

DON COLE & COMPANY

CERTIFIED PUBLIC ACCOUNTANT

2701 Del Paso Road, Suite 130-131
Sacramento, California 95835
Phone: (916) 925-5216
Fax: (916) 285-7194

**ESPARTO COMMUNITY SERVICES DISTRICT
ANNUAL FINANCIAL REPORT
INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

**ESPARTO COMMUNITY SERVICES DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS**

FINANCIAL SECTION

Independent Auditor’s Report..... 1-2
 Management’s Discussion and Analysis..... 3-6

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position..... 7
 Statement of Activities..... 8

Fund Financial Statements:

Balance Sheet – Governmental Funds 9
 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Position 10
 Statement of Revenues, Expenditures, and Changes in Fund
 Balances - Governmental Funds..... 11
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities..... 12
 Combining Statement of Net Position – Proprietary Funds..... 13
 Combining Statement of Revenues, Expenses, and Changes in Fund Net
 Position - Proprietary Funds 14
 Statement of Cash Flows- Proprietary Fund Types 15

Notes to the Basic Financial Statements 16-34

REQUIRED SUPPLEMENTARY INFORMATION

Budget Comparison Schedule..... 35
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan 36-37
 Other Post-Employment Benefit Plan..... 38

SUPPLEMENTARY INFORMATION SECTION

General Funds

Combining Balance Sheet 39
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance..... 40

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Esparto Community Services District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Esparto Community Services District, California as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6, budgetary comparison information on page 35, cost-sharing multiple-employer defined benefit pension plan on pages 36-37, and other post-employment benefit plan on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 my opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.


Don Cole & Company
Sacramento, California

September 15, 2022

**ESPARTO COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2021**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTION

As management of the Esparto Community Services District (the District), we offer readers this discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the District's financial statements that follow this discussion.

FINANCIAL HIGHLIGHTS

- The District's net position at the end of the year was \$1,955,666, an increase of \$211,045 due to current year operations. The portion of the District's net position that were unrestricted and available to meet ongoing obligations to citizens and creditors totaled a deficit of \$625,846.
- The governmental activities net position increased by \$68,521 due to operations and the business-type net position increased by \$142,524 due to operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements separate the District's activities into two areas:

Governmental Activities – these services are principally supported by taxes and intergovernmental revenues. District's basic services are parks and recreation, and general administration.

Business-Type Activities – these services rely upon user fees and charges to help cover all or most of their costs. The District's Water and Sewer systems are reported here.

Within the framework of these activities, a Statement of Net Position and a Statement of Activities report information about the District as a whole. These statements include all assets and liabilities of the District (i.e., infrastructure and long-term debt) and use the accrual basis of accounting in which all the current year revenues and expenses are taken into account regardless of when the cash is received or paid. The two statements can be generally described as follows:

The Statement of Net Position presents information on all of the District's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Esparto Community Services District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Notably, these statements differ from the Fund Financial Statements in that they include all assets of the District (including infrastructure) and all liabilities (including long-term debt) and exclude certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. A reconciliation between the two is provided on pages 10 and 12 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Esparto Community Services District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds in the Esparto Community Services District can be divided into two categories:

governmental funds and proprietary funds. The fund financial statements provide detail information about each of the District's most significant funds, called *major funds*. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each *major fund* is presented individually, with all *nonmajor funds* summarized and presented in a single column.

Governmental funds - most of 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 left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

Proprietary Funds – when the District charges customers for services it provides, whether outside customers or to other units of the District, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e. business-type activities), only in more detail. The District uses proprietary funds to account for its Water and Sewer operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* providing budgetary comparison schedules for the Governmental Funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide long-term and short-term information about the District's overall financial conditions. This analysis addresses the financial statements of the District as a whole.

Summary of Net Position
Fiscal Years 2020-21 and 2019-20

	Governmental Activities		Business-type Activities		TOTALS	
	2021	2020	2021	2020	2021	2020
ASSETS:						
Current and other assets	\$ 52,003	\$ 31,008	\$ 2,211,895	\$ 1,812,282	\$ 2,263,898	\$ 1,843,290
Capital assets, net	-	-	6,343,149	6,535,513	6,343,149	6,535,513
Deferred outflows of resources	-	-	571,053	193,506	571,053	193,506
Total assets & deferred outflows	<u>\$ 52,003</u>	<u>\$ 31,008</u>	<u>\$ 9,126,097</u>	<u>\$ 8,541,301</u>	<u>\$ 9,178,100</u>	<u>\$ 8,572,309</u>
LIABILITIES:						
Current liabilities	\$ 8,639	\$ 10,747	\$ 433,511	\$ 406,925	\$ 442,150	\$ 417,672
Other liabilities	-	45,418	6,380,507	5,964,567	6,380,507	6,009,985
Deferred inflows of resources	-	-	399,777	400,031	399,777	400,031
Total liabilities & deferred inflow	<u>\$ 8,639</u>	<u>\$ 56,165</u>	<u>\$ 7,213,795</u>	<u>\$ 6,771,523</u>	<u>\$ 7,222,434</u>	<u>\$ 6,827,688</u>
NET POSITION:						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 2,312,149	\$ 2,403,513	\$ 2,312,149	\$ 2,403,513
Restricted	-	-	269,363	266,578	269,363	266,578
Unrestricted	43,364	(25,157)	(669,210)	(900,313)	(625,846)	(925,470)
Total net position	<u>\$ 43,364</u>	<u>\$ (25,157)</u>	<u>\$ 1,912,302</u>	<u>\$ 1,769,778</u>	<u>\$ 1,955,666</u>	<u>\$ 1,744,621</u>

Summary of Change in Net Position
Fiscal Years 2020-21 and 2019-20

	Governmental Activities		Business-type Activities		TOTALS	
	2021	2020	2021	2020	2021	2020
PROGRAM REVENUES:						
Charges for services	\$ 27,251	\$ 25,667	\$ 1,643,184	\$ 1,336,855	\$ 1,670,435	\$ 1,362,522
Miscellaneous revenue	-	-	-	-	-	-
GENERAL REVENUES:						
Taxes	45,000	45,000	58,380	54,996	103,380	99,996
Development fees	-	-	9,253	16,669	9,253	16,669
Other revenues	208,085	139,814	58,188	50,997	266,273	190,811
Transfers	-	-	-	-	-	-
Total revenues & transfers	280,336	210,481	1,769,005	1,459,517	2,049,341	1,669,998
TOTAL EXPENSES	<u>211,815</u>	<u>186,534</u>	<u>1,626,481</u>	<u>1,492,928</u>	<u>1,838,296</u>	<u>1,679,462</u>
Change in net position	68,521	23,947	142,524	(33,411)	211,045	(9,464)
Net position, July 1	<u>(25,157)</u>	<u>(49,104)</u>	<u>1,769,778</u>	<u>1,803,189</u>	<u>1,744,621</u>	<u>1,754,085</u>
NET POSITION, June 30	<u>\$ 43,364</u>	<u>\$ (25,157)</u>	<u>\$ 1,912,302</u>	<u>\$ 1,769,778</u>	<u>\$ 1,955,666</u>	<u>\$ 1,744,621</u>

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

Governmental Funds. The fund financial statements present financial data for the general, special revenue, capital projects and fiduciary funds. At the close of Fiscal Year 2020/2021, the District's governmental funds reported a combined ending fund balance of \$47,792 – an increase of \$22,638.

