------------|-----------------------------|
| All equities                                   | 59.000                         | 7.795                       |
| All fixed income                               | 25.000                         | 4.500                       |
| Real Estate Investment Trusts                  | 8.000                          | 7.500                       |
| All Commodities                                | 3.000                          | 7.795                       |
| Treasury Inflation Protected Securities (TIPS) | 5.000                          | 3.250                       |

**Change in Net OPEB Liability**

|                            | <u>Total OPEB Liability</u> | <u>Fiduciary Net Position</u> | <u>Net OPEB Liability</u> |
|----------------------------|-----------------------------|-------------------------------|---------------------------|
| Balance at June 30, 2020   | \$ 396,334                  | \$ 229,565                    | \$ 166,769                |
| Service cost               | 1,884                       | -                             | 1,884                     |
| Interest on TOL            | 27,674                      | -                             | 27,674                    |
| Employer contributions     | -                           | 19,000                        | (19,000)                  |
| Expected investment income | -                           | 16,730                        | (16,730)                  |
| Investments gains/losses   | -                           | (9,521)                       | 9,521                     |
| Administrative expense     | -                           | (116)                         | 116                       |
| Expected benefit payments  | (4,668)                     | -                             | (4,668)                   |
| Experience gains/losses    | 809                         | -                             | 809                       |
| Net change                 | 25,699                      | 26,093                        | (394)                     |
| Balance at June 30, 2021   | \$ 422,033                  | \$ 255,658                    | \$ 166,375                |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Notes to Financial Statements  
June 30, 2021

**NOTE 6 – POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

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

The following table shows the Net OPEB Liability with a discount rate 1% higher and 1% lower than the assumed rate of 7% in the valuation:

| <b>Plan's Net OPEB Liability</b> |                         |                      |
|----------------------------------|-------------------------|----------------------|
| <b>Discount Rate</b>             | <b>Current Discount</b> | <b>Discount Rate</b> |
| <b>-1% (6%)</b>                  | <b>Rate (7%)</b>        | <b>+1% (8%)</b>      |
| \$ 243,806                       | \$ 166,375              | \$ 104,852           |

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following table shows the Net OPEB Liability with healthcare costs trend rate of 1% higher and 1% lower than the assumed rate of 4% in the valuation:

| <b>Plan's Net OPEB Liability</b> |                   |                   |
|----------------------------------|-------------------|-------------------|
| <b>Trend Rate</b>                | <b>Healthcare</b> | <b>Trend Rate</b> |
| <b>-1% (3%)</b>                  | <b>Cost Trend</b> | <b>+1% (5%)</b>   |
|                                  | <b>Rate (4%)</b>  |                   |
| \$ 99,311                        | \$ 166,375        | \$ 250,066        |

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

OPEB expense includes service cost, interest cost, change in the total OPEB liability due to difference between actual and expected investment income and administrative expenses, adjusted for deferred inflows and outflows. Deferred outflows of resources related to OPEB include the contributions made to the trust subsequent to the measurement date of June 30, 2020 and prior to the fiscal year. For the fiscal year ending June 30, 2020, the District recognized OPEB expense of \$12,944. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred Outflows</b> | <b>Deferred Inflows</b> |
|--|--------------------------|-------------------------|
|  | <b>of Resources</b>      | <b>of Resources</b>     |
| Pension contributions subsequent to measurement date                       | \$ 19,000                | \$ -                    |
| Differences between actual and expected experience                         | 998                      | (20,409)                |
| Changes in assumptions   | -                        | -                       |
| Net differences between project and actual earnings<br>on past investments | 7,667                    | (998)                   |
| Total  | \$ 27,665                | \$ (21,407)             |

# CASTROVILLE COMMUNITY SERVICES DISTRICT

Notes to Financial Statements  
June 30, 2021

## NOTE 6 – POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

The deferred outflows and inflows of resources related to the net difference between projected and actual investment earnings on the OPEB Plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in OPEB expense during the measurement period, and the remaining net difference is amortized over the remaining amortization periods. The deferred outflows and inflows related to the experience gains and losses are amortized over the expected average remaining service lives (EARSLS) with terminated employees which are primarily retirees considered to have a working lifetime of zero. As of June 30, 2021 the original recognition period of the experience gains and losses was 12.9 years.

## NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of the changes in the noncurrent liabilities reported in the Statement of Net Position for the year ended June 30, 2021:

| <u>Business-Type Activities</u> | Balance           |                   |                     | Balance<br>June 30, 2021 |
|---------------------------------|-------------------|-------------------|---------------------|--------------------------|
|                                 | June 30, 2020     | Additions         | Dispositions        |                          |
| Net Pension Liability           | \$ 657,254        | \$ 131,130        | \$ (765,346)        | \$ 23,038                |
| Other postemployment benefits   | 166,769           | -                 | (393)               | 166,376                  |
| Total Business-Type Activities  | <u>\$ 824,023</u> | <u>\$ 131,130</u> | <u>\$ (765,739)</u> | <u>\$ 189,414</u>        |

## NOTE 8 – LEGAL CONTINGENCY

The District is a party to a lawsuit brought forward by a citizen alleging a trip and fall incident over property owned by the District. The pending litigation was originally filed in July of 2020, and it is expected that the Court will set trial for some time in 2022. CCSD's defense costs and any judgement will be covered by available insurance through the ACWA / JPIA. Available limits are expected to far exceed any potential verdict, and it is not currently possible to estimate any potential favorable or unfavorable outcome. No amounts for a potential contingency have been accrued on the financial statements.

## NOTE 9 – UNCERTAINTY DUE TO PANDEMIC

The District does not believe the COVID-19 pandemic has had a significant impact on its operations or financial results during the year ended June 30, 2021. The District is not aware of any significant impact on future operations related to the pandemic as of the date of this report.

## NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2021, the date which the financial statements were available for issue, and has determined that there are no additional adjustments or additional disclosures required.



**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Required Supplementary Information  
For the Year Ended June 30, 2021

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

| Fiscal Year ended June 30,  | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       | 2015       |
|---|------------|------------|------------|------------|------------|------------|------------|
| Measurement Period  | 2019-20    | 2018-19    | 2017-18    | 2016-17    | 2015-16    | 2014-15    | 2013-14    |
| Entity's proportion of net pension liability (asset)  | 0.00021%   | 0.64100%   | 0.00608%   | 0.00600%   | 0.56900%   | 0.47400%   | 0.00605%   |
| Entity's proportionate share of net pension liability (asset)   | \$ 23,039  | \$ 657,254 | \$ 585,871 | \$ 595,081 | \$ 492,425 | \$ 325,424 | \$ 376,234 |
| Entity's covered-employee payroll (Measurement Year)  | \$ 528,799 | \$ 523,599 | \$ 501,445 | \$ 423,766 | \$ 454,888 | \$ 457,015 | \$ 420,797 |
| Entity's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 4.36%      | 131.07%    | 123.95%    | 140.43%    | 108.25%    | 71.21%     | 89.41%     |
| Plan's fiduciary net position as a percentage of the Plan's total pension liability                               | 99.00%     | 75.26%     | 75.26%     | 73.31%     | 74.06%     | 78.40%     | 83.38%     |
| Proportionate share of the aggregate employer contributions   | \$ 148,853 | \$ 103,398 | \$ 90,922  | \$ 87,899  | \$ 79,241  | \$ 74,295  | \$ 51,050  |

\*Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Required Supplementary Information  
For the Year Ended June 30, 2021

**Miscellaneous Plan  
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**

**SCHEDULE OF PLAN CONTRIBUTIONS**

| Fiscal Year ended June 30,   | <b>2021</b> | <b>2020</b>  | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions<br>(actuarially determined) (CRC) | 53,898      | 84,062       | 70,211      | 57,671      | 48,381      | 45,969      | 34,697      |
| Contributions in relation to CRC                                       | (53,898)    | (765,345)    | (70,211)    | (57,671)    | (48,381)    | (45,969)    | (34,697)    |
| Contribution deficiency (excess)                                       | \$ -        | \$ (681,283) | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Covered-employee payroll   | \$ 528,799  | \$ 523,599   | \$ 501,445  | \$ 472,677  | \$ 423,766  | \$ 454,888  | \$ 457,015  |
| Contributions as a percentage of<br>covered-employee payroll           | 10.19%      | 15.90%       | 14.00%      | 12.20%      | 11.42%      | 10.11%      | 7.59%       |
| Valuation Date   | 6/30/2020   | 6/30/2019    | 6/30/2018   | 6/30/2017   | 6/30/2016   | 6/30/2015   | 6/30/2014   |

