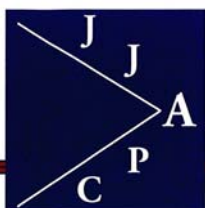


BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS

JUNE 30, 2023



JJACPA, Inc.

A Professional Accounting Services Corp.

January 24, 2024

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

We have audited the financial statements of Brooktrails Township Community Services District (District) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 24, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated September 12, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets (“useful lives”), budget estimates, and net pension liability.

Management’s estimate of the useful lives is based on experience with and observation of capital assets, by category (e.g. infrastructure) as well as industry standards, when applicable (i.e. buildings). We evaluated the key factors and assumptions used to develop the useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management’s estimate of the budget is based on prior experience and industry conditions. We evaluated the key factors and assumptions used to develop the budget and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management’s estimate of the net pension liability is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District’s financial statements relate to commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of

uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We have attached a list of material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 24, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Communication of Internal Control Related Matters

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

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

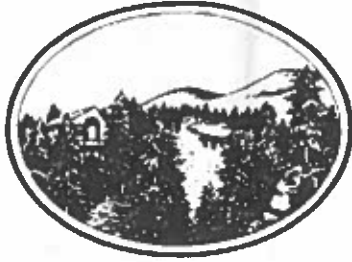
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Joseph J. Arch

JOSEPH J. ARCH, CPA President/CEO
JJACPA, INC.



BROOKTRAILS TOWNSHIP

COMMUNITY SERVICES DISTRICT
24860 BIRCH STREET
WILLITS, CA 95490
Phone: 707-459-2494
Fax: 707-459-0358

January 24, 2024

JJACPA, Inc.
7080 Donlon Way, Suite 204
Dublin, CA 94568

This representation letter is provided in connection with your audit of *financial statements* of Brooktrails Township Community Services District (District) as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of January 24, 2024:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 12, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

“A California General Law Local Government”

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

- With respect to preparation of the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.

- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



Tamara Alaniz, General Manager



Thomas Simms, Deputy Finance Officer

BROOKTRAILS TOWNSHIP COMMUNITY

SERVICES DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

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Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

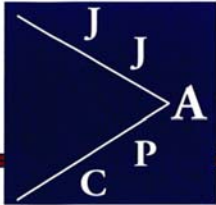
Elected Officials and Administrative Personnel

BOARD OF DIRECTORS

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

MANAGEMENT

Tamara Alaniz – General Manager



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison information of the Brooktrails Township Community Services District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the budgetary comparison information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 66, Schedules of Contributions on page 67 and Schedules of the District's Proportionate Share of the Net Pension Liability on page 68, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

January 24, 2024

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

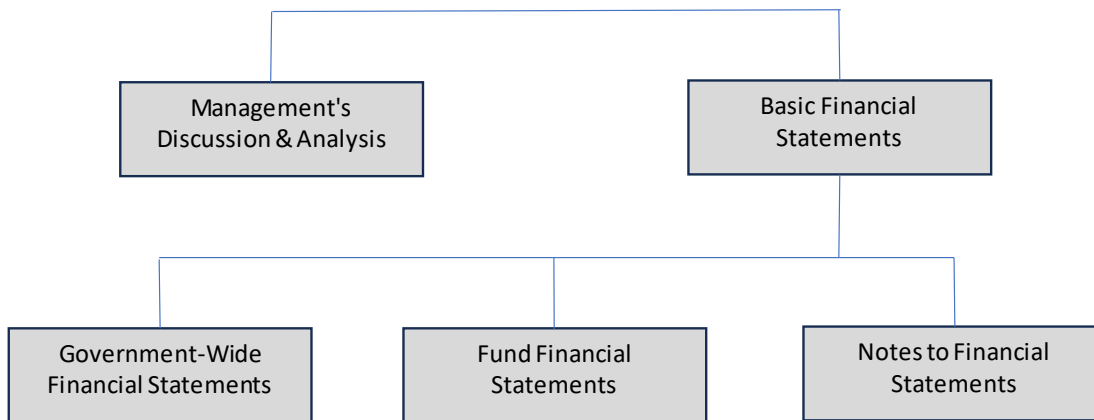
**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management’s Discussion and Analysis

Introduction

The Management’s Discussion and Analysis (MD&A) is a required section of the District’s Basic Financial Statements, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District’s financial performance during the fiscal year that ended June 30, 2023. This report will (1) focus on significant financial issues, (2) provide an overview of the District’s financial activity, (3) identify changes in the District’s financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

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



Fiscal Year 2022/2023 Financial Highlights

- The District is improving its fiscal stability, liquidity, and solvency to better protect against uncertainty, mitigate unnecessary loss risk, and maintain the viability of the District’s many service offerings.
- The assets of the District exceeded its liabilities by \$10.7 million, or 63%.
- To provide adequate stability, the District maintained more than 90 days of unrestricted operating cash throughout the year. The District ended with 168 days of unrestricted operating cash.
- The District remains reasonably liquid with working capital 6.3 times its current liabilities. Working capital at the end of the fiscal year of \$3,576,219.
- Return on the District’s equity was 12.37%.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management's Discussion and Analysis, Continued

The Basic Financial Statements

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

The Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management's Discussion and Analysis, Continued

Fund Financial Statements, Continued

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Net position may serve over time as an indicator of the District's financial position. The District's Total Net Position increased \$1,292,245, from \$9,152,562 in fiscal year 2021/2022 to \$10,444,807 in fiscal year 2022/2023. Current and other assets increased 43%, or \$1,274,410 due to disciplined fiscal governance and property tax increases. A significant portion of the District's net position of \$10,444,807 was net investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.) which is capital assets net of accumulated depreciation and reduced by any related debt used to acquire or construct those assets, \$7,885,081. Capital assets represent infrastructure which provide services to residents and are not available for future spending. GASB 68 and GASB 75 require local governments to report their net pension and net other postemployment benefit (OPEB) obligations as long-term assets. The District participates in a miscellaneous cost sharing plan with CalPERS and offers eligible retirees a healthcare benefit plan. The District reported its proportionate share of its net pension liability totaling \$2,438,907 as of June 30, 2023, which increased by \$1,140,978 due to investment activity on plan assets. See Note 7 and Note 8 for information related to the pension plans. The District also reported a net OPEB liability of \$42,530 as of June 30, 2023. This stems from the OPEB trust set up in strategy 1 collecting moderate investment returns. See Note 9 for more information related to OPEB. Deferred inflows decreased \$7,319 due to market performance and investment outcomes.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management’s Discussion and Analysis, Continued

Government-Wide Financial Analysis, Continued

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

Table 1 - Net Position				
	Governmental Activities		Dollar	Percent
	2023	2022	Change	Change
Assets				
Current and other assets	\$ 1,078,581	\$ 75,451	\$ 1,003,130	1330%
Capital assets-net	\$ 5,329,074	\$ 5,380,416	\$ (51,342)	-1%
Total Assets	\$ 6,407,655	\$ 5,455,867	\$ 951,788	17%
Deferred Outflow of Resources	\$ 819,426	\$ 118,868	\$ 700,558	589%
Liabilities				
Current and other liabilities	\$ 134,852	\$ 126,482	\$ 8,370	7%
Noncurrent liabilities	\$ 2,298,570	\$ 1,106,080	\$ 1,192,490	108%
Total Liabilities	\$ 2,433,422	\$ 1,232,562	\$ 1,200,860	97%
Deferred Inflows of Resources	\$ 197,180	\$ 446,327	\$ (249,147)	-56%
Net Position				
Net investment in capital assets	\$ 5,661,508	\$ 6,064,314	\$ (402,806)	-7%
Restricted	\$ -	\$ -	\$ -	0%
Unrestricted	\$ (1,065,029)	\$ (2,168,468)	\$ 1,103,439	-51%
Total Net Position	\$ 4,596,479	\$ 3,895,846	\$ 700,633	18%

Governmental Activities

The change in net program revenues from the prior year was an increase of \$154,940 which reflects the District’s improved tracking of District resources and proper recognition of property tax proceeds. General revenues increased by \$1,153,349, which is attributable to the application of an internal District policy recognizing that defaulted property taxes less than six years in arrears are still deemed collectible. The change in net position for current government activities was an increase of \$1,157,931.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management's Discussion and Analysis, Continued