Business Type Funds. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities previously, the business-type net position increased by \$142,524 due to operations.

CAPITAL ASSETS AND LONG-TERM DEBT

Following is a summary of capital assets:

CAPITAL ASSETS, NET OF DEPRECIATION
AS OF JUNE 30,

	Governmental Activities		Business-type Activities		TOTALS	
	2021	2020	2021	2020	2021	2020
Capital assets, not being depreciated:	\$ -	\$ -	\$ 377,199	\$ 377,199	\$ 377,199	\$ 377,199
Depreciable capital assets:						
Buildings and improvements	-	-	9,015,403	8,974,445	9,015,403	8,974,445
Machinery and equipment	-	-	<u>743,244</u>	<u>682,202</u>	<u>743,244</u>	<u>682,202</u>
Total depreciable assets	-	-	9,758,647	9,656,647	9,758,647	9,656,647
Accumulated depreciation	-	-	<u>(3,792,697)</u>	<u>(3,498,333)</u>	<u>(3,792,697)</u>	<u>(3,498,333)</u>
Net depreciable capital assets	-	-	5,965,950	6,158,314	5,965,950	6,158,314
Net capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,343,149</u>	<u>\$ 6,535,513</u>	<u>\$ 6,343,149</u>	<u>\$ 6,535,513</u>

Following is a summary of long-term debt:

**OUTSTANDING DEBT
AS OF JUNE 30,**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>TOTALS</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
USDA Water Loan	\$ -	\$ -	\$ 2,721,000	\$ 2,796,000	\$ 2,721,000	\$ 2,796,000
USDA Sewer Loan	-	-	1,310,000	1,336,000	1,310,000	1,336,000
PPP Loan	-	45,418	-	42,584	-	88,002
Compensated absences	<u>4,428</u>	<u>4,893</u>	<u>26,146</u>	<u>27,989</u>	<u>30,574</u>	<u>32,882</u>
TOTAL	<u>\$ 4,428</u>	<u>\$ 50,311</u>	<u>4,057,146</u>	<u>4,202,573</u>	<u>\$ 4,061,574</u>	<u>\$ 4,252,884</u>

Subsequent to fiscal year end, the USDA Water Loan and USDA Sewer Loan were refunded with the 2021 Revenue Refunding Bonds – see subsequent events note on page 34.

GOVERNMENTAL FUNDS BUDGETARY SUMMARY

Following is a summary of current year budgetary changes and actual results for the District’s Governmental Funds revenues and expenditures.

**BUDGET TO ACTUAL COMPARISON
JUNE 30, 2021**

	<u>Budget Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$ 238,774	\$ 238,774	\$ 234,918	\$ (3,856)
Expenditures	(238,774)	(238,774)	(212,280)	26,494
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,638</u>	<u>\$ 22,638</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the government’s finances. Questions concerning any information provided in this report or request for additional financial information should be directed to:

Esparto Community Services District
26490 Woodland Avenue
Esparto, California 95627

**ESPARTO COMMUNITY SERVICES DISTRICT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

ESPARTO COMMUNITY SERVICES DISTRICT

GOVERNMENT-WIDE STATEMENT OF NET POSITION AS OF JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 32,689	\$ 1,895,777	\$ 1,928,466
Accounts receivables	19,314	46,755	66,069
Restricted assets:			
Cash and cash equivalents	-	269,363	269,363
Total current assets	52,003	2,211,895	2,263,898
NONCURRENT ASSETS:			
Capital assets, net	-	6,343,149	6,343,149
Total noncurrent assets	-	6,343,149	6,343,149
Total assets	\$ 52,003	\$ 8,555,044	\$ 8,607,047
DEFERRED OUTFLOW OF RESOURCES:			
Pensions	\$ -	\$ 80,779	\$ 80,779
Other post-employment benefits	-	490,274	490,274
Total deferred outflows	\$ -	\$ 571,053	\$ 571,053
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	\$ 4,211	\$ 48,972	\$ 53,183
Salaries and benefits payable	-	3,391	3,391
Unearned revenue	-	252,002	252,002
Compensated absences	4,428	26,146	30,574
Long-term debt, due within one year	-	103,000	103,000
Total current liabilities	8,639	433,511	442,150
NONCURRENT LIABILITIES:			
Net pension liability	-	422,505	422,505
Other post-employment benefits	-	2,030,002	2,030,002
Long-term debt, due after one year	-	3,928,000	3,928,000
Total noncurrent liabilities	-	6,380,507	6,380,507
Total liabilities	\$ 8,639	\$ 6,814,018	\$ 6,822,657
DEFERRED INFLOW OF RESOURCES:			
Pensions	\$ -	\$ 34,551	\$ 34,551
Other post-employment benefits	-	40,226	40,226
Deferred service credits	-	325,000	325,000
Total deferred inflows	\$ -	\$ 399,777	\$ 399,777
NET POSITION:			
Invested in capital assets, net of related debt	\$ -	\$ 2,312,149	\$ 2,312,149
Restricted	-	269,363	269,363
Unrestricted	43,364	(669,210)	(625,846)
Total net position	\$ 43,364	\$ 1,912,302	\$ 1,955,666

See accompanying notes to basic financial statements

ESPARTO COMMUNITY SERVICES DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS AS OF JUNE 30, 2021