**Notes to the Schedule**

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Entry Age Normal   |
| Amortization Method           | Level percentage of payroll, closed  |
| Remaining Amortization Period | 30 years   |
| Asset Valuation Method        | 5-year smoothed market   |
| Inflation                     | 2.75% per year   |
| Salary Increases              | Varies by entry age and service  |
| Payroll Growth                | 2.75%  |
| Investment Rate of Return     | 7%, net of pension plan expenses, including inflation                      |
| Retirement Age                | 50 years   |
| Mortality                     | Derived using CalPERS Experience Study and Review of Actuarial Assumptions |

\* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Required Supplementary Information  
For the Year Ended June 30, 2021

**Schedule of District's Contributions to OPEB Plan**

*Last 10 Fiscal Years*

|                                     | <u>6/30/2021</u>   | <u>6/30/2020</u>   | <u>6/30/2019</u>   | <u>6/30/2018</u>   |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarial determined contribution   | \$ -               | \$ -               | \$ -               | \$ -               |
| Contributions in relation to        |                    |                    |                    |                    |
| actuarially-determined contribution | <u>(19,000)</u>    | <u>(22,183)</u>    | <u>(19,000)</u>    | <u>(19,000)</u>    |
| Contributions in relation to CRC    | <u>\$ (19,000)</u> | <u>\$ (22,183)</u> | <u>\$ (19,000)</u> | <u>\$ (19,000)</u> |
| Covered-employee payroll            | \$ 528,799         | \$ 523,599         | \$ 501,445         | \$ 423,768         |
| Contributions as a percentage of    |                    |                    |                    |                    |
| covered-employee payroll            | 3.59%              | 4.24%              | 3.79%              | 4.48%              |

**Notes to Required Supplementary Information**

Fiscal year ended June 30, 2018 was the first year of implementation and therefore only three years are shown above. This schedule will present 10 years as information becomes available.

*Valuation Date:* Actuarially determined contribution rates are calculated as of June 30, 2019

*Methods and Assumptions Used to Determine Contribution Rates*

|   |  |
|---|--|
| Valuation Date:                         | June 30, 2020  |
| Actuarial Cost Method                   | Entry Age Normal   |
| Inflation Rate                          | 2.75% per year   |
| Investment Rate of Return/Discount Rate | 7.00%  |
| Healthcare Cost Trend Rate              | 4.00%  |
| Payroll Growth Rate                     | 2.75%  |
| Retirement Rates                        | CalPERS retirement rates for the 2%@60 Rates for Miscellaneous Employees |
| Service Requirement                     | CalPERS retirement rates for the 2%@60 for Miscellaneous Employees       |
| Mortality                               | Based on CalPERs table-2014 Active Mortality for Miscellaneous Employees |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**

