

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2021

NEW ISSUE-FULL BOOK-ENTRY

S&P RATING: "AA-"
See "RATING" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."



\$8,800,000*

Cosumnes Community Services District 2021 Lease Revenue Certificates of Participation

Dated: Date of Delivery

Due: November 1, as shown on the inside cover

Certificate Terms. The above-referenced certificates of participation (the "Certificates") are being executed and delivered by U.S. Bank National Association, as trustee (the "Trustee"), pursuant to a Trust Agreement, dated as of October 1, 2021 (the "Trust Agreement"), by and among the Cosumnes Community Services District (the "District"), Public Property Financing Corporation of California (the "Corporation") and the Trustee. Interest on the Certificates will be payable on November 1 and May 1 of each year, commencing May 1, 2022. Payments of the principal of, premium, if any, and interest on the Certificates will be made directly to The Depository Trust Company ("DTC"), or its nominee, Cede & Co., by the Trustee so long as DTC or Cede & Co. is the registered owner of the Certificates.

Purpose. The Certificates are being executed and delivered to (i) finance a portion of the cost of construction of a new fire station (Fire Station 77) to be owned and operated by the District, (ii) finance energy efficiency improvements to be located at the District's Administration Building, and (iii) pay the costs of issuing the Certificates. See "PLAN OF FINANCE."

Registration. The Certificates are being issued as fully registered certificates, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Certificates will not receive physical certificates representing their interest in the Certificates. So long as the Certificates are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Certificates. Disbursements of payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See APPENDIX D – BOOK-ENTRY SYSTEM.

Prepayment. The Certificates are subject to prepayment prior to maturity. See "THE CERTIFICATES – Prepayment."

Security and Sources of Repayment for Certificates. The Certificates evidence direct, undivided fractional interests in Lease Payments (the "Lease Payments") to be made by the District to the Corporation under a Lease Agreement, dated as of October 1, 2021 (the "Lease"), by and between the District and the Corporation. The Corporation's right to receive the Lease Payments has been assigned to the Trustee for the benefit of the Owners of the Certificates. Subject to the terms and conditions of the Lease, the District is obligated to pay the Lease Payments from all legally available amounts. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

No Reserve Fund. No debt service reserve fund is being established for the Certificates.

This cover page contains information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Certificates. Investors must read the entire Official Statement before making any investment decision.

The Certificates are offered when, as and if issued subject to the approval, as to their validity, by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel to the District, and certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Certain legal matters will be passed upon for the District by its general counsel, and for the underwriter by its counsel, Stradling, Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is expected that the Certificates will be available for delivery in book-entry form through the facilities of DTC on or about October 14, 2021.

STIFEL

Dated: _____, 2021

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE

\$ _____
Cosumnes Community Services District
2021 Lease Revenue Certificates of Participation

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <u>(Base: _____) †</u>
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\$ _____ % Term Certificates due November 1, 20__; Yield: ___%; Price: ____;
CUSIP†: _____

\$ _____ % Term Certificates due November 1, 20__; Yield: ___%; Price: ____;
CUSIP†: _____

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Ratings on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of investors. Neither the District nor the Municipal Advisor is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Certificates or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Certificates as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.

**COSUMNES COMMUNITY SERVICES DISTRICT
(Sacramento County, California)**

BOARD OF DIRECTORS

Gil Albiani, *Division 1*
Jaclyn Moreno, *Division 2 and Vice President*
Jim Luttrell, *Division 3 and President*
Orlando Fuentes, *Division 4*
Rod Brewer, *Division 5*

DISTRICT STAFF

Joshua Green, *General Manager/Chief Executive Officer*
Sigrid Asmundson, *General Counsel*
Molly Collins, *Chief of Staff*
Nitish Sharma, *Chief Administrative Officer/District Treasurer*
Nou Vang, *Finance Director*
Felipe Rodriguez, *Fire Chief*
Phillip Lewis, *Parks and Recreation Administrator*
Paul Mewton, *Chief of Planning, Design and Construction*

SPECIAL SERVICES

Municipal Advisor

Urban Futures, Inc.
Walnut Creek, California

Special Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Trustee

U.S. Bank National Association
San Francisco, California

No dealer, broker, salesperson or other person has been authorized by the District, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement is not to be construed as a contract with the purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. All summaries of the Lease, Trust Agreement and other documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Marketplace Access ("EMMA") website.