	<u>Major</u>	<u>Non-major</u>	<u>Total</u>
	<u>General</u>	<u>Lighting</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS:			
Cash with Yolo County	\$ 20,234	\$ 12,455	\$ 32,689
Accounts receivable	<u>18,514</u>	<u>800</u>	<u>19,314</u>
Total assets	<u>\$ 38,748</u>	<u>\$ 13,255</u>	<u>\$ 52,003</u>
LIABILITIES:			
Accounts payable	\$ 4,211	\$ -	\$ 4,211
Total liabilities	<u>4,211</u>	<u>-</u>	<u>4,211</u>
FUND BALANCES:			
Unassigned	<u>34,537</u>	<u>13,255</u>	<u>47,792</u>
Total fund balances	<u>34,537</u>	<u>13,255</u>	<u>47,792</u>
Total liabilities and fund balances	<u>\$ 38,748</u>	<u>\$ 13,255</u>	<u>\$ 52,003</u>

See accompanying notes to basic financial statements

ESPARTO COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total fund balances, governmental funds	\$ 47,792
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	<u>(4,428)</u>
Total net position – governmental funds	<u>\$ 43,364</u>

See accompanying notes to basic financial statements

ESPARTO COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Major	Non-major	Total
	General Fund	Lighting Fund	Governmental Funds
REVENUES:			
Charges for services	\$ -	\$ 27,251	\$ 27,251
Taxes and intergovernmental	<u>207,667</u>	<u>-</u>	<u>207,667</u>
Total revenues	<u>207,667</u>	<u>27,251</u>	<u>234,918</u>
EXPENDITURES:			
Salaries and benefits	109,634	-	109,634
Insurance	4,461	-	4,461
Maintenance	7,623	-	7,623
Supplies	29,312	-	29,312
Utilities	<u>42,020</u>	<u>19,230</u>	<u>61,250</u>
Total expenditures	<u>193,050</u>	<u>19,230</u>	<u>212,280</u>
Net change in fund balance	14,617	8,021	22,638
Fund balance, July 1	<u>19,920</u>	<u>5,234</u>	<u>25,154</u>
FUND BALANCE, June 30	<u>\$ 34,537</u>	<u>\$ 13,255</u>	<u>\$ 47,792</u>

See accompanying notes to basic financial statements

ESPARTO COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total net change in fund balance, governmental funds	\$ 22,638
Amounts reported for governmental activities in the statement of activities are different from amounts reported in government funds because:	
Governmental funds report the reduction of debt as expenditures. In the statement of activities however, the debt is recorded as a liability.	
PPP loan forgiveness	45,418
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:	
Compensated absences	<u>465</u>
Change in net position – governmental activities	<u>\$ 68,521</u>

See accompanying notes to basic financial statements

ESPARTO COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION – PROPRIETARY FUNDS AS OF JUNE 30, 2021

	Major Funds		Total
	Water	Sewer	
ASSETS:			
CURRENT ASSETS:			
Funds on deposit, County of Yolo	\$ 142,946	\$ (61,673)	\$ 81,273
Funds on deposit, bank	202,299	202,298	404,597
Reserved funds, County of Yolo	702,969	706,938	1,409,907
Accounts receivables	25,932	20,823	46,755
Restricted assets:			
Funds on deposit, County of Yolo	<u>183,833</u>	<u>85,530</u>	<u>269,363</u>
Total current assets	<u>1,257,979</u>	<u>953,916</u>	<u>2,211,895</u>
NONCURRENT ASSETS:			
Capital assets, net	<u>3,904,929</u>	<u>2,438,220</u>	<u>6,343,149</u>
Total noncurrent assets	<u>3,904,929</u>	<u>2,438,220</u>	<u>6,343,149</u>
Total assets	<u>\$ 5,162,908</u>	<u>\$ 3,392,136</u>	<u>\$ 8,555,044</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pensions	\$ 40,390	\$ 40,389	\$ 80,779
Other post-employment benefits	<u>245,137</u>	<u>245,137</u>	<u>490,274</u>
Total deferred outflows	<u>\$ 285,527</u>	<u>\$ 285,526</u>	<u>\$ 571,053</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	\$ 29,490	\$ 19,482	\$ 48,972
Accrued expenses	1,695	1,696	3,391
Unearned revenue	64,578	187,424	252,002
Compensated absences	12,982	13,164	26,146
Long-term debt, due within one year	<u>76,000</u>	<u>27,000</u>	<u>103,000</u>
Total current liabilities	<u>184,745</u>	<u>248,766</u>	<u>433,511</u>
NONCURRENT LIABILITIES:			
Net pension liability	211,253	211,252	422,505
Other post-employment benefits	1,015,001	1,015,001	2,030,002
Long-term debt, due after one year	<u>2,645,000</u>	<u>1,283,000</u>	<u>3,928,000</u>
Total noncurrent liabilities	<u>3,871,254</u>	<u>2,509,253</u>	<u>6,380,507</u>
Total liabilities	<u>\$ 4,055,999</u>	<u>\$ 2,758,929</u>	<u>\$ 6,814,018</u>
DEFERRED INFLOW OF RESOURCES:			
Pensions	\$ 17,276	\$ 17,275	\$ 34,551
Other post-employment benefits	20,113	20,113	40,226
Deferred service credits	<u>162,500</u>	<u>162,500</u>	<u>325,000</u>
Total deferred inflows	<u>\$ 199,889</u>	<u>\$ 199,888</u>	<u>\$ 399,777</u>
NET POSITION:			
Invested in capital assets, net of related debt	\$ 1,183,929	\$ 1,128,220	\$ 2,312,149
Restricted	183,833	85,530	269,363
Unrestricted	<u>(175,215)</u>	<u>(493,995)</u>	<u>(669,210)</u>
Total net position	<u>\$ 1,192,547</u>	<u>\$ 719,755</u>	<u>\$ 1,912,302</u>

See accompanying notes to basic financial statements

ESPARTO COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Major Funds		Total
	Water	Sewer	
OPERATING REVENUES:			
Charges for services	\$ 927,803	\$ 715,381	\$ 1,643,184
Miscellaneous revenue	<u>1,068</u>	<u>1,029</u>	<u>2,097</u>
Total operating revenues	<u>928,871</u>	<u>716,410</u>	<u>1,645,281</u>
EXPENDITURES:			
Salaries and benefits	353,819	349,605	703,424
Insurance	20,186	20,440	40,626
Maintenance	145,627	26,926	172,553
Professional fees	30,988	42,496	73,484
Supplies	46,641	56,292	102,933
Utilities	36,264	32,388	68,652
Depreciation	179,920	114,444	294,364
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>813,445</u>	<u>642,591</u>	<u>1,456,036</u>
Operating income	<u>115,426</u>	<u>73,819</u>	<u>189,245</u>
NONOPERATING INCOME (EXPENSE):			
Interest revenue	753	754	1,507
Intergovernmental	35,191	35,189	70,380
Development fees	5,536	3,717	9,253
Interest expense	<u>(115,335)</u>	<u>(55,110)</u>	<u>(170,445)</u>
Total nonoperating income (expenses)	<u>(73,855)</u>	<u>(15,450)</u>	<u>(89,305)</u>
EXTRAORDINARY ITEM:			
Loan forgiveness	<u>21,292</u>	<u>21,292</u>	<u>42,584</u>
Total extraordinary item	<u>21,292</u>	<u>21,292</u>	<u>42,584</u>
Change in net position	62,863	79,661	142,524
Net position, July 1	<u>1,129,684</u>	<u>640,094</u>	<u>1,769,778</u>
NET POSITION, June 30	<u>\$ 1,192,547</u>	<u>\$ 719,755</u>	<u>\$ 1,912,302</u>