Government-Wide Financial Analysis, Continued

Governmental Activities, Continued

Table 2 - Statement of Changes in Net Position

Functional/Programs	Governmental Activities		Dollar Change	Percent Change
	2023	2022		
Program Revenues				
General Administration	\$ 224,325	\$ 9,288	\$ 215,037	2315%
Parks and Recreation	-	-	-	0%
Fire Services	265,414	325,511	(60,097)	-18%
Interest and Fiscal Charges	-	-	-	0%
Total Program Revenues	489,739	334,799	154,940	46%
General Revenues				
Property Taxes	1,582,732	357,803	1,224,929	342%
Special Fire Taxes	673,866	513,052	160,814	31%
Franchise Fees	42,135	40,211	1,924	5%
Investment Earnings	13,682	1,039	12,643	1217%
Other Revenues	29,787	276,748	(246,961)	-89%
Gain on Disposal of Assets	-	-	-	0%
Total General Revenues	2,342,202	1,188,853	1,153,349	97%
Expenses				
General Government	1,062,355	748,452	313,903	42%
Parks and Recreation	63,658	55,589	8,069	15%
Fire Services	1,005,295	1,176,909	(171,614)	-15%
Total Expenses	2,131,308	1,980,950	150,358	8%
Increase/(Decrease) in Net Position	700,633	(457,298)	1,157,931	-253%
Net Position, Beginning of Year	3,895,846	4,353,144	(457,298)	-11%
Net Position, End of Year	\$ 4,596,479	\$ 3,895,846	\$ 700,633	18%

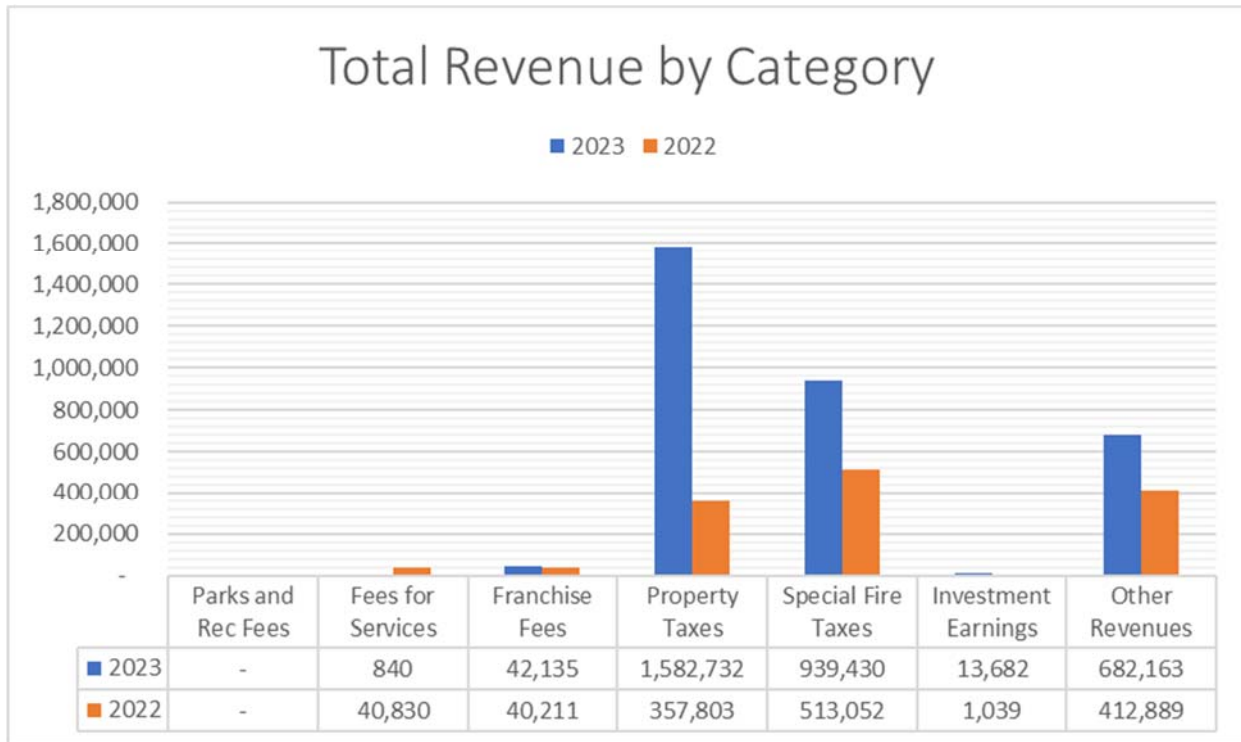
**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management’s Discussion and Analysis, Continued

Government-Wide Financial Analysis, Continued

Governmental Revenues

The following chart summarizes the changes in revenues by category in 2022/2023:



Significant changes in governmental revenues consisted of the following:

- Fees for Services decreased due to changes in revenue classifications
- Property tax revenues increased mainly due to improved recognition of collectible accounts in arrears
- Special Fire Taxes increased due to improved realization of Special Fire Department Levies
- Investment Earnings increased due to investment in Certificates of Deposit using unrestricted cash more than the benchmark goal for days of unrestricted operating cash on hand
- Other Revenues increased due to various grants and strike team reimbursements

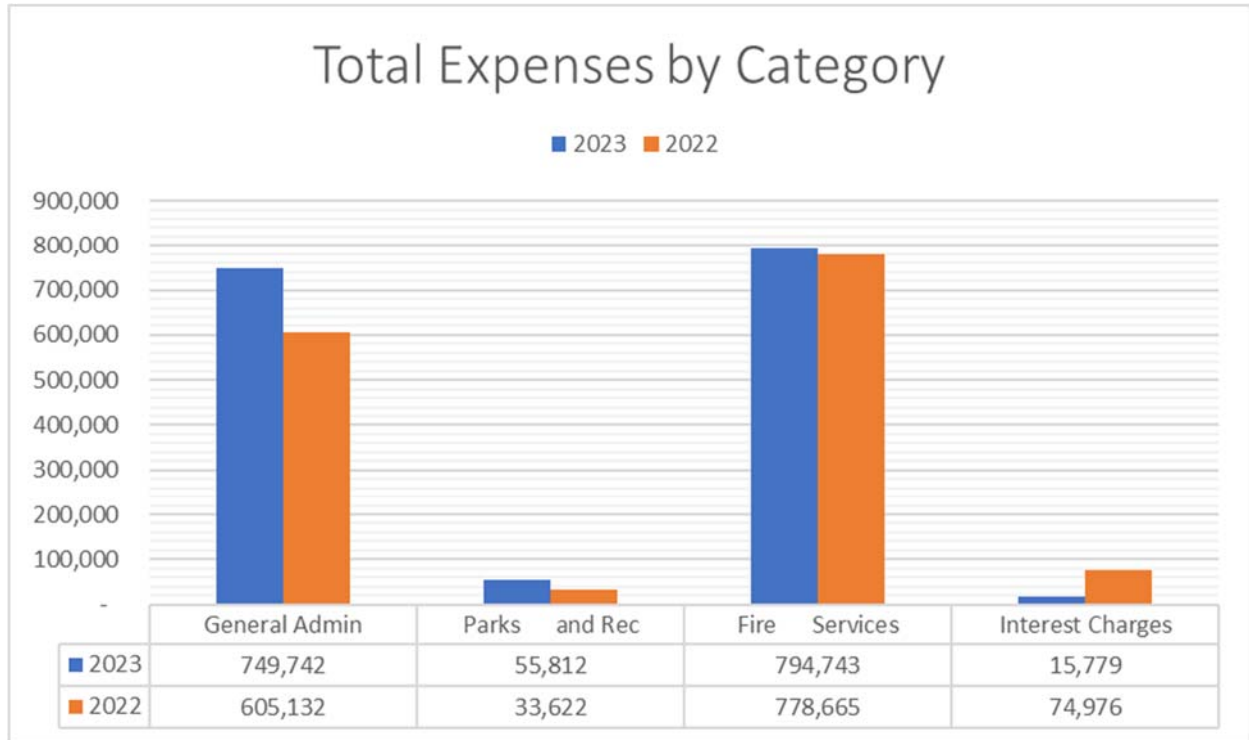
**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management’s Discussion and Analysis, Continued

Government-Wide Financial Analysis, Continued

Governmental Expenses

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



Significant changes in governmental expenses consisted of the following:

- General governmental expenses increased by \$144,610 due to personnel costs, employee retirements and insurance costs.
- Parks and Recreation expenses increased due to maintenance and improvement of the District’s trails and community center.
- Interest Charges increased due an investment in a new squad response truck for the fire department.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management’s Discussion and Analysis, Continued

Financial Analysis of the District’s Funds

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

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

	Major Funds		
	General		
	Fund	Fire Fund	Total
Total Revenues	\$ 1,680,723	\$ 1,314,384	\$ 2,995,107
Total Expenditures	805,554	767,982	1,573,536
Revenues Over (Under) Expenditures	875,169	546,402	1,421,571
Transfer In	265,875		
Transfer Out		(42,540)	
Net Change in Fund Balances	1,141,044	503,862	1,421,571
Beginning of Year	(374,205)	(264,277)	(638,482)
End of Year	\$ 766,839	\$ 239,585	\$ 783,089

Fund balance in the General Fund increased due to improvements in recognition of District revenue resources, mainly through the capture of property tax revenues currently due, defaulted property taxes up to five years in arrears, fees, and interest attributable to Mendocino County’s tax collection efforts and reporting. These changes have improved the District’s reporting of performance and cumulative efforts.