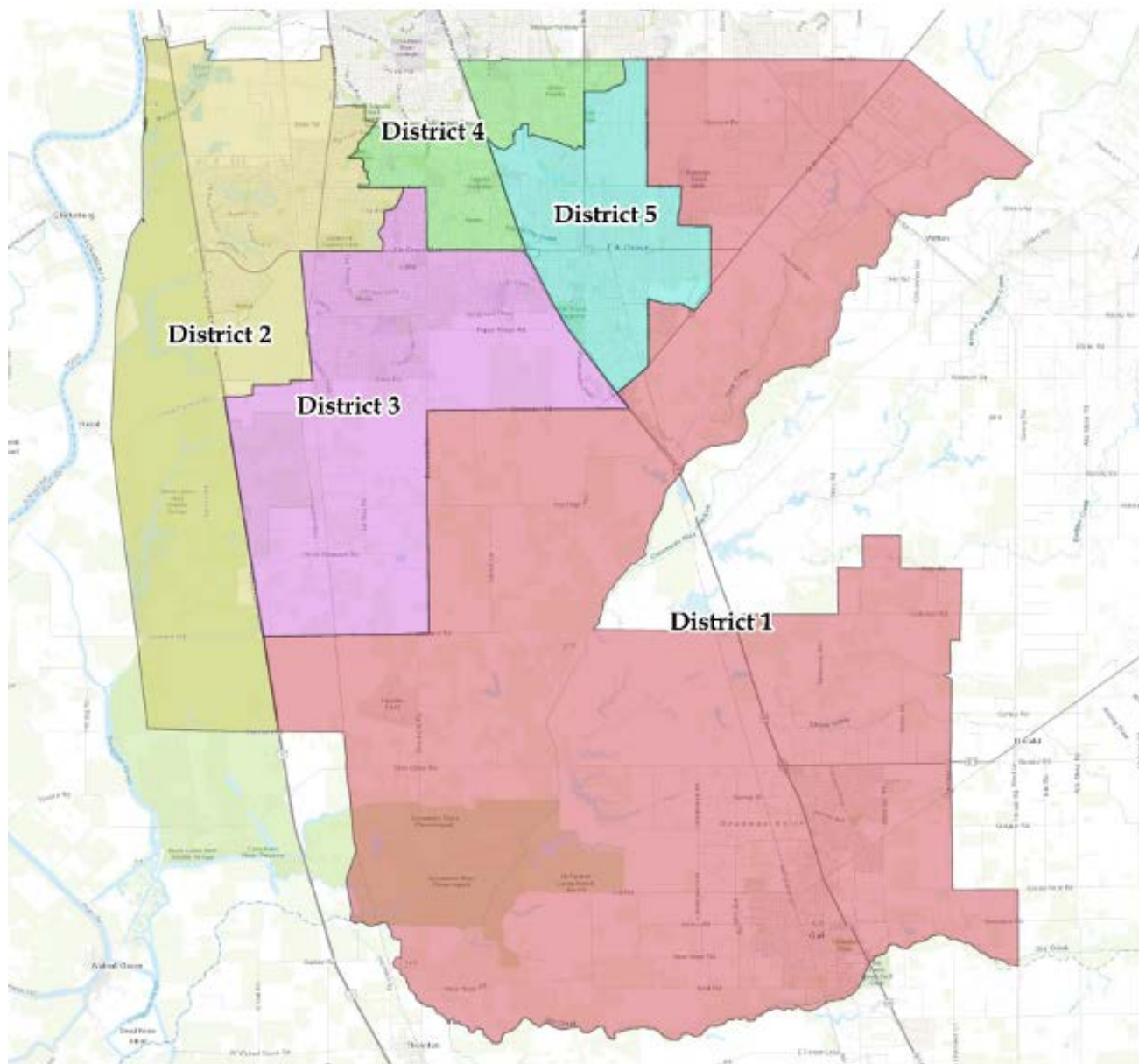
The District maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Certificates.