See accompanying notes to basic financial statements

ESPARTO COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Major Funds		Total
	Water	Sewer	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from operating revenues	\$ 926,179	\$ 718,953	\$ 1,645,132
Cash paid to employees for services	(261,600)	(257,362)	(518,962)
Cash paid for operating expenses	<u>(267,577)</u>	<u>(166,824)</u>	<u>(434,401)</u>
Net cash provided by operating activities	<u>397,002</u>	<u>294,767</u>	<u>691,769</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Purchase of capital assets	(71,479)	(30,521)	(102,000)
Principal payments on long-term debt	(75,000)	(26,000)	(101,000)
PPP loan forgiveness	(21,292)	(21,292)	(42,584)
Interest paid	<u>(115,335)</u>	<u>(55,110)</u>	<u>(170,445)</u>
Net cash used by capital financing activities	<u>(283,106)</u>	<u>(132,923)</u>	<u>(416,029)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue	35,191	35,189	70,380
Development fees	5,536	3,717	9,253
Loan forgiveness	<u>21,292</u>	<u>21,292</u>	<u>42,584</u>
Net cash provided by noncapital financing activities	<u>62,019</u>	<u>60,198</u>	<u>122,217</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>753</u>	<u>754</u>	<u>1,507</u>
Increase (decrease) in cash and cash equivalents	176,668	222,796	399,464
Cash and cash equivalents, July 1	<u>1,055,379</u>	<u>710,297</u>	<u>1,765,676</u>
Cash and cash equivalents, June 30	<u>\$ 1,232,047</u>	<u>\$ 933,093</u>	<u>\$ 2,165,140</u>
Reconciliation of operating income to cash provided (used) by operating activities:			
Operating income	\$ 115,426	\$ 73,819	\$ 189,245
Adjustments to reconcile operating income to cash provided (used) by operating activities:			
Non-cash items:			
Depreciation expense	179,920	114,444	294,364
(Increase) decrease in assets:			
Accounts receivable	(3,724)	1,557	(2,167)
Prepaid expenses	1,032	986	2,018
Increase (decrease) in liabilities:			
Accounts payable	12,129	11,718	23,847
Accrued expenses	1,290	1,292	2,582
Compensated absences	(932)	(911)	(1,843)
Other post-employment benefits	263,491	263,492	526,983
Net pension liability	17,271	17,270	34,541
Deferred outflows	(188,774)	(188,773)	(377,547)
Deferred inflows	<u>(127)</u>	<u>(127)</u>	<u>(254)</u>
Net cash provided by operating activities	<u>\$ 397,002</u>	<u>\$ 294,767</u>	<u>\$ 691,769</u>

See accompanying notes to basic financial statements

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Esparto Community Services District (the District) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the 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.

The District's main funding sources include property taxes, other inter-governmental revenue from state and federal sources, and user fees.

These financial statements are in compliance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations. This is required supplementary information.
- Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements including these notes to the financial statements.

Reporting Entity

The District was established on August 18, 1969 to replace the Esparto Sanitary Service District and the Yolo Water Works District No. 1. The District operates under section 61000 et. Seq. of the California State Government Code. The District is located in the western section of Yolo County, and provides water, sewer, parks, and lighting service to the community of Esparto and surrounding areas.

The District is a governed entity administered by a Board of Directors (Board) that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members who are elected by voters living within the District's boundaries. Elections are held within the Board to appoint the President. The President's responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission, or business organization; and exercise supervision over the business of the District, its officers, and its employees.

The reporting entity for the Esparto Community Services District includes all the funds and operations under the jurisdiction of the District Council. There are no component or blended component units that are part of the District's operations.

Basis of Accounting – Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District and the primary government as a whole. These statements distinguish between the governmental and business-type activities of the District. The District's parks, lighting and landscaping, and general administrative services are classified as governmental activities. The District's Sewer and Water services are classified as business-type activities.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting – Government-wide Financial Statements (Continued)

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Revenues that are not classified as program revenues are presented as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenue. Taxes and other items properly not included in program revenues are reported as general revenues.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Accounting Policies

The District operates as a self-governing governmental unit within the State of California. The accounting policies of the Esparto Community Services District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the Financial Accounting Standards Board.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements – Fund Financial Statements

The accounts of the Esparto Community Services District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenue or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Funds

General Fund is the general operating fund of the District. It is used to account for maintenance, parks and all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The District reports the following major governmental funds:

- General Fund

Proprietary Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis financed or recovered primarily through user charges.

The District reports the following major enterprise funds:

- Sewer Fund
- Water Fund

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measureable and available. "Available" means collectable within the current period or within 60 days after year end. Property taxes, franchise taxes, licenses, intergovernmental revenues, charges for services, 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 measureable and available only when cash is received by the government. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Acquisition, construction, and installation costs incurred have been charged to (or capitalized in) capital assets.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (Continued)

Depreciation of capital assets is computed using the straight-line method. The estimated useful lives for these depreciable assets are as follows:

- | | |
|---------------------------|----------------|
| • Buildings | 20 to 50 years |
| • Improvements | 20 years |
| • Machinery and equipment | 5 to 10 years |
| • Licenses and vehicles | 5 years |

Compensated Absences

All vacation pay is accrued when incurred in the government-wide statements. The current District policy allows the payment of unused sick leave upon termination of employment if employee meets defined longevity criteria.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Paycheck Protection Program Loan

In accordance with Government Accounting Standards Board (GASB) Technical Bulletin 2021-1, *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*, the loans received through the Paycheck Protection Program include a nonexchange financial guarantee provided by the Small Business Administration. As a result, those liabilities are subject to the guidance provided in paragraph 12 of Statement 70, which establishes that loans should be reported as liabilities until the obligor is legally released from the debt.