Required Supplementary Information  
For the Year Ended June 30, 2021

**SCHEDULE OF OPEB LIABILITY AND FIDUCIARY NET POSITION**

*Last 10 Fiscal Years*

| Fiscal Year End  | 6/30/2021      | 6/30/2020      | 6/30/2019      | 6/30/2018      |
|--|----------------|----------------|----------------|----------------|
| Measurement Date   | 6/30/2020      | 6/30/2019      | 6/30/2018      | 6/30/2017      |
| <b><u>Total OPEB Liability</u></b>   |                |                |                |                |
| Service Cost   | \$ 1,967       | \$ 1,967       | \$ 1,914       | \$ 1,863       |
| Interest of TOL  | 27,606         | 27,606         | 25,878         | 24,063         |
| Experience Gain/Loss   | (25,037)       | (25,037)       | -              | -              |
| Expected Benefit Payments  | (3,183)        | (3,183)        | (3,073)        | (2,955)        |
| Net Change in Total OPEB Liability   | 1,353          | 1,353          | 24,719         | 22,971         |
| Total OPEB Liability, Beginning of Year                                    | 396,334        | 394,981        | 370,262        | 347,291        |
| Total OPEB Liability, End of Year  | <u>397,687</u> | <u>396,334</u> | <u>394,981</u> | <u>370,262</u> |
| <b><u>Plan Fiduciary Net Position</u></b>                                  |                |                |                |                |
| Employer Contributions   | 22,183         | 22,183         | 22,073         | 18,976         |
| Expected Investment Income   | 14,431         | 14,431         | 12,209         | 15,235         |
| Administrative Expense   | (44)           | (44)           | (311)          | (126)          |
| Investment Gains/Losses  | (505)          | (505)          | 636            | -              |
| Expected Benefit Payments  | (3,183)        | (3,183)        | (3,073)        | (2,955)        |
| 06/30/2017 FNP Adjustment  | -              | -              | 81             | -              |
| Net Change in Fiduciary Net Position                                       | 32,882         | 32,882         | 31,615         | 31,130         |
| Plan Fiduciary Net Position, Beginning of Year                             | 229,574        | 196,692        | 165,077        | 133,947        |
| Plan Fiduciary Net Position, End of Year                                   | <u>262,456</u> | <u>229,574</u> | <u>196,692</u> | <u>165,077</u> |
| <b><u>Net OPEB Liability</u></b>   |                |                |                |                |
| Net OPEB Liability at the End of the Year                                  | <u>135,231</u> | <u>166,760</u> | <u>198,289</u> | <u>205,185</u> |
| Plan Fiduciary Net Position as a Percentage of<br>the Total OPEB Liability | 57.92%         | 57.92%         | 49.80%         | 44.58%         |
| Covered Payroll  | \$523,599      | \$ 523,599     | \$ 501,445     | \$ 423,768     |
| Net OPEB liability as a % of covered payroll                               | 25.83%         | 31.85%         | 39.54%         | 48.42%         |

\*This schedule will present 10 years as information is available  
*Changes in actuarial assumptions and methods: None*

**CASTROVILLE COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

|  | Budgeted Amounts |                  | Actual           | Variance with          |
|--|------------------|------------------|------------------|------------------------|
|  | Original         | Final            |                  | Final Budget           |
|  |                  |                  |                  | Positive<br>(Negative) |
| <b>Revenues:</b>                           |                  |                  |                  |                        |
| User fees                                  | \$ 67,030        | \$ 67,030        | \$ 66,693        | \$ (337)               |
| Interest income                            | 4,000            | 2,500            | 1,641            | (859)                  |
| Total operating revenues                   | <u>71,030</u>    | <u>69,530</u>    | <u>68,334</u>    | <u>(1,196)</u>         |
| <b>Expenditures:</b>                       |                  |                  |                  |                        |
| Streets, street lights, & open space       | 59,300           | 60,860           | 54,637           | 6,223                  |
| Recreation                                 | 140,000          | 140,000          | 120,000          | 20,000                 |
| Total expenditures                         | <u>199,300</u>   | <u>200,860</u>   | <u>174,637</u>   | <u>26,223</u>          |
| (Deficiency) of Revenues over Expenditures | (128,270)        | (131,330)        | (106,303)        | 25,027                 |
| <b>Other Financing Sources:</b>            |                  |                  |                  |                        |
| Transfers In                               | 153,500          | 153,500          | 153,500          | -                      |
| Total Other Financing Sources              | <u>153,500</u>   | <u>153,500</u>   | <u>153,500</u>   | <u>-</u>               |
| Net Change in Fund Balance                 | <u>\$ 25,230</u> | <u>\$ 22,170</u> | <u>\$ 47,197</u> | <u>\$ 25,027</u>       |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**WATER FUND**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