This Official Statement contains certain "forward-looking statements" concerning the District and the operations, performance and financial condition of the District, including their future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the District. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Results may differ materially from those expressed or implied by these forward-looking statements.

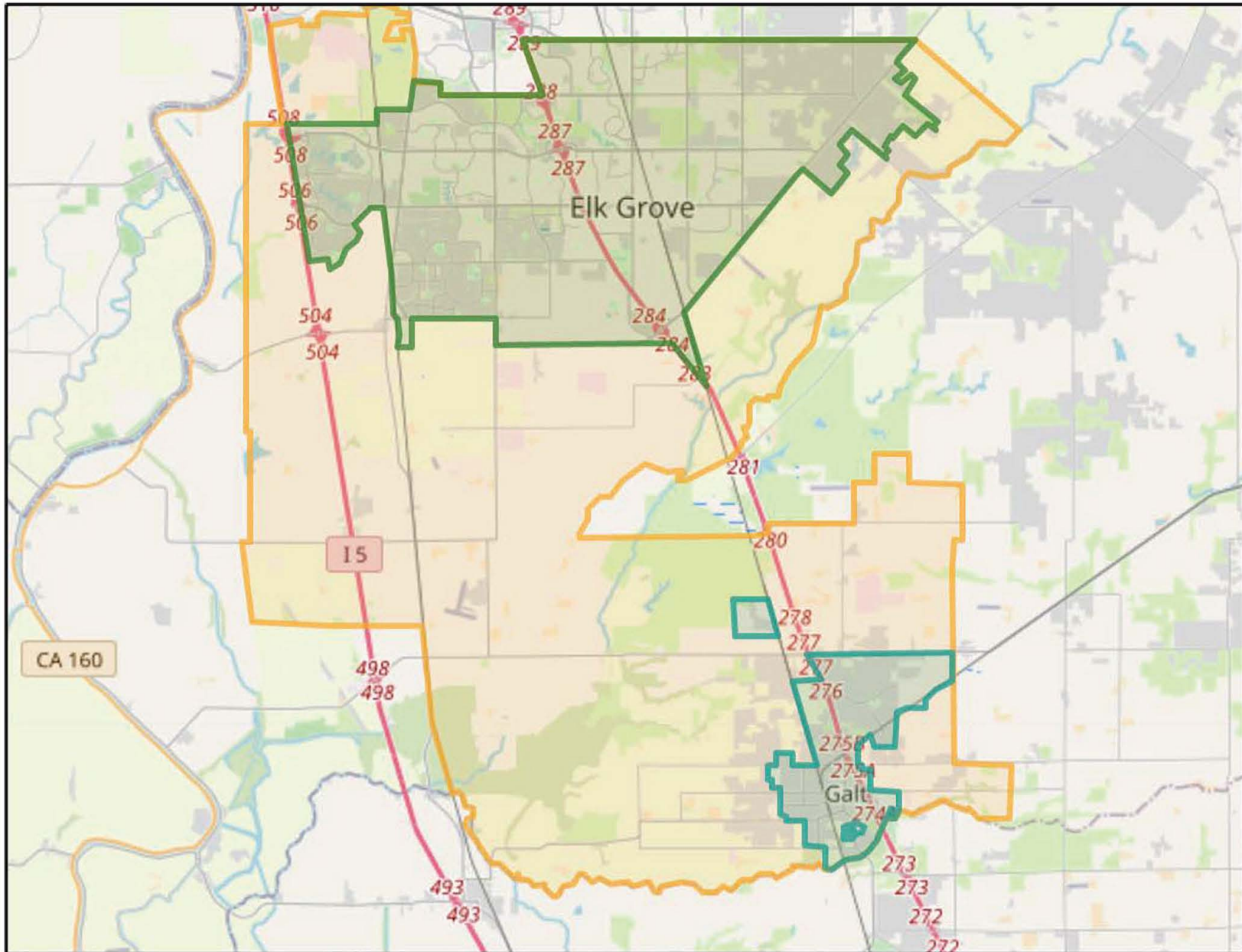
TABLE OF CONTENTS

<p>INTRODUCTION 1</p> <p style="padding-left: 20px;">The Certificates..... 1</p> <p style="padding-left: 20px;">The District..... 1</p> <p style="padding-left: 20px;">Plan of Finance..... 2</p> <p style="padding-left: 20px;">Security for the Certificates; No Reserve Fund 2</p> <p style="padding-left: 20px;">Prepayment 2</p> <p style="padding-left: 20px;">Risk Factors; Further Information 2</p> <p>THE CERTIFICATES 2</p> <p style="padding-left: 20px;">General 2</p> <p style="padding-left: 20px;">Prepayment 3</p> <p>PLAN OF FINANCE 6</p> <p style="padding-left: 20px;">The Project 6</p> <p style="padding-left: 20px;">Sources and Uses of Funds 6</p> <p style="padding-left: 20px;">Debt Service Schedule 7</p> <p>SITE AND FACILITIES 8</p> <p style="padding-left: 20px;">General 8</p> <p style="padding-left: 20px;">Substitution of Site and Facilities..... 8</p> <p style="padding-left: 20px;">Release of Site and Facilities 9</p> <p>SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES 11</p> <p style="padding-left: 20px;">General; Lease Payments 11</p> <p style="padding-left: 20px;">Limited Obligation 12</p> <p style="padding-left: 20px;">Lease Payment Fund 12</p> <p style="padding-left: 20px;">No Reserve Fund 12</p> <p style="padding-left: 20px;">Abatement 12</p> <p style="padding-left: 20px;">Covenants to Maintain Insurance 13</p> <p style="padding-left: 20px;">Insurance and Condemnation Fund 14</p> <p style="padding-left: 20px;">Deposit and Application of Net Proceeds of Eminent Domain Award 15</p> <p>THE DISTRICT 16</p> <p style="padding-left: 20px;">Overview 16</p> <p style="padding-left: 20px;">Board and Staff..... 