Unearned Revenues

Unearned revenue in governmental funds arise when a potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period. Unearned revenue also arise when resources are received by the District before it has legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

Fund Balance

Reserves represent those portions of fund balance not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Operating Revenues and Expenses in Proprietary Funds

The District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the District's Water and Sewer funds consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the District not restricted for any project or other purpose.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Equity

In accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Non-spendable* – includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors of amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance maybe assigned by the District Manager or Department Heads with District Council approval.
- *Unassigned* – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted or committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditure/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Budgetary Policy and Data

The District Board annually adopts a District-wide budget for the District. The General Manager is responsible for preparing estimated revenues and expenditure recommendations for the next year's budget. The District Board adopts the budget by resolution on or before June 30. Budget appropriations lapse at the end of the year.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 2 CASH AND CASH EQUIVALENTS

The District maintains its cash in a pool managed by the County of Yolo Treasury. The County Treasury, in turn, invests its cash with the State of California in the local agency investment fund as well as other banking institutions. The District does not own any specific identifiable investments in the pool. The District also has funds in a commercial bank for timely deposits, but ultimately all money is eventually deposited with the County.

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Cash in Yolo County Treasury:			
Funds on deposit	\$ 32,689	\$ 81,273	\$ 113,962
Reserved funds	-	1,409,907	1,409,907
Restricted funds for USDA	-	269,363	269,363
Total cash with Yolo County Treasury	32,689	1,760,543	1,793,232
Cash in local bank and on hand	-	404,597	404,597
TOTAL	\$ 32,689	\$ 2,165,140	\$ 2,197,829

The reserved funds are set aside for capital assets. Certain proceeds of enterprise fund's USDA loans, as well as certain resources set aside for their repayment, are classified as restricted funds for USDA because their use is legally restricted. Restricted funds for USDA are not available for general operational expenses.

Credit risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires additional disclosures about a government's deposits and investments risk that include credit risk.

Cash in Yolo County is not rated as to credit risk.

The California Government Code requires California banks and savings and loan associations to collateralize a District's deposits by pledging government securities. The market value of pledged securities must equal at least 110 percent of a District's deposits. California law also allows financial institutions to collateralize District deposits by pledging first trust deed mortgage notes having a value of 150 percent of a District's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

At year end, the carrying amount of the District's cash in local bank and on hand was \$404,597 and the bank balance was \$383,869. Differences between the bank balance and the carrying amount represents outstanding checks and deposits in transit. The bank balances are insured/collateralized as noted above.

Other risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, also requires additional disclosures about a government's deposits and investments risk that include custodial credit risk, concentration of credit risk and interest rate risk.

	<u>Yolo County Treasury</u>
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 3 CAPITAL ASSETS AND DEPRECIATION

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Capital assets activity for the year ended June 30, 2021 was as follows:

BUSINESS-TYPE ACTIVITIES:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
WATER FUND:				
Capital assets, not being depreciated:				
Land	\$ 345,525	\$ -	\$ -	\$ 345,525
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>345,525</u>	<u>-</u>	<u>-</u>	<u>345,525</u>
Depreciable capital assets:				
Buildings and improvements	5,381,521	40,958	-	5,422,479
Equipment	<u>108,631</u>	<u>30,521</u>	<u>-</u>	<u>139,152</u>
Total capital assets, being depreciated	<u>5,490,152</u>	<u>71,479</u>	<u>-</u>	<u>5,561,631</u>
Less: accumulated depreciation				
Buildings and improvements	(1,744,297)	(172,676)	-	(1,916,973)
Equipment	<u>(78,010)</u>	<u>(7,244)</u>	<u>-</u>	<u>(85,254)</u>
Total accumulated depreciation	<u>(1,822,307)</u>	<u>(179,920)</u>	<u>-</u>	<u>(2,002,227)</u>
Net capital assets, being depreciated	<u>3,667,845</u>	<u>(108,441)</u>	<u>-</u>	<u>3,559,404</u>
TOTAL WATER FUND, NET	<u>\$ 4,013,370</u>	<u>\$ (108,441)</u>	<u>\$ -</u>	<u>\$ 3,904,929</u>
 SEWER FUND:				
Capital assets, not being depreciated:				
Land	\$ 31,674	\$ -	\$ -	\$ 31,674
Total capital assets, not being depreciated	<u>31,674</u>	<u>-</u>	<u>-</u>	<u>31,674</u>
Depreciable capital assets:				
Buildings and improvements	3,592,924	-	-	3,592,924
Equipment	<u>573,571</u>	<u>30,521</u>	<u>-</u>	<u>604,092</u>
Total capital assets, being depreciated	<u>4,166,495</u>	<u>30,521</u>	<u>-</u>	<u>4,197,016</u>
Less: accumulated depreciation				
Buildings and improvements	(1,322,001)	(81,292)	-	(1,403,293)
Equipment	<u>(354,025)</u>	<u>(33,152)</u>	<u>-</u>	<u>(387,177)</u>
Total accumulated depreciation	<u>(1,676,026)</u>	<u>(114,444)</u>	<u>-</u>	<u>(1,790,470)</u>
Net capital assets, being depreciated	<u>2,490,469</u>	<u>(83,923)</u>	<u>-</u>	<u>2,406,546</u>
TOTAL SEWER FUND, NET	<u>\$ 2,522,143</u>	<u>\$ (83,923)</u>	<u>\$ -</u>	<u>\$ 2,438,220</u>
 BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 6,535,513</u>	<u>\$ (192,364)</u>	<u>\$ -</u>	<u>\$ 6,343,149</u>

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 4 LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due in</u> <u>One Year</u>
GOVERNMENTAL ACTIVITIES:					
Compensated absences	\$ 4,893	\$ 8,616	\$ (9,081)	\$ 4,428	\$ 4,428
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 4,893</u>	<u>\$ 8,616</u>	<u>\$ (9,081)</u>	<u>\$ 4,428</u>	<u>\$ 4,428</u>
BUSINESS-TYPE ACTIVITIES:					
Water Enterprise Fund:					
Compensated absences	\$ 13,914	\$ 17,283	\$ (18,215)	\$ 12,982	\$ 12,982
USDA Water Loan	<u>2,796,000</u>	<u>-</u>	<u>(75,000)</u>	<u>2,721,000</u>	<u>76,000</u>
TOTAL WATER FUND	<u>2,809,914</u>	<u>17,283</u>	<u>(93,215)</u>	<u>2,733,982</u>	<u>88,982</u>
Sewer Enterprise Fund:					
Compensated absences	14,075	16,898	(17,809)	13,164	13,164
USDA Sewer Loan	<u>1,336,000</u>	<u>-</u>	<u>(26,000)</u>	<u>1,310,000</u>	<u>27,000</u>
TOTAL SEWER FUND	<u>1,350,075</u>	<u>16,898</u>	<u>(43,809)</u>	<u>1,323,164</u>	<u>40,164</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 4,159,989</u>	<u>\$ 34,181</u>	<u>\$ (137,024)</u>	<u>\$ 4,057,146</u>	<u>\$ 129,146</u>