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management’s Discussion and Analysis, Continued

Capital Assets

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

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

	<u>Governmental Activities</u>		<u>Dollar Change</u>	<u>Percent Change</u>
	<u>2023</u>	<u>2022</u>		
Land	\$ 4,682,444	\$ 4,682,444	\$ -	0%
Buildings	223,287	223,287	-	0%
Equipment	423,343	474,685	(51,342)	-11%
	<u>\$ 5,329,074</u>	<u>\$ 5,380,416</u>	<u>\$ (51,342)</u>	

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

Long Term Liability Administration

During the fiscal year, Long-term Liabilities from governmental activities increased by \$1,260,663. Overall, Long-Term Liabilities from governmental activities decreased except for the actuarially determined Net Pension Liability. CalPERS investments fell significantly short of expectations and realized lower returns.

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

Table 5 - Long-Term Liabilities

	<u>Governmental Activities</u>		<u>Dollar Change</u>	<u>Percent Change</u>
	<u>2023</u>	<u>2022</u>		
Squad Truck	315,751	584,013	(268,262)	-46%
Net Pension Liability	1,972,063	439,031	1,533,032	349%
Net OPEB Liability	10,756	14,863	(4,107)	-28%
Total Long Term Liabilities	<u>\$ 2,298,570</u>	<u>\$ 1,037,907</u>	<u>\$ 1,260,663</u>	

**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management’s Discussion and Analysis, Continued

General Fund Budgetary Highlights

The following table summarizes the District’s adopted budget:

Table 6 - General Fund Budget Overview			
	Admin/General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenue			
Taxes and Assessments	\$ 325,000	\$ 1,582,732	\$ 1,257,732
Fees and Other Non-Tax Revenue	500	42,975	42,475
Interest	300	13,660	13,360
Other	500	41,356	40,856
Interfund Transfers	300,375	265,875	(34,500)
Total Revenue	626,675	1,946,598	1,319,923
Expenditures			
General Government	592,175	749,742	(157,567)
Parks and Recreation	34,398	55,812	(21,414)
Total Expenditures	626,573	805,554	(178,981)
Excess Revenues over Expenditures	\$ 102	\$ 1,141,044	\$ 1,140,942

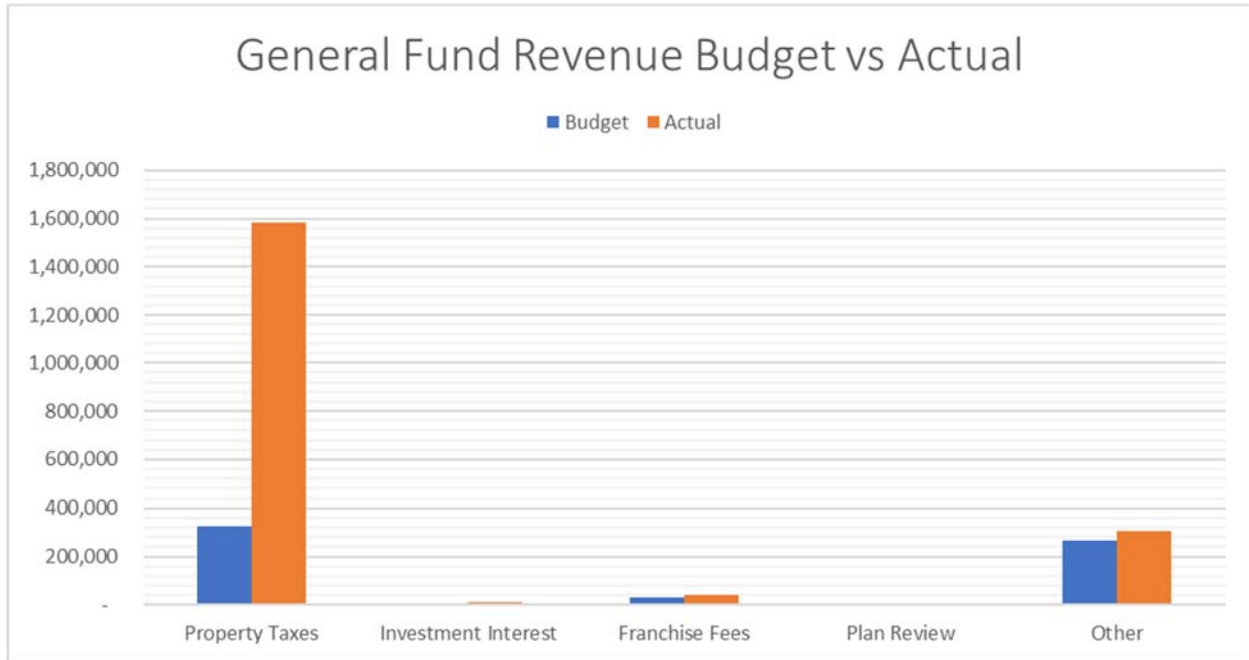
Changes to the District’s budget that increase or decrease appropriations in a fund must be approved by a resolution of the District Board of Directors. Modifications to the budget that are realignment of fiscal activities with no impact to the fund’s bottom line may be approved by the District Management.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

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

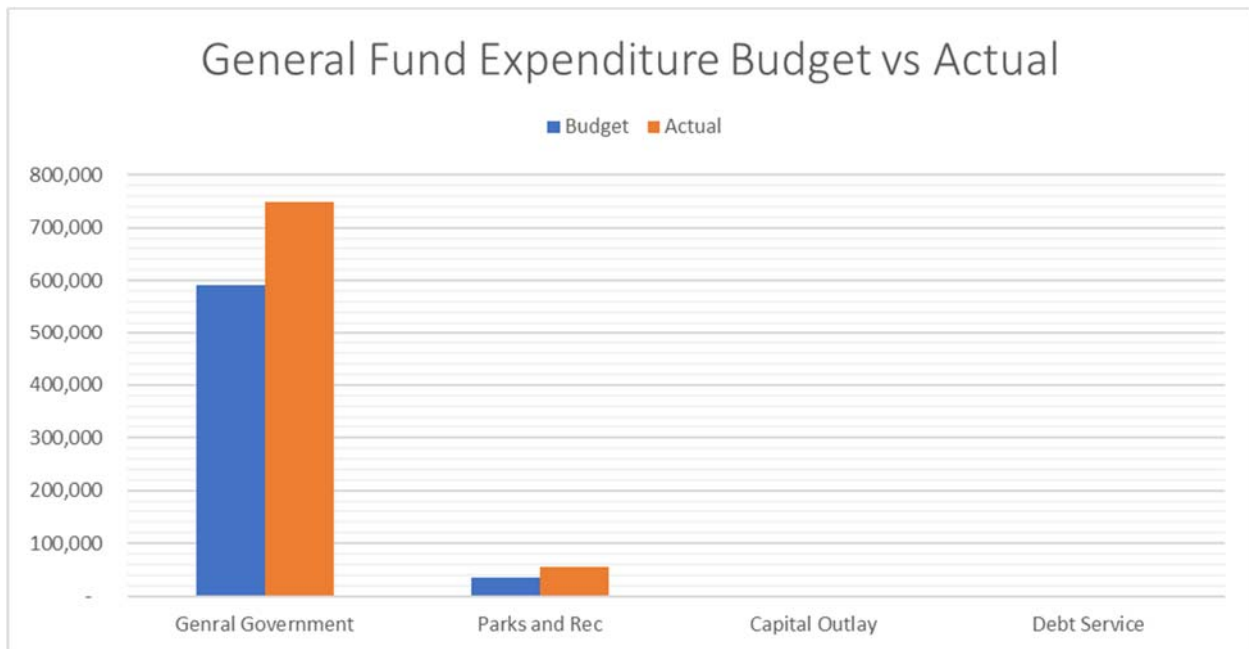
**Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023**

Management’s Discussion and Analysis, Continued

General Fund Budgetary Highlights, Continued



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



Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis, Continued

Economic Factors and Outlook

Mendocino County has experienced substantial recovery since the pre-pandemic level, with all major labor markets in the region adding 1,270 jobs during the prior 12 months, representing 4.29% growth. The overall percentage of families in the poverty range decreased by 2.72%, to 15.8%. By comparison, California's total poverty range increased by 1.5%, to 13.2%. It is anticipated that collectability of property tax revenues will continue to be one of the District's biggest fiscal challenges.