|                                      | Budgeted Amounts      |                       | Actual                | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|-----------------------|-----------------------|-----------------------|---|
|                                      | Original              | Final                 |                       |   |
| <b>Operating Revenues:</b>           |                       |                       |                       |   |
| Water sales                          | \$ 1,348,000          | \$ 1,368,500          | \$ 1,367,644          | \$ (856)  |
| New service and connection fees      | 19,017                | 115,564               | 111,786               | (3,778)   |
| Other revenues                       | 398,500               | 401,500               | 20,662                | (380,838)   |
| Total operating revenues             | <u>1,765,517</u>      | <u>1,885,564</u>      | <u>1,500,092</u>      | <u>(385,472)</u>  |
| <b>Operating Expenses:</b>           |                       |                       |                       |   |
| Payroll and related expenses         | 358,940               | 360,858               | 427,201               | (66,343)  |
| Water line expenses                  | 13,500                | 17,500                | 33,394                | (15,894)  |
| Depreciation expense                 | 312,000               | 312,000               | 319,150               | (7,150)   |
| Other general operations             | 27,600                | 27,600                | 28,058                | (458)   |
| Meter expenses                       | 21,000                | 37,000                | 28,501                | 8,499   |
| Automobile expenses                  | 6,500                 | 6,500                 | 2,202                 | 4,298   |
| Well site, lift station, and hydrant | 27,000                | 113,000               | 96,821                | 16,179  |
| Consulting expenses                  | 77,000                | 77,000                | 23,943                | 53,057  |
| Office and billing expenses          | 68,225                | 66,225                | 23,272                | 42,953  |
| Retirement plan contributions        | 21,500                | 22,500                | 6,493                 | 16,007  |
| Insurance expense                    | 11,600                | 12,200                | 12,155                | 45  |
| Utility expenses                     | 108,965               | 111,965               | 114,878               | (2,913)   |
| Bad debt expense                     | -                     | -                     | 294                   | (294)   |
| Total Operating Expenses             | <u>1,053,830</u>      | <u>1,164,348</u>      | <u>1,116,362</u>      | <u>47,986</u>   |
| <b>Non-Operating Revenues:</b>       |                       |                       |                       |   |
| Interest revenue                     | 40,000                | 30,000                | 24,204                | (5,796)   |
| Transfers (Out)                      | -                     | -                     | (463)                 | (463)   |
| Total Non-Operating Revenues         | <u>40,000</u>         | <u>30,000</u>         | <u>23,742</u>         | <u>(6,259)</u>  |
| Net Change in Net Position           | <u><u>751,687</u></u> | <u><u>751,216</u></u> | <u><u>407,472</u></u> | <u><u>(343,745)</u></u>                                 |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CASTROVILLE & MORO COJO SEWER FUND**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

|                                     | Budgeted Amounts     |                       | Actual                | Variance with          |
|-------------------------------------|----------------------|-----------------------|-----------------------|------------------------|
|                                     | Original             | Final                 |                       | Final Budget           |
|                                     |                      |                       |                       | Positive<br>(Negative) |
| <b>Operating Revenues:</b>          |                      |                       |                       |                        |
| User Fees                           | \$ 228,785           | \$ 228,785            | \$ 229,718            | \$ 933                 |
| Connection fees                     | 6,338                | 84,024                | 68,270                | (15,754)               |
| Other revenues                      | 29,000               | 29,000                | 715                   | (28,285)               |
| Total operating revenues            | <u>264,123</u>       | <u>341,809</u>        | <u>298,703</u>        | <u>(43,106)</u>        |
| <b>Operating Expenses:</b>          |                      |                       |                       |                        |
| Payroll and related expenses        | 358,372              | 360,252               | 401,009               | (40,757)               |
| Sewer line expenses                 | 7,000                | 7,000                 | 5,701                 | 1,299                  |
| Depreciation expense                | 81,350               | 82,650                | 84,122                | (1,472)                |
| Other general operations            | 8,880                | 8,880                 | 20,279                | (11,399)               |
| Automobile expenses                 | 9,900                | 9,900                 | 2,202                 | 7,698                  |
| Lift station expense                | 9,500                | 9,700                 | 6,296                 | 3,404                  |
| Storm drain expenses                | 11,400               | 15,400                | 9,140                 | 6,260                  |
| Consulting expenses                 | 32,733               | 32,700                | 14,698                | 18,002                 |
| Office and billing expenses         | 31,650               | 27,150                | 3,342                 | 23,808                 |
| Retirement plan contributions       | 20,950               | 22,558                | 21,546                | 1,012                  |
| Insurance expense                   | 11,750               | 12,202                | 20,220                | (8,018)                |
| Utility expenses                    | 19,540               | 19,540                | 18,424                | 1,116                  |
| Bond, Loan, and Certificate Expense | 10,239               | 10,239                | 500                   | 9,739                  |
| Total Operating Expenses            | <u>613,264</u>       | <u>618,171</u>        | <u>607,479</u>        | <u>10,692</u>          |
| <b>Non-Operating Revenues:</b>      |                      |                       |                       |                        |
| Property taxes                      | 480,000              | 480,000               | 553,359               | 73,359                 |
| Interest revenue                    | 73,000               | 56,800                | 33,876                | (22,924)               |
| Amortization of investment discount | (3,589)              | (3,589)               | (3,589)               | -                      |
| Transfers (Out)                     | (153,038)            | (153,038)             | (153,038)             | -                      |
| Total Non-Operating Revenues        | <u>396,373</u>       | <u>380,173</u>        | <u>430,609</u>        | <u>50,435</u>          |
| Net Change in Net Position          | <u><u>47,232</u></u> | <u><u>103,811</u></u> | <u><u>121,833</u></u> | <u><u>18,022</u></u>   |

**CASTROVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**MOSS LANDING SEWER FUND**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

|                                     | Budgeted Amounts |                | Actual         | Variance with          |
|-------------------------------------|------------------|----------------|----------------|------------------------|
|                                     | Original         | Final          |                | Final Budget           |
|                                     |                  |                |                | Positive<br>(Negative) |
| <b>Operating Revenues:</b>          |                  |                |                |                        |
| User Fees                           | \$ 192,000       | \$ 192,000     | \$ 189,395     | \$ (2,605)             |
| Connection fees                     | 7,000            | 7,000          | -              | (7,000)                |
| Other revenues                      | 500              | 500,500        | 45,170         | (455,330)              |
| Total operating revenues            | <u>199,500</u>   | <u>699,500</u> | <u>234,565</u> | <u>(464,935)</u>       |
| <b>Operating Expenses:</b>          |                  |                |                |                        |
| Payroll and related expenses        | 79,640           | 80,057         | 78,117         | 1,940                  |
| Sewer line expenses                 | 7,000            | 7,000          | -              | 7,000                  |
| Depreciation expense                | 29,000           | 31,900         | 35,597         | (3,697)                |
| Other general operations            | 2,295            | 2,295          | 5,361          | (3,066)                |
| Automobile expenses                 | 4,200            | 4,200          | 489            | 3,711                  |
| Lift station expense                | 4,500            | 4,500          | 961            | 3,539                  |
| Storm drain expenses                | -                | -              | 242            | (242)                  |
| Consulting expenses                 | 24,500           | 15,500         | 3,747          | 11,753                 |
| Office and billing expenses         | 7,650            | 7,350          | 2,695          | 4,655                  |
| Retirement plan contributions       | 4,730            | 5,058          | 16,499         | (11,441)               |
| Insurance expense                   | 2,600            | 2,600          | 4,493          | (1,893)                |
| Utility expenses                    | 12,365           | 12,365         | 11,521         | 844                    |
| Bond, Loan, and Certificate Expense | 28,000           | 28,000         | -              | 28,000                 |
| Total Operating Expenses            | <u>206,480</u>   | <u>200,825</u> | <u>159,722</u> | <u>41,103</u>          |
| <b>Non-Operating Revenues:</b>      |                  |                |                |                        |
| Property taxes                      | 92,800           | 92,800         | 92,800         | -                      |
| Interest revenue                    | 9,000            | 4,500          | 4,068          | (432)                  |
| Total Non-Operating Revenues        | <u>101,800</u>   | <u>97,300</u>  | <u>96,868</u>  | <u>(432)</u>           |
| Net Change in Net Position          | <u>94,820</u>    | <u>595,975</u> | <u>171,711</u> | <u>(424,264)</u>       |