Long-term debt as of June 30, 2021 is comprised of the following individual obligations:

BUSINESS-TYPE ACTIVITIES:

Balance
June 30, 2021

Water Enterprise Fund:

In February of 2008 the District received a USDA Loan to construct expanded water facilities. The amount of the loan is not to exceed \$ 3,584,000. The first payment is due on February of 2009. The term of the loan is forty years. Interest will be paid at 4.125% per annum. \$ 2,721,000

Sewer Enterprise Fund:

In February of 2008 the District received a USDA Loan to construct expanded sewer facilities. The amount of the loan is not to exceed \$ 1,579,000. The first payment is due on February of 2009. The term of the loan is forty years. Interest will be paid at 4.125% per annum. \$ 1,310,000

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 4 LONG-TERM DEBT (Continued)

Debt service requirements for the long-term debt are due as follows:

Fiscal year ended June 30	Water Fund			Sewer Fund		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 76,000	\$ 112,241	\$ 188,241	\$ 27,000	\$ 54,038	\$ 81,038
2023	78,000	109,106	187,106	29,000	52,924	81,924
2024	79,000	105,889	184,889	30,000	51,728	81,728
2025	81,000	102,630	183,630	31,000	50,490	81,490
2026	83,000	99,289	182,289	32,000	49,211	81,211
2027 – 31	440,000	443,850	883,850	182,000	224,978	406,978
2032 – 36	488,000	349,099	837,099	222,000	184,305	406,305
2037 – 41	540,000	244,200	784,200	272,000	134,640	406,640
2042 – 46	599,000	128,164	717,164	332,000	73,755	405,755
2047 – 49	257,000	15,964	272,964	153,000	9,529	162,529
	<u>\$ 2,721,000</u>	<u>\$ 1,710,431</u>	<u>\$ 4,431,431</u>	<u>\$ 1,310,000</u>	<u>\$ 940,706</u>	<u>\$ 2,195,596</u>

Note 5 PAYCHECK PROTECTION PROGRAM LOAN

The following is a summary of loan transaction for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
GOVERNMENTAL ACTIVITIES	\$ 45,418	\$ -	\$ (45,418)	\$ -
BUSINESS-TYPE ACTIVITIES:				
Water Enterprise Fund	21,292	-	(21,292)	-
Sewer Enterprise Fund	21,292	-	(21,292)	-
Total Business-type activities	42,584	-	(42,584)	-
TOTAL DISTRICT	<u>\$ 88,002</u>	<u>\$ -</u>	<u>\$ (88,002)</u>	<u>\$ -</u>
				Balance June 30, 2021

In April of 2021 the District received a Small Business Administration (SBA) Loan through the Bank of the West. Loans can be used to help fund payroll costs, including benefits, and may also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2021, and certain supplier costs and expenses for operations. The amount of the loan is \$88,002. The term of the loan is two years. Interest is 1% per annum. On January 22, 2021 the Small Business Administration approved the District's application for Paycheck Protection Program loan forgiveness for the principal amount of \$88,002.

\$ -

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 6 PENSION PLAN

A. GENERAL INFORMATION ABOUT THE PLAN

Plan Description: The District's defined benefit pension plans, the Miscellaneous Plans of the Esparto Community Services District, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plans of the Esparto Community Services District are part of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street -Sacramento, California 95814.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50-55 with statutorily reduced benefits. Death benefits are the pre-retirement Optional Settlement 2W Death Benefit, and the post-retirement death benefit lump sum. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

Funding Policy: The District makes contributions required as the employer. Employee members are required to make contributions of their annual covered salary in an amount depending upon date of hire. The contribution requirements of the plans are established and may be amended by CalPERS. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

As of June 30, 2021, the District reported net pension liabilities for its Proportionate Share of the Net Pension Liability of the Plan in the amount of \$422,505.

The District's net pension liability for its Plans with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2020, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2021 using standard update procedures.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 6 PENSION PLAN (continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

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

	Miscellaneous
June 30, 2020	0.00969%
June 30, 2021	0.01002%

The District's pension expense for the year ended June 30, 2021 is \$80,604.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 3,013
Differences between expected and actual experience	21,773	-
Differences between projected and actual investment earnings	12,551	-
Differences between District contributions and proportionate share of contributions	1,644	31,538
Change in District's proportion	13,142	-
Pension contributions subsequent to the measurement date	<u>31,669</u>	<u>-</u>
Totals	<u>\$ 80,779</u>	<u>\$ 34,551</u>

\$31,669 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2022	\$ (504)
2023	3,945
2024	5,099
2025	6,020
Thereafter	-

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 6 PENSION PLAN (continued)

C. ACTUARIAL ASSUMPTIONS

The total pension liability for this plan's actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous Plans</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% ¹

¹ Net of pension plan investment expenses, including inflation

D. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2021. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 6 PENSION PLAN (continued)

D. DISCOUNT RATE (continued)

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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1–10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

E. 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 each Plan, calculated using the discount rate for each 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:

	<u>Discount Rate – 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 653,644	\$ 422,505	\$ 231,523

Note 7 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. GENERAL INFORMATION ABOUT THE PLAN

Plan Description – The District provides lifetime retiree medical coverage to eligible employees who retire from the district with a CalPERS pension. Coverage is extended to dependents and surviving spouses of eligible retirees. The medical plan benefits are contracted with the California Public Employees' Retirement System under the public Employees' Medical and Hospital Care Act (PEMHCA).

Eligibility and Contribution Requirements – For employees hired before January 1, 2013 eligibility to retiree with a CalPERS Pensions is at least age 50 with 5 years of service. For employees hired on or after January 1, 2013 eligibility to retiree with a CalPERS Pensions is at least age 52 with 5 years of service.