Request for Financial Information

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

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BASIC FINANCIAL STATEMENTS

Brooktrails Township Community Services District

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 313,197	\$ 1,979,347	\$ 2,292,544
Receivables:			
Taxes receivable	1,311,325	-	1,311,325
Accounts receivable, net	4,716	511,118	515,834
Intergovernmental receivable	-	68,755	68,755
Prepaid expenses	14,642	24,330	38,972
Inventories	-	21,387	21,387
Internal balances	(897,733)	897,733	-
Total current assets	<u>746,147</u>	<u>3,502,670</u>	<u>4,248,817</u>
Noncurrent assets:			
Long-term receivables - delinquent fire taxes	332,434	229,125	561,559
Capital assets, net	5,329,074	5,941,231	11,270,305
Total noncurrent assets	<u>5,661,508</u>	<u>6,170,356</u>	<u>11,831,864</u>
Total assets	<u>6,407,655</u>	<u>9,673,026</u>	<u>16,080,681</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	812,301	192,295	1,004,596
Other postemployment benefits	7,125	9,574	16,699
Total assets and deferred outflows of resources	<u>\$ 7,227,081</u>	<u>\$ 9,874,895</u>	<u>\$ 17,101,976</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 7,460	\$ 222,093	\$ 229,553
Accrued liabilities	32,881	54,547	87,428
Interest payable	1,213	4,834	6,047
Unearned revenue	-	94,000	94,000
Compensated absences - current portion	31,816	58,014	89,830
Financed purchases due within one year	61,482	-	61,482
Long term debt - due within one year	-	104,258	104,258
Total current liabilities	<u>134,852</u>	<u>537,746</u>	<u>672,598</u>
Noncurrent liabilities:			
Long-term debt	-	2,903,733	2,903,733
Financed purchases	315,751	-	315,751
Net pension liability	1,972,063	466,844	2,438,907
Net OPEB liability	10,756	31,774	42,530
Total noncurrent liabilities	<u>2,298,570</u>	<u>3,402,351</u>	<u>5,700,921</u>
Total liabilities	<u>2,433,422</u>	<u>3,940,097</u>	<u>6,373,519</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	163,470	38,698	202,168
Other postemployment benefits	33,710	47,772	81,482
Total deferred inflows of resources	<u>197,180</u>	<u>86,470</u>	<u>283,650</u>
NET POSITION			
Net investment in capital assets	5,661,508	2,933,240	8,594,748
Unrestricted	(1,065,029)	2,915,088	1,850,059
Total net position	<u>4,596,479</u>	<u>5,848,328</u>	<u>10,444,807</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,227,081</u>	<u>\$ 9,874,895</u>	<u>\$ 17,101,976</u>

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

Brooktrails Township Community Services District
Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
General Administration	\$ 1,053,061	\$ 990	\$ -	\$ (1,052,071)	\$ -	\$ (1,052,071)
Parks and recreation	63,658	-	-	(63,658)	-	(63,658)
Fire services	1,005,295	152,179	113,235	(739,881)	-	(739,881)
Interest and fiscal charges	9,294	-	-	(9,294)	-	(9,294)
Total governmental activities	2,131,308	153,169	113,235	(1,864,904)	-	(1,864,904)
Business-type activities:						
Water	1,056,670	1,460,122	-	-	403,452	403,452
Sewer	777,537	1,188,485	-	-	410,948	410,948
Total business-type activities	1,834,207	2,648,607	-	-	814,400	814,400
Total primary government	\$ 3,965,515	\$ 2,801,776	\$ 113,235	\$ (1,864,904)	\$ 814,400	\$ (1,050,504)
General revenues:						
Taxes:						
Property taxes, levied for general purpose:				\$ 1,582,732	\$ -	\$ 1,582,732
Special fire taxes				673,866	-	673,866
Franchise fees				42,135	-	42,135
Investment earnings				13,682	147	13,829
Miscellaneous				29,787	400	30,187
Total general revenues				2,342,202	547	2,342,749
Transfers				223,335	(223,335)	-
Total general revenues and transfers				2,565,537	(222,788)	2,342,749
Change in net position				700,633	591,612	1,292,245
Net position:						
Beginning of year				3,895,846	5,256,716	9,152,562
End of year				\$ 4,596,479	\$ 5,848,328	\$ 10,444,807

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

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

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

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

Brooktrails Township Community Services District

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	Fire Services Fund	Totals
ASSETS			
Cash and investments	\$ -	\$ 313,197	\$ 313,197
Taxes receivable	1,228,845	82,480	1,311,325
Interest receivable	4,716	-	4,716
Prepaid expenses	2,333	12,309	14,642
Long-term receivables - delinquent fire taxes	-	332,434	332,434
Total assets	\$ 1,235,894	\$ 740,420	\$ 1,976,314
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	4,785	2,675	\$ 7,460
Accrued liabilities	19,043	13,838	32,881
Due to other funds	421,955	475,778	897,733
Compensated absences	23,272	8,544	31,816
Total liabilities	469,055	500,835	969,890
Fund balances:			
Nonspendable	2,333	12,309	14,642
Assigned	-	227,276	227,276
Unassigned (deficit)	764,506	-	764,506
Total fund balances	766,839	239,585	1,006,424
Total liabilities, deferred inflows of resources and fund balances	\$ 1,235,894	\$ 740,420	\$ 1,976,314

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

Brooktrails Township Community Services District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds \$ 1,006,424

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 5,329,074

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

Interest payable	(1,213)	
Financed purchases	(377,233)	
Net pension liability	(1,972,063)	
Net OPEB liability	(10,756)	(2,361,265)

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

Deferred outflows	819,426	
Deferred inflows	(197,180)	622,246

Net position of governmental activities **\$ 4,596,479**

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

Brooktrails Township Community Services District
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position
Governmental Activities
June 30, 2023

	Governmental		Changes	Statement of
	Funds		in GAAP	Net Position
	Balance Sheet	Reclassifications		
ASSETS				
Current assets:				
Cash and investments	\$ 313,197	\$ -	\$ -	\$ 313,197
Taxes receivable	1,311,325	-	-	1,311,325
Other receivables	4,716	-	-	4,716
Prepaid expenses	14,642	-	-	14,642
Long-term receivables - delinquent fire taxes	332,434	(332,434)	-	-
Other assets	-	-	-	-
Internal balances	-	(897,733)	-	(897,733)
Total current assets	1,976,314	(1,230,167)	-	746,147
Noncurrent assets:				
Long-term receivables - delinquent fire taxes	-	332,434	-	332,434
Capital assets, net	-	-	5,329,074	5,329,074
Total noncurrent assets	-	332,434	5,329,074	5,661,508
Total assets	1,976,314	(897,733)	5,329,074	6,407,655
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	-	-	812,301	812,301
Other postemployment benefits	-	-	7,125	7,125
Total assets and deferred outflows of resources	\$ 1,976,314	\$ (897,733)	\$ 6,148,500	\$ 7,227,081
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 7,460	\$ -	\$ -	\$ 7,460
Accrued liabilities	32,881	-	-	32,881
Due to other funds	897,733	(897,733)	-	-
Interest payable	-	-	1,213	1,213
Compensated absences - current portion	31,816	-	-	31,816
Financed purchases due within one year	-	-	61,482	61,482
Total current liabilities	969,890	(897,733)	62,695	134,852
Noncurrent liabilities:				
Financed purchases	-	-	315,751	315,751
Net pension liability	-	-	1,972,063	1,972,063
Net OPEB obligation	-	-	10,756	10,756
Total noncurrent liabilities	-	-	2,298,570	2,298,570
Total liabilities	969,890	(897,733)	2,361,265	2,433,422
DEFERRED INFLOWS OF RESOURCES				
Pension plan	-	-	163,470	163,470
Other postemployment benefits	-	-	33,710	33,710
Total deferred outflows of resources	-	-	197,180	197,180
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable	14,642	(14,642)	-	-
Unassigned (deficit), reported in:	764,506	(764,506)	-	-
Net position:				
Net investment in capital assets	-	332,434	5,329,074	5,661,508
Unrestricted	-	673,990	(1,739,019)	(1,065,029)
Total fund balances/ net position	1,006,424	-	3,590,055	4,596,479
Total liabilities and net position	\$ 1,976,314	\$ (897,733)	\$ 6,148,500	\$ 7,227,081