16</p> <p style="padding-left: 20px;">Facilities and Service Area 16</p> <p>DISTRICT FINANCES 17</p> <p style="padding-left: 20px;">Accounting Policies and Financial Reporting 17</p>	<p>Budgetary Process..... 17</p> <p>Historical Audited Financial Statements 19</p> <p>General Fund Revenues By Source 20</p> <p>Property Taxes..... 21</p> <p>Other General Fund Revenues..... 24</p> <p>Long-Term General Fund Obligations 25</p> <p>Reserve Policy; Fund Balances 25</p> <p>Investment Policy; Investments 26</p> <p>CalPERS Retirement Plans 27</p> <p>Other Post-Employment Benefits..... 29</p> <p>Risk Management..... 30</p> <p>Direct and Overlapping Debt..... 30</p> <p>RISK FACTORS 32</p> <p style="padding-left: 20px;">No Limit on Additional General Fund Obligations 32</p> <p style="padding-left: 20px;">Abatement..... 32</p> <p style="padding-left: 20px;">Limitations on Remedies; Bankruptcy..... 32</p> <p style="padding-left: 20px;">Risks Related to Property Tax Revenues 33</p> <p style="padding-left: 20px;">Articles XIIC and XIID of the California Constitution 34</p> <p style="padding-left: 20px;">Proposition 26 35</p> <p style="padding-left: 20px;">Constitutional Limitations on Appropriations and Fees 36</p> <p style="padding-left: 20px;">Future Initiatives..... 36</p> <p style="padding-left: 20px;">Natural Disasters; Climate Change..... 36</p> <p style="padding-left: 20px;">Cybersecurity 37</p> <p style="padding-left: 20px;">COVID-19 Pandemic 37</p> <p>CONTINUING DISCLOSURE..... 38</p> <p>LEGAL MATTERS 38</p> <p>TAX MATTERS..... 39</p> <p>NO LITIGATION 40</p> <p>RATING 40</p> <p>MUNICIPAL ADVISOR 41</p> <p>UNDERWRITING 41</p> <p>MISCELLANEOUS 41</p>
<p>APPENDIX A – GENERAL INFORMATION ABOUT THE CITIES OF ELK GROVE, THE CITY OF GALT, AND SACRAMENTO COUNTY..... A-1</p> <p>APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 B-1</p> <p>APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS C-1</p> <p>APPENDIX D – BOOK ENTRY SYSTEM D-1</p> <p>APPENDIX E – FORM OF SPECIAL COUNSEL OPINION..... E-1</p> <p>APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE F-1</p>	