The District will contribute up to 80% of the basic PERs Select Sacramento Area rates for medical coverage, and the retiree shall pay any cost above this maximum. The monthly maximums for 2020 and 2021 are shown in the table below.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 7 OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

A. GENERAL INFORMATION ABOUT THE PLAN (continued)

Employees Covered – As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees electing coverage	6
Active employees waiving coverage	0
Retirees receiving benefits	<u>3</u>
Total	<u><u>9</u></u>

B. ACTUARIAL ASSUMPTIONS

The total OPEB liability, measure as of June 30, 2020, was determined using the following actuarial assumptions:

Actuarial valuation	June 30, 2019
Measurement date	June 30, 2020
Contribution policy	Pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due.
Discount rate	2.21% at June 30, 2020 (20-year bond General Obligation index)
Expected long-term rate of return on investment	N/A
Inflation rate	2.26% per annum
Mortality	Based on CalPERS 2017 experience study
Health care cost trend rate	6.80% for fiscal year 2020, gradually decreasing over several decades to an ultimate rate of 4.50% after fiscal year 2031 and later years.

C. DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 2.21%. This discount rate is the 20-year bond General Obligation rate.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 7 OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

D. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2021:

Plan's Total OPEB Liability		
Discount Rate -1% (2.50%)	Current Discount Rate (3.50%)	Discount Rate + 1% (4.50%)
\$ 2,460,767	\$ 2,030,002	\$ 1,682,241

E. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN HEALTHCARE COST TREND RATES

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2021:

Plan's Total OPEB Liability		
Rate -1%	Healthcare Cost Trend Rate	Rate +1%
\$ 1,684,424	\$ 2,030,002	\$ 2,463,527

F. CHANGE IN TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at June 30, 2019	\$ 1,503,019
Changes recognized for the measurement period:	
Service cost	74,961
Interest on total OPEB liability	54,642
Difference between expected and actual experience	8,400
Changes in assumptions	422,896
Changes in benefit terms	-
Contribution from the employer	-
Net investment income	-
Benefit payments	(33,916)
Administrative expenses	-
Net changes during July 1, 2020 to June 30, 2021	526,983
Balance at June 30, 2020	\$ 2,030,002

G. CONTRIBUTIONS

The contribution requirements of plan members and the District is established and may be amended by the Board of Commissioners. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due).

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 7 OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

H. OPEB EXPENSE

For the year ended June 30, 2021, OPEB expense in the amount of \$176,203 is included in the statement of activities.

The OPEB expense is as follows:

Service cost	\$	74,961
Interest cost		54,642
Recognition of deferred resources due to:		
Changes of assumptions		42,476
Differences between expected and actual experience		<u>4,124</u>
Total	\$	<u>176,203</u>

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO OPEB

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,039	\$ -
Changes of assumptions	417,758	40,226
Contributions to OPEB plan after measurement date	<u>39,477</u>	<u>-</u>
Totals	<u>\$ 490,274</u>	<u>\$ 40,226</u>

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

<u>Year Ended June 30,</u>	
2022	\$ 46,600
2023	46,600
2024	46,600
2025	46,600
2026	46,600
Thereafter	177,571

Note 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, the District contracted with private insurance agencies for liability, property, crime damage, and employee and director insurances.

ESPARTO COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9 SUBSEQUENT EVENT

A. 2021 REVENUE REFUNDING BONDS

The District issued its 2021 Revenue Refunding Bonds, Series A (Water System) for \$2,855,000 and its 2021 Revenue Refunding Bonds, Series B (Wastewater System) for \$1,305,000 under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code, an Indenture of Trust dated as of June 1, 2021, between the District and The Bank of New York Mellon Trust Company, N.A., San Francisco, California, and a resolution of the District Board of the District adopted on June 2, 2021.

The proceeds of the Bonds will be used to (i) prepay, in full, the outstanding obligations to the United States Department of Agriculture of the District's water and wastewater systems loans and (ii) pay the costs of issuing the Bonds.

Debt service requirements for the 2021 Revenue Refunding Bonds are due as follows:

Fiscal year ended June 30	Water Fund			Sewer Fund		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 125,000	\$ 44,254	\$ 169,254	\$ 45,000	\$ 19,686	\$ 64,686
2023	90,000	78,850	168,850	30,000	35,500	65,500
2024	90,000	75,250	165,250	35,000	34,300	69,300
2025	90,000	71,650	161,650	35,000	32,900	67,900
2026	95,000	68,050	163,050	35,000	31,500	66,500
2027 – 31	505,000	281,850	786,850	205,000	134,500	339,500
2032 – 36	540,000	196,175	736,175	235,000	99,262	334,262
2037 – 41	550,000	134,750	684,750	260,000	71,700	331,700
2042 – 46	550,000	68,750	618,750	295,000	38,625	333,625
2047 – 48	220,000	8,250	228,250	130,000	4,876	134,876
	<u>\$ 2,855,000</u>	<u>\$ 1,027,829</u>	<u>\$ 3,882,829</u>	<u>\$ 1,305,000</u>	<u>\$ 502,849</u>	<u>\$ 1,807,849</u>

B. OTHER

Management of the District has evaluated the events subsequent to June 30, 2021 for disclosure and has determined that as of September 15, 2022, other than the 2021 Revenue Refunding Bonds described above, there are no material subsequent events that should be disclosed. If events requiring disclosure have occurred between the balance sheet date and the date the financial statements were available to be issued they would be disclosed here.

**ESPARTO COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

ESPARTO COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. BUDGETARY INFORMATION

The following is the budget comparison schedule for the District's governmental funds:

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services				
Taxes and intergovernmental				
Interest income	\$ 27,976	\$ 27,268	\$ 27,251	\$ (17)
Miscellaneous	<u>210,798</u>	<u>216,000</u>	<u>207,667</u>	<u>(8,333)</u>
Total revenues	<u>238,774</u>	<u>243,268</u>	<u>234,918</u>	<u>(8,350)</u>
EXPENDITURES:				
Salaries and benefits	121,462	115,772	109,634	6,138
Insurance	1,500	2,524	4,461	(1,937)
Maintenance	14,476	23,453	7,623	15,830
Professional fees	850	850	-	850
Supplies	33,986	32,190	29,312	2,878
Utilities	<u>66,500</u>	<u>68,479</u>	<u>61,250</u>	<u>7,229</u>
Total expenditures	<u>238,774</u>	<u>243,268</u>	<u>212,280</u>	<u>30,988</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,638</u>	<u>\$ 22,638</u>