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

Brooktrails Township Community Services District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	<u>General Fund</u>	<u>Fire Services Fund</u>	<u>Totals</u>
REVENUES:			
Property taxes	\$ 1,582,732	\$ -	\$ 1,582,732
Special fire taxes	-	673,866	673,866
Intergovernmental:			
Proposition 172 allocation	-	113,235	113,235
Charges for services:			
Strike team revenues	-	152,179	152,179
Planning fees	840	150	990
Franchise fees	42,135	-	42,135
Interest	13,660	22	13,682
Miscellaneous	1,474	44,682	46,156
Total revenues	<u>1,640,841</u>	<u>984,134</u>	<u>2,624,975</u>
EXPENDITURES:			
Current:			
General government:			
Administration	749,742	-	749,742
Recreation	55,812	-	55,812
Fire protection services	-	669,567	669,567
Capital outlay	-	20,636	20,636
Debt service:			
Principal	-	62,000	62,000
Interest and fiscal charges	-	15,779	15,779
Total expenditures	<u>805,554</u>	<u>767,982</u>	<u>1,573,536</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>835,287</u>	<u>216,152</u>	<u>1,051,439</u>
OTHER FINANCING SOURCES (USES):			
Other revenue (expenditures)	39,882	330,250	370,132
Transfers in	265,875	-	265,875
Transfers out	-	(42,540)	(42,540)
Total other financing sources (uses)	<u>305,757</u>	<u>287,710</u>	<u>593,467</u>
Net change in fund balances	<u>1,141,044</u>	<u>503,862</u>	<u>1,644,906</u>
FUND BALANCES:			
Beginning of year	<u>(374,205)</u>	<u>(264,277)</u>	<u>(638,482)</u>
End of year	<u>\$ 766,839</u>	<u>\$ 239,585</u>	<u>\$ 1,006,424</u>

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

Brooktrails Township Community Services District
Reconciliation of Fund Basis Statements to Government-wide Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt	Depreciation	Capital Asset (Additions), Retirements & Adjustments	OPEB Obligation	Pension Plan	Government- wide Totals
Governmental activities:							
Current:							
General government:							
Administration	\$ 749,742	\$ -	\$ 6,888	\$ -	\$ (5,841)	\$ 302,272	\$ 1,053,061
Recreation	55,812	-	7,052	-	-	794	63,658
Fire protection services	669,567	-	86,279	(32,547)	-	281,996	1,005,295
Capital outlay	20,636	-	-	(20,636)	-	-	-
Debt service:							
Principal	62,000	(62,000)	-	-	-	-	-
Interest and fiscal charges	15,779	(6,485)	-	-	-	-	9,294
Total governmental activities	\$ 1,635,536	\$ (68,485)	\$ 100,219	\$ (53,183)	\$ (5,841)	\$ 585,062	\$ 2,131,308

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

Brooktrails Township Community Services District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2023

Net change in fund balances - governmental funds \$ 1,644,906

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

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

Capital asset purchases capitalized	\$ 20,636	
Capital asset adjustments	32,547	
Depreciation expense	<u>(100,219)</u>	(47,036)

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

Change in interest payable	6,485	
Change in net pension liability	(585,062)	
Change in net OPEB liability	<u>5,841</u>	(572,736)

Repayment of long-term debt uses current financial resources, but reduces liabilities in the statement of net position (163,954)

Change in long term debt

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

(160,547)

Change in net position of governmental activities \$ 700,633

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

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Brooktrails Township Community Services District
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund and Major Special Revenue Funds
For the year ended June 30, 2023

	General Fund				Fire Services Fund			
	Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
REVENUES:								
Property taxes	\$ 325,000	\$ 325,000	\$ 1,582,732	\$ 1,257,732	\$ -	\$ -	\$ -	\$ -
Special fire taxes	-	-	-	-	490,000	490,000	673,866	183,866
Intergovernmental:								
Fuel grant	-	-	-	-	35,000	35,000	-	(35,000)
Proposition 172 allocation	-	-	-	-	20,000	20,000	113,235	93,235
Charges for services:								
Strike team revenues	-	-	-	-	15,000	15,000	152,179	137,179
Planning fees	500	500	840	340	-	-	150	150
Franchise fees	32,000	32,000	42,135	10,135	29,000	29,000	-	(29,000)
Interest	300	300	13,660	13,360	-	-	22	22
Miscellaneous	3,000	3,000	1,474	(1,526)	47,000	47,000	44,682	(2,318)
Total revenues	360,800	360,800	1,640,841	1,280,041	636,000	636,000	984,134	348,134
EXPENDITURES:								
Current:								
General government:								
Administration	592,175	592,175	749,742	(157,567)	-	-	-	-
Recreation	34,398	34,398	55,812	(21,414)	-	-	-	-
Fire protection services	-	-	-	-	627,505	627,505	669,567	(42,062)
Capital outlay	-	-	-	-	7,500	7,500	20,636	(13,136)
Debt service:								
Principal	-	-	-	-	-	-	62,000	(62,000)
Interest and fiscal charges	-	-	-	-	-	-	15,779	(15,779)
Total expenditures	626,573	626,573	805,554	(178,981)	635,005	635,005	767,982	(132,977)
REVENUES OVER (UNDER)								
EXPENDITURES	(265,773)	(265,773)	835,287	1,101,060	995	995	216,152	215,157
OTHER FINANCING SOURCES (USES):								
Other revenue (expenditures)	-	-	39,882	39,882	-	-	330,250	330,250
Transfers in	265,875	265,875	265,875	-	42,540	42,540	-	(42,540)
Transfers out	-	-	-	-	-	-	(42,540)	(42,540)
Total other financing sources (uses)	265,875	265,875	305,757	39,882	42,540	42,540	287,710	245,170
Net change in fund balances	102	102	1,141,044	1,140,942	43,535	43,535	503,862	460,327
FUND BALANCES:								
Beginning of year	(374,205)	(374,205)	(374,205)	-	(264,277)	(264,277)	(264,277)	-
End of year	\$ (374,103)	\$ (374,103)	\$ 766,839	\$ 1,140,942	\$ (220,742)	\$ (220,742)	\$ 239,585	\$ 460,327

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

PROPRIETARY FUNDS

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

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

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

Brooktrails Township Community Services District

Statement of Net Position

Enterprise Funds

June 30, 2023

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and investments	\$ 1,421,948	\$ 557,399	\$ 1,979,347
Receivables:			
Accounts receivable, net	375,559	135,559	511,118
Intergovernmental receivables	27,405	41,350	68,755
Prepaid expenses	12,165	12,165	24,330
Inventories	21,387	-	21,387
Due from other funds	-	897,733	897,733
Total current assets	<u>1,858,464</u>	<u>1,644,206</u>	<u>3,502,670</u>
Noncurrent assets:			
Long-term receivables - delinquent accounts	93,475	135,650	229,125
Capital assets, net	5,178,323	762,908	5,941,231
Total assets	<u>7,130,262</u>	<u>2,542,764</u>	<u>9,673,026</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	101,685	90,610	192,295
OPEB	4,725	4,849	9,574
Total assets and deferred outflows of resources	<u>\$ 7,236,672</u>	<u>\$ 2,638,223</u>	<u>\$ 9,874,895</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 9,731	\$ 212,362	\$ 222,093
Accrued liabilities	7,027	47,520	54,547
Interest payable	4,682	152	4,834
Unearned revenue	94,000	-	94,000
Compensated absences - current portion	28,720	29,294	58,014
Long-term debt - due within one year	75,000	29,258	104,258
Total current liabilities	<u>219,160</u>	<u>318,586</u>	<u>537,746</u>
Noncurrent liabilities:			
Long-term debt	2,893,676	10,057	2,903,733
Net pension liability	246,865	219,979	466,844
Net OPEB liability	13,325	18,449	31,774
Total liabilities	<u>3,373,026</u>	<u>567,071</u>	<u>3,940,097</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	20,463	18,235	38,698
OPEB	23,250	24,522	47,772
Total deferred inflows of resources	<u>43,713</u>	<u>42,757</u>	<u>86,470</u>
NET POSITION			
Net investment in capital assets	2,209,647	723,593	2,933,240
Restricted for capital projects	-	-	-
Unrestricted	1,610,286	1,304,802	2,915,088
Total net position	<u>3,819,933</u>	<u>2,028,395</u>	<u>5,848,328</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,236,672</u>	<u>\$ 2,638,223</u>	<u>\$ 9,874,895</u>