**DISTRICT BOUNDARY AND FIVE DIVISIONS
WITHIN THE DISTRICT FOR ELECTION OF BOARD OF DIRECTORS**



**DISTRICT BOUNDARY AND SERVICE AREA WITHIN
CITY OF ELK GROVE, CITY OF GALT, and COUNTY OF SACRAMENTO**



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OFFICIAL STATEMENT

\$8,800,000*

**Cosumnes Community Services District
2021 Lease Revenue Certificates of Participation**

INTRODUCTION

*This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale of the above-referenced (the “**Certificates**”). This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein.*

All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS.”

The Certificates

The Certificates are being executed and delivered by U.S. Bank National Association, as trustee (the “**Trustee**”), pursuant to a Trust Agreement, dated as of October 1, 2021 (the “Trust Agreement”), by and among the Cosumnes Community Services District (the “**District**”), Public Property Financing Corporation of California, a California non-profit public benefit corporation (the “**Corporation**”), and the Trustee. The Certificates will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on November 1 and May 1, commencing May 1, 2022 (each, an “**Interest Payment Date**”), and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Certificates will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“**DTC**”), and will be available to ultimate purchasers (“**Beneficial Owners**”) in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Certificates. See “THE CERTIFICATES.”

The District

The District is a community services district organized and existing under the laws of the State of California. The District was created in 2006 through a merger of the Elk Grove Community Services District and the Galt Fire Protection District. The Elk Grove Community Services District has provided services in the Elk Grove area since 1985, itself having been formed through a merger of the Elk Grove Fire Protection District (established in 1925) and the Elk Grove Parks and Recreation District. The Galt Fire Protection District was established in 1921.

* Preliminary; subject to change.

The District, located in California's Central Valley in the southern portion of Sacramento County (the "**County**"), is four miles south of the Sacramento city limits, 92 miles east of San Francisco, and 379 miles north of Los Angeles. The District is one of the largest community services district in California encompassing 157 square-miles. See "THE DISTRICT" and APPENDIX A – "GENERAL INFORMATION ABOUT THE CITY OF ELK GROVE, THE CITY OF GALT, AND SACRAMENTO COUNTY."

Plan of Finance

The Certificates are being executed and delivered to (i) finance a portion of the cost of construction of a new fire station (Fire Station 77) to be owned and operated by the District, (ii) finance energy efficiency improvements to be located at the District's Administration Building, and (iii) pay the costs of issuing the Certificates. See "PLAN OF FINANCE."