ESPARTO COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2. DEFINED PENSION PLAN – LAST TEN YEARS*

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.01002%	0.00969%	0.00949%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 422,505	\$ 387,964	\$ 357,637
Plan's Covered-Employee Payroll	\$ 401,238	\$ 385,691	\$ 414,222
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	105.30%	100.59%	86.34%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.67%	76.00%	76.31%
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00977%	0.00925%	0.00940%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 358,176	\$ 321,330	\$ 257,787
Plan's Covered-Employee Payroll	\$ 279,449	\$ 269,342	\$ 259,978
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	128.17%	119.30%	99.16%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.19%	76.43%	79.07%

Schedule of Plan Contributions

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarially Determined Contribution	\$ 31,669	\$ 27,686	\$ 32,623
Contributions in Relation to the Actuarially Determined Contribution	<u>(31,669)</u>	<u>(27,686)</u>	<u>(32,623)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Contributions as a Percentage of Covered-Employee Payroll	7.89%	7.18%	7.88%
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Actuarially Determined Contribution	\$ 54,792	\$ 54,457	\$ 50,739
Contributions in Relation to the Actuarially Determined Contribution	<u>(54,792)</u>	<u>(43,457)</u>	<u>(50,739)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 11,000</u>	<u>\$ 0</u>
Contributions as a Percentage of Covered-Employee Payroll	15.75%	19.49%	18.84%

* Fiscal year 2016 was the first year of implementation, therefore, only six years are shown.

ESPARTO COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2. DEFINED PENSION PLAN – LAST TEN YEARS* (continued)

Notes to the Required Supplementary Information

Reporting Year	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Valuation Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Inflation	2.50%
Salary Increase	Varies by entry age and service
Investment rate of return	7.5% (net of pension plan investment expenses)
Retirement age	50 - 67 years

* Fiscal year 2016 was the first year of implementation, therefore, only six years are shown.

ESPARTO COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2021

3. OTHER POST EMPLOYMENT BENEFITS – LAST TEN YEARS*

Total OPEB Liability	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>
Beginning balance	\$ 1,503,019	\$ 1,335,259	\$ 1,308,658
Changes recognized for the measurement period:			
Service cost	74,961	67,961	67,565
Interest on total OPEB liability	54,642	53,660	48,687
Difference between expected and actual experience	8,400	32,030	-
Changes in assumptions	422,896	47,741	(56,825)
Changes in benefit terms	-	-	-
Contribution from the employer	-	-	-
Net investment income	-	-	-
Benefit payments	(33,916)	(33,632)	(32,826)
Administrative expenses	-	-	-
Net changes during fiscal year	<u>526,983</u>	<u>167,760</u>	<u>26,601</u>
Ending balance	<u>\$ 2,030,002</u>	<u>\$ 1,503,019</u>	<u>\$ 1,335,259</u>
Plan Fiduciary Net Position			
Beginning balance	\$ -	\$ -	\$ -
Changes recognized for the measurement period:			
Contribution from the employer	33,916	33,632	32,826
Net investment income	-	-	-
Benefit payments	(33,916)	(33,632)	(32,826)
Administrative expenses	-	-	-
Net changes during fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability	\$ 2,030,002	\$ 1,503,019	\$ 1,335,259
Covered Payroll	\$ 401,238	\$ 385,691	\$ 414,222
Net OPEB Liability as a % of Payroll	505.93%	389.70%	322.35%

Notes to the Required Supplementary Information

Valuation date:	6/30/2019	6/30/2018	6/30/2017
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry age normal cost method		
Amortization method	Straight-line		
Asset valuation method	Market value		
Inflation	2.26%		
Health care	This valuation uses various assumptions that may have been modified based on considerations under Patient Protection and Affordable Care Act.		
Mortality	Mortality rates used in this valuation are those described in the 2017 CalPERS experience study.		

* Fiscal year 2019 was the first year of implementation, therefore, only three years are shown.

**ESPARTO COMMUNITY SERVICES DISTRICT
SUPPLEMENTARY INFORMATION SECTION
JUNE 30, 2021**

**ESPARTO COMMUNITY SERVICES DISTRICT
 COMBINING BALANCE SHEET
 GENERAL FUND
 JUNE 30, 2021**

	<u>Maintenance</u>	<u>EQ Park</u>	<u>EC Park</u>	<u>Total General Fund</u>
ASSETS:				
Cash with Yolo County	\$ 8,885	\$ 4,445	\$ 6,904	\$ 20,234
Accounts receivable	<u>-</u>	<u>14,861</u>	<u>3,653</u>	<u>18,514</u>
Total assets	<u>\$ 8,885</u>	<u>\$ 19,306</u>	<u>\$ 10,557</u>	<u>\$ 38,748</u>
LIABILITIES:				
Accounts payable	<u>\$ 793</u>	<u>\$ 3,156</u>	<u>\$ 262</u>	<u>\$ 4,211</u>
Total liabilities	<u>793</u>	<u>3,156</u>	<u>262</u>	<u>4,211</u>
FUND BALANCES:				
Unassigned	<u>8,092</u>	<u>16,150</u>	<u>10,295</u>	<u>34,537</u>
Total fund balances	<u>8,092</u>	<u>16,150</u>	<u>10,295</u>	<u>34,537</u>
Total liabilities and fund balances	<u>\$ 8,885</u>	<u>\$ 19,306</u>	<u>\$ 10,557</u>	<u>\$ 38,748</u>

**ESPARTO COMMUNITY SERVICES DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Maintenance</u>	<u>EQ Park</u>	<u>EC Park</u>	<u>Total General Fund</u>
REVENUES:				
Taxes and intergovernmental	\$ 45,000	\$ 134,708	\$ 27,959	\$ 207,667
Total revenues	<u>45,000</u>	<u>134,708</u>	<u>27,959</u>	<u>207,667</u>
EXPENDITURES:				
Salaries and benefits	32,527	61,372	15,735	109,634
Insurance	1,617	2,304	540	4,461
Maintenance	622	5,922	1,079	7,623
Supplies	536	27,518	1,258	29,312
Utilities	<u>1,566</u>	<u>31,503</u>	<u>8,951</u>	<u>42,020</u>
Total expenditures	<u>36,868</u>	<u>128,619</u>	<u>27,563</u>	<u>193,050</u>
Net change in fund balance	8,132	6,089	396	14,617
Fund balance, July 1	<u>(40)</u>	<u>10,061</u>	<u>9,899</u>	<u>19,920</u>
FUND BALANCE, June 30	<u>\$ 8,092</u>	<u>\$ 16,150</u>	<u>\$ 10,295</u>	<u>\$ 34,537</u>