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

Brooktrails Township Community Services District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the year ended June 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
OPERATING REVENUES:			
Sale of water	\$ 1,331,984	\$ -	\$ 1,331,984
Service fees	-	1,095,861	1,095,861
Availability charges	25,364	87,724	113,088
Penalties	59,852	200	60,052
Other operating revenues	42,922	4,700	47,622
Total operating revenues	<u>1,460,122</u>	<u>1,188,485</u>	<u>2,648,607</u>
OPERATING EXPENSES:			
Personnel services	192,342	313,058	505,400
Contractual services	50,592	21,756	72,348
Intergovernmental treatment costs	-	412,529	412,529
Utilities	215,393	22,420	237,813
Insurance	92,628	100,096	192,724
Other supplies and expenses	367,889	126,920	494,809
Depreciation	349,190	57,646	406,836
Total operating expenses	<u>1,268,034</u>	<u>1,054,425</u>	<u>2,322,459</u>
OPERATING INCOME(LOSS)	<u>192,088</u>	<u>134,060</u>	<u>326,148</u>
NONOPERATING REVENUES (EXPENSES):			
Other nonoperating revenues (expenses)	285,582	303,678	589,260
Gain/loss on the sale of assets	400	-	400
Interest revenue	74	73	147
Interest expense	(74,218)	(26,790)	(101,008)
Total non-operating revenues, net	<u>211,838</u>	<u>276,961</u>	<u>488,799</u>
NET INCOME BEFORE TRANSFERS	403,926	411,021	814,947
Transfers in	-	-	-
Transfers out	(135,596)	(87,739)	(223,335)
Total transfers	<u>(135,596)</u>	<u>(87,739)</u>	<u>(223,335)</u>
CHANGE IN NET POSITION	268,330	323,282	591,612
NET POSITION:			
Beginning of year	3,551,603	1,705,113	5,256,716
End of year	<u>\$ 3,819,933</u>	<u>\$ 2,028,395</u>	<u>\$ 5,848,328</u>

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

Brooktrails Township Community Services District

Statement of Cash Flows

Enterprise Funds

For the year ended June 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,526,744	\$ 1,510,095	\$ 3,036,839
Cash payments to suppliers for goods and services	(930,564)	(747,045)	(1,677,609)
Cash payments to employees for services	(176,989)	(299,586)	(476,575)
Net cash provided by operating activities	<u>419,191</u>	<u>463,464</u>	<u>882,655</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received (paid)	(135,596)	(119,141)	(254,737)
Net cash used by noncapital financing activities	<u>(135,596)</u>	<u>(119,141)</u>	<u>(254,737)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments of notes payable	(70,000)	(27,933)	(97,933)
Interest paid	(80,416)	(22,096)	(102,512)
Acquisition and construction of capital assets	(416,025)	(232,289)	(648,314)
Net cash (used) by capital and related financing activities	<u>(566,441)</u>	<u>(282,318)</u>	<u>(848,759)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	74	73	147
Net cash provided by investing activities	<u>74</u>	<u>73</u>	<u>147</u>
Net increase (decrease) in cash and cash equivalents	(282,772)	62,078	(220,694)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,704,720	495,321	2,200,041
End of year	<u>\$ 1,421,948</u>	<u>\$ 557,399</u>	<u>\$ 1,979,347</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ 192,088	\$ 134,060	\$ 326,148
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	349,190	57,646	406,836
Pension expense	(460,703)	(603,957)	(1,064,660)
OPEB expense	(7,236)	(10,019)	(17,255)
Other nonoperating	285,582	274,098	559,680
(Increase) decrease in current assets:			
Accounts receivable	(222,905)	33,562	(189,343)
Intergovernmental receivables	12,914	43,224	56,138
Prepaid expenses	(8,252)	23,197	14,945
Inventory	9,152	-	9,152
Lein receivable	182,613	244,824	427,437
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	(29,841)	243,338	213,497
Unearned revenue	94,000	-	94,000
Compensated absences	22,589	23,491	46,080
Net cash provided by operating activities	<u>\$ 419,191</u>	<u>\$ 463,464</u>	<u>\$ 882,655</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2023.

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

Brooktrails Township Community Services District
Statement of Fiduciary Net Position
Fiduciary Activities
June 30, 2023

	<u>Retired Employees Health Care Plan</u>
ASSETS	
Cash and investments	\$ 44,681
Investments at fair value:	
California Employers Retiree Benefit Program (CERBT)	<u>-</u>
Total assets	<u><u>44,681</u></u>
LIABILITIES	
Accounts payable	\$ -
Due to other governmental agencies	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	
Held in trust for other postemployment benefits	<u>44,681</u>
Total Net Position (deficit)	<u><u>44,681</u></u>
Total liabilities and net position	<u><u>\$ 44,681</u></u>

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

Brooktrails Township Community Services District
Statement of Changes Fiduciary Net Position
Fiduciary Activities
June 30, 2023

	Retired Employees Health Care Plan
Additions	
Contributions:	
Employer	\$ -
Investment income:	
Net appreciation in fair value of investments	7,889
Total additions	7,889
Deductions	
Benefits and administrative expenses	\$ -
Total deductions	-
Net increase	7,889
Net position held in trust for other post employment benefits:	
Beginning of year	36,792
End of year	<u>\$ 44,681</u>

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

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Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of the Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The government-wide financial statements are reported using the *economic resources measurement focus* and *the accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary funds:

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

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

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

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

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

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Receivables and Payables

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

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

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

Inventories and Prepaid Items

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

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

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

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

Compensated Absences and Termination Benefits

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

Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Balance - Governmental Funds

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

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

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

Comparative Data

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

Pensions and Other Postemployment Benefits

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Fair Value Measurements

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

Budgetary Information

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS

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

	Maturities (in years)			Deposits	Fair
	< 1	1 to 2	> 2		Market Value
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value:					
Cash in bank	\$ -	\$ -	\$ -	\$ 1,992,342	\$ 1,992,342
Petty cash	-	-	-	600	600
Local Agency Investment Fund	336,394	-	-	-	336,394
Total pooled items	336,394	-	-	1,992,942	2,329,336
Total cash and cash equivalents	\$ 336,394	\$ -	\$ -	\$ 1,992,942	\$ 2,329,336
Financial Statement presentation:					
Governmental activities					\$ 313,197
Business-type Activities					1,979,347
Fiduciary activities					36,792
Total					\$ 2,329,336

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

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is that they will be made only in institutions in California, they shall be insured or collateralized with United States backed securities, and time certificates of deposit shall have a maturity of less than five years. At June 30, 2023, \$1,742,342 of the District's bank balances of \$1,992,342 was exposed to credit risk.