Security for the Certificates; No Reserve Fund

The Certificates evidence direct, undivided fractional interests in Lease Payments (the "**Lease Payments**") to be made by the District to the Corporation under a Lease Agreement, dated as of October 1, 2021 (the "**Lease**"), by and between the District and the Corporation for the rental of (i) the site and facility known as Fire Station 72, located at 10035 Atkins Drive in the City of Elk Grove, (ii) the site and facility known as Fire Station 73, located at 9607 Bond Road in the City of Elk Grove, and (iii) the site and facility to be known as Fire Station 77 located at 8350 Poppy Ridge Road (collectively, the "**Site and Facilities**"). The Corporation's right to receive the Lease Payments has been assigned to the Trustee for the benefit of the Owners of the Certificates. Subject to the terms of the Lease, which includes the abatement of the Lease Payments in certain circumstances, the District is obligated to make the Lease Payments from legally available funds of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES" and "RISK FACTORS."

The District is not funding a debt service reserve fund for the Certificates.

Prepayment

The Certificates are subject to prepayment prior to maturity as described herein. See "THE CERTIFICATES – Prepayment."

Risk Factors; Further Information

The summaries and references of the Lease, the Trust Agreement and other documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to the Lease, the Trust Agreement and each such document, statute, report or instrument. For certain risks associated with the Certificates and the District, see "RISK FACTORS."

THE CERTIFICATES

General

The Certificates will be dated their date of execution and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable on each Interest Payment Date

and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Certificates will be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Certificate may have more than one maturity date. The Certificates will be issued only as one fully registered Certificate for each maturity, in the name of Cede & Co., as nominee for DTC, as registered owner of all Certificates. See APPENDIX D – “BOOK ENTRY SYSTEM.” Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Trust Agreement.

The interest represented by each Certificate is payable from the Interest Payment Date next preceding the date of execution thereof, unless:

(a) it is executed after a Record Date and on or before the following Interest Payment Date, in which event interest represented thereby is payable from such Interest Payment Date; or

(b) it is executed on or before the first Record Date, in which event interest represented thereby shall be payable from the Closing Date; or

(c) interest represented by such Certificate is in default as of the date of execution of such Certificate, in which event interest represented thereby is payable from the Interest Payment Date to which interest represented thereby has previously been paid or made available for payment.

Interest on the Certificates (including the final interest payment upon maturity or prepayment) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided, that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Certificates, which written request is on file with the Trustee as of any Record Date, interest on such Certificates will be paid on the succeeding Interest Payment Date to such account in the United States as specified in such written request.

Prepayment*

Optional Prepayment. The Certificates maturing on or before November 1, 2031, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after November 1, 2032, are subject to optional prepayment in whole or in part on any date on or after November 1, 2031, from prepayments of the Lease Payments made at the option of the District under the Lease, at a prepayment price equal to 100% of the principal amount of Certificates or portions thereof to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium.

Prepayment from Net Proceeds of Insurance or Condemnation. The Certificates are subject to mandatory prepayment, in whole or in part, on any Interest Payment Date, in inverse order of maturity and by lot within a maturity, from the Net Proceeds of insurance or eminent domain proceedings credited toward the prepayment of the Lease Payments pursuant to the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium.

Sinking Fund Prepayment. The Certificates maturing on November 1, 20__ (the “Term Certificates”) are subject to mandatory sinking fund prepayment by lot on November 1 in each year as set forth in the following table, from the principal components of the Lease Payments

* Preliminary; subject to change.

relating to the Certificates which are required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Sinking Fund Prepayment Date <u>(November 1)</u>	Principal Amount <u>To Be Prepaid</u> \$
--	--

20__ (Maturity)

Notice of Prepayment. When prepayment is authorized or required under the Trust Agreement, the Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the District. Such notice shall state the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates of any maturity are to be called for prepayment, shall designate the numbers of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment, and shall require that such Certificates be surrendered on the designated prepayment date at the Office of the Trustee for prepayment at said prepayment