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS, Continued

Investment in LAIF

The District is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2023 was \$25,677,325,266 of which the District had a balance of \$336,394. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2023 has a portfolio with market valuation of \$177,045,532,802. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. CAPITAL ASSETS

Capital asset activity relating to governmental activities for the year ended June 30, 2023 was as follows:

Governmental Activities:

	July 1, 2022	Additions	Deletions	June 30, 2023
Nondepreciable assets:				
Land	\$ 4,682,444	\$ -	\$ -	\$ 4,682,444
Total nondepreciable assets	<u>4,682,444</u>	<u>-</u>	<u>-</u>	<u>4,682,444</u>
Depreciable assets:				
Buildings and improvements	797,657	-	(1)	797,656
Fire facilities	169,795	1,932	-	171,727
Fire vehicles and equipment	1,735,441	40,075	-	1,775,516
Other equipment	94,903	6,871	-	101,774
Total depreciable assets	<u>2,797,796</u>	<u>48,878</u>	<u>(1)</u>	<u>2,846,673</u>
Total	<u>7,480,240</u>	<u>48,878</u>	<u>(1)</u>	<u>7,529,117</u>
Accumulated depreciation:				
Buildings and improvements	(614,879)	(11,824)	-	(626,703)
Fire facilities	(166,900)	(259)	-	(167,159)
Fire vehicles and equipment	(1,234,937)	(86,020)	-	(1,320,957)
Other equipment	(83,108)	(2,116)	-	(85,224)
Total accumulated depreciation	<u>(2,099,824)</u>	<u>(100,219)</u>	<u>-</u>	<u>(2,200,043)</u>
Net depreciable assets	<u>697,972</u>	<u>(51,341)</u>	<u>(1)</u>	<u>646,630</u>
Total capital assets	<u>\$ 5,380,416</u>	<u>\$ (51,341)</u>	<u>\$ (1)</u>	<u>\$ 5,329,074</u>

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

3. CAPITAL ASSETS, Continued

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

Governmental activities:	
General government	\$ 6,888
Recreation	7,052
Fire protection services	86,279
Total	<u>100,219</u>

Capital asset activity relating to business-type activities for the year ended June 30, 2023 was as follows:

Business-Type Activities:	July 1, 2022	Additions	Deletions	Transfer/ Adjustments	June 30, 2023
Nondepreciable assets:					
Land	\$ 53,618	\$ -	\$ -	\$ -	\$ 53,618
Construction in progress	-	-	-	-	-
Total nondepreciable assets	<u>53,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,618</u>
Depreciable assets:					
Dams	1,537,468	-	-	-	1,537,468
Pipelines and distribution systems	3,336,568	-	-	-	3,336,568
Pipelines and collection system	4,379,915	190,010	-	-	4,569,925
Treatment plant, tanks and improvements	8,448,851	-	(82,337)	-	8,366,514
Equipment	1,968,227	458,304	-	-	2,426,531
Total depreciable assets	<u>19,671,029</u>	<u>648,314</u>	<u>(82,337)</u>	<u>-</u>	<u>20,237,006</u>
Total	<u>19,724,647</u>	<u>648,314</u>	<u>(82,337)</u>	<u>-</u>	<u>20,290,624</u>
Accumulated depreciation:					
Dams	(1,383,721)	(30,749)	-	(1)	(1,414,471)
Pipelines and distribution systems	(3,006,611)	(65,991)	-	-	(3,072,602)
Pipelines and collection system	(3,714,056)	(91,201)	-	2,174,804	(1,630,453)
Treatment plant, tanks and improvements	(4,735,796)	(139,510)	-	(2,173,236)	(7,048,542)
Equipment	(1,093,194)	(89,385)	-	(746)	(1,183,325)
Total accumulated depreciation	<u>(13,933,378)</u>	<u>(416,836)</u>	<u>-</u>	<u>821</u>	<u>(14,349,393)</u>
Net depreciable assets	<u>5,737,651</u>	<u>231,478</u>	<u>(82,337)</u>	<u>821</u>	<u>5,887,613</u>
Total capital assets	<u>\$ 5,791,269</u>	<u>\$ 231,478</u>	<u>\$ (82,337)</u>	<u>\$ 821</u>	<u>\$ 5,941,231</u>

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

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT

Long-Term Debt Activity

	Balance July 1, 2022	Additions	Retirements	Adjustments	Balance June 30, 2023	Due Within One Year
Governmental Activities						
Direct borrowings	\$ 436,430	\$ -	\$ (37,696)	\$ (225,934)	\$ 172,800	\$ 39,100
Note Payable	228,757	-	(24,304)	-	204,453	22,382
Compensated absences	75,748	-	(43,932)	-	31,816	31,816
Total	<u>\$ 740,935</u>	<u>\$ -</u>	<u>\$ (105,932)</u>	<u>\$ (225,934)</u>	<u>\$ 409,069</u>	<u>\$ 93,298</u>
Business-Type Activities						
Water Revenue Refunding Bonds, Series 2021	\$ 2,825,000	\$ -	\$ (70,000)	\$ -	\$ 2,755,000	\$ 75,000
Premium	222,223	-	(8,547)	-	213,676	-
USDA Loan, 2010	67,248	-	(27,933)	-	39,315	29,258
Compensated Absences	119,344	-	(61,330)	-	58,014	58,014
Total	<u>\$ 3,233,815</u>	<u>\$ -</u>	<u>\$ (167,810)</u>	<u>\$ -</u>	<u>\$ 3,066,005</u>	<u>\$ 162,272</u>

Direct Borrowings – Financed Purchases

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

Note Payable

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT, Continued

Water Revenue Refunding Bonds, Series 2021

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

USDA Loan – 2010

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

The District's future debt service will be:

Year Ending June 30,	Governmental Activities					
	Direct Borrowings			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 39,100	\$ 5,674	\$ 44,774	\$ 22,382	\$ 7,819	\$ 30,201
2025	40,555	4,219	44,774	23,300	6,902	30,202
2026	42,066	2,708	44,774	24,255	5,946	30,201
2027	43,632	1,142	44,774	25,250	4,952	30,202
2028	7,427	34	7,461	26,285	3,917	30,202
2029-2033	-	-	-	82,981	5,105	88,086
Total	\$ 172,780	\$ 13,777	\$ 186,557	\$ 204,453	\$ 34,641	\$ 239,094
Due within one year	\$ 39,100	\$ 5,674	\$ 44,774	\$ 22,382	\$ 7,819	\$ 30,201
Due after one year	133,680	8,103	141,783	182,071	26,822	208,893
Total	\$ 172,780	\$ 13,777	\$ 186,557	\$ 204,453	\$ 34,641	\$ 239,094

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

4. LONG-TERM DEBT, Continued

Year Ending June 30,	Business-Type Activities					
	Water Revenue Refunding Bonds, Series			USDA Loan 2010		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 75,000	\$ 81,575	\$ 156,575	\$ 29,258	\$ 1,208	\$ 30,466
2025	75,000	78,575	153,575	10,057	97	10,154
2026	80,000	75,575	155,575	-	-	-
2027	85,000	72,375	157,375	-	-	-
2028	85,000	68,975	153,975	-	-	-
2029-2033	485,000	291,475	776,475	-	-	-
2034-2038	565,000	208,275	773,275	-	-	-
2039-2043	655,000	120,788	775,788	-	-	-
2044-2048	650,000	42,300	692,300	-	-	-
Total	\$ 2,755,000	\$ 1,039,913	\$ 3,794,913	\$ 39,315	\$ 1,305	\$ 40,620
Due within one year	\$ 75,000	\$ 81,575	\$ 156,575	\$ 29,258	\$ 1,208	\$ 30,466
Due after one year	2,680,000	958,338	3,638,338	10,057	97	10,154
Total	\$ 2,755,000	\$ 1,039,913	\$ 3,794,913	\$ 39,315	\$ 1,305	\$ 40,620

5. NET POSITION/FUND BALANCES

Net Position

Net position at June 30, 2023 consisted of the following:

Description	Balance as of June 30, 2023
Net investment in capital assets	\$ 8,785,665
Unrestricted (deficit)	1,836,406
Total unrestricted net position	<u>\$ 10,622,071</u>

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

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

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

5. NET POSITION/FUND BALANCES, Continued

Fund Balance

Fund balance consisted of the following at June 30, 2023:

Nonspendable:	
Major Funds	
General Fund	\$ 2,333
Fire Services Fund	12,309
Total Nonspendable	<u>14,642</u>
Assigned:	
Fire Services Fund	418,193
Total Assigned	<u>418,193</u>
Unassigned (deficit):	
Major Funds:	
General Fund	501,093
Total Major Funds- Unassigned	<u>501,093</u>
Total Unassigned	<u>501,093</u>
Total Fund Balance	<u>\$ 933,928</u>

Excess of Expenditures and Transfers Over Appropriations: Expenditures and transfers exceeded appropriations for the year ended June 30, 2023, for the following funds:

	<u>Final Budget</u>	<u>Total Expenditures and Transfers</u>	<u>Excess Expenditures Over Appropriations</u>
<u>Governmental Activities</u>			
Major Funds			
General Fund	\$ 626,573	\$ 805,554	\$ (178,981)
Fire Services Fund	635,005	810,522	(175,517)

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

6. INTERFUND TRANSACTIONS

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

Due to and due from other funds consisted of the following as of June 30, 2023:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ -	\$ 421,955
Fire Services Fund	-	475,778
Total Major Funds	<u>-</u>	<u>897,733</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds:		
Wastewater	<u>897,733</u>	<u>-</u>
Major Enterprise Funds	<u>897,733</u>	<u>-</u>
Total	<u>\$ 897,733</u>	<u>\$ 897,733</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 265,875	\$ -
Fire services fund	-	42,540
Total Major Funds	<u>265,875</u>	<u>42,540</u>
Total Governmental Funds	<u>265,875</u>	<u>42,540</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds		
Water	-	135,596
Sewer	-	87,739
Total Proprietary Funds	<u>-</u>	<u>223,335</u>
Total Transfers	<u>\$ 265,875</u>	<u>\$ 265,875</u>

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

7. RISK MANAGEMENT

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

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

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

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

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

8. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (PERS)

A. General Information about the Pension Plans

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

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

Contributions - Section 20814 of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2022 (the measurement date), the active employee contribution rates was 6.25 or 7.0 percent of annual pay, and the employer contribution rate was 7.47 or 10.87 percent of annual payroll (10.80 and 15.62 percent for the safety plan).

For the year ended June 30, 2023, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 213,627	\$ 46,986

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

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

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

As of June 30, 2023, the District reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,143,016
Safety	295,891
Total Net Pension Liability	<u>\$ 2,438,907</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 was as follows:

	<u>Total</u>
Proportion - June 30, 2022	0.02400%
Proportion - June 30, 2023	0.02111%
Change - Increase (Decrease)	<u>-0.00289%</u>

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

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

For the year ended June 30, 2023, the District recognized pension income of \$218.985 At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 249,432	\$ -
Differences between Expected and Actual Experience	55,282	32,037
Differences between Projected and Actual Investment Earnings	439,269	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	102,401
Change in Employer's Proportion	-	67,730
Pension Contributions Made Subsequent to Measurement Date	260,613	-
	<u>\$ 1,004,596</u>	<u>\$ 202,168</u>

\$260,613 reported as deferred outflows of resources related to contributions subsequent to the measurement date and changes in proportions will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2024	\$ 104,572
2025	108,188
2026	60,458
2027	268,597
2028	-
Thereafter	-

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

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

Actuarial Assumptions - The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability based on the following actuarial methods and assumptions.

Actuarial Assumptions	
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment Rate of Return	7.50% net pension plan investment and administrative expenses; includes inflation
Post-retirement benefit increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies.

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

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

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Miscellaneous	\$ 3,103,845	\$ 2,143,016	\$ 1,352,492
Safety	454,471	295,891	166,287
Total	<u>\$ 3,558,316</u>	<u>\$ 2,438,907</u>	<u>\$ 1,518,779</u>

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

At June 30, 2023, the District had no outstanding payable amounts for contributions to the pension plan required for the year ended June 30, 2023.

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Employees Covered by the Benefit Terms.

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	7
	<u>7</u>

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

Contributions

District regulations grant authority to the Board of Directors to establish and amend contribution requirements. Employees are not required to contribute to the plan. Plan contributions are based upon an actuarially determined rate. For the year end June 30, 2022, the District's' contribution rate was 1.9 percent of covered employee payroll. The District did not make contributions to the plan for fiscal year 2021. Employer contributions are made on an ad hoc basis.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2021
Inflation	2.5 percent per year
Salary increase	Aggregate - 2.75% annually Merit - CalPERS 2000-2019 Experience Study
Investment rate of return	6.25% net of investment expenses
Healthcare cost trend rates	- Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 - Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 - Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076.
Mortality Improvement	CalPERS 2000-2019 Experience Study

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

Discount rate

The discount rate used was 6.25 percent at June 30, 2022 and 2.93 percent at June 30, 2021.

Changes in the OPEB Liability

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2022*	\$ 107,288	\$ 48,521	\$ 58,767
Changes for the year			
Service Cost	9,135	-	9,135
Interest	3,208	-	3,208
Actual vs. expected experience	-	-	-
Assumption changes	(21,168)	-	(21,168)
Contributions - employer	-	13,918	(13,918)
Contributions - employee	-	-	-
Net investment income	-	(6,494)	6,494
Benefit payments	(13,918)	(13,918)	-
Administrative expenses	-	(12)	12
Net Changes	(22,743)	(6,506)	(16,237)
Balance at 6/30/2023**	\$ 84,545	\$ 42,015	\$ 42,530

*Measurement date 6/30/2021

** Measurement date 6/30/2022

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

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Change in Discount Rate	5.25%	6.25%	7.25%
Net OPEB Liability	\$ 48,507	\$ 42,530	\$ 36,929

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

Change in Healthcare Cost Trend Rate	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 33,577	\$ 42,530	\$ 52,865

OPEB Plan Fiduciary Net Position

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

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

For the year ended June 30, 2023, the District recognized OPEB income of \$11,094. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 57,466
Changes in assumptions	5,438	24,016
Net difference between projected and actual earnings on plan investments	3,398	-
Employer contributions made subsequent to the measurement date	<u>7,863</u>	<u>-</u>
Total	<u>\$ 16,699</u>	<u>\$ 81,482</u>

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

9. OTHER POST-EMPLOYMENT BENEFITS, Continued

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

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2023	(23,458)
2024	(22,928)
2025	(13,743)
2026	(6,233)
2027	(5,600)
Thereafter	(684)

Payable to the OPEB Plan

At June 30, 2023, the District had no payable for the outstanding amount of contributions to the plan for the year ended June 30, 2023.

10. CONTINGENCIES, COMMITMENTS AND WASTEWATER AGREEMENT

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

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

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

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

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

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

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

11. NEW ACCOUNTING PRONOUNCEMENTS

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

The GASB has issued statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs.

The GASB has issued statement No. 96, "Subscription-Based Information Technology Arrangements". The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

Brooktrails Township Community Services District
Basic Financial Statements
For the year ended June 30, 2023

Notes to Basic Financial Statements, Continued

11. NEW ACCOUNTING PRONOUNCEMENTS, Continued

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

REQUIRED SUPPLEMENTARY INFORMATION

Brooktrails Township Community Services District
Required Supplementary Information - Schedule of Changes
in the Net OPEB Liability and Related Ratios
Last 10 Fiscal Years*

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

Notes to Schedule

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

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

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

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

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

Notes to Schedule

* Additional years information will be presented as it becomes available

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

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

Notes to Schedule

* Additional years information will be presented as it becomes available

SUPPLEMENTAL SCHEDULE

Brooktrails Township Community Services District
Schedule of Debt Service Coverage
June 30, 2023

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

	<u>2023</u>
a) Outstanding Principal Balance at June 30:	\$ 2,755,000
b) Water Sales	\$ 1,331,984
c) Number of connections of the Water System	1,555
d) Changes in rates:	No change in base or water usage rates.

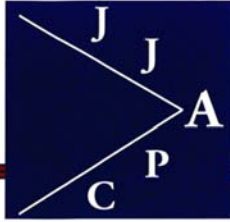
e) Summary coverage information:

	<u>2023</u>
Operating revenues	\$ 1,460,122
Investment income	74
Other nonoperating revenues	0
Total Revenue	<u>\$ 1,460,196</u>
Personnel costs	192,342
Supplies	367,889
Professional Services	50,592
Other Charges	308,021
Total Operations and Maintenance	<u>918,844</u>
Net Revenue Available For Debt Service	<u>\$ 541,352</u>
Debt service:	
2021 Water Revenue Refunding Bonds	\$ 154,375
USDA Loans	30,466
Total debt service	<u>\$ 189,663</u>
Net Revenue After Debt Service	<u>\$ 351,689</u>
Calculated coverage	<u>2.85</u>
Meets covenant restrictions	Yes

Notes:

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

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



JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of Directors
Brooktrails Township Community Services District
Willits, California

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Brooktrails Township Community Services District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Brooktrails Township Community Services District's basic financial statements, and have issued our report thereon dated January 24, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Board of Directors
Brooktrails Township Community Services District
Willits, California

Report on Compliance and Other Matters

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

Purpose of this Report

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

January 24, 2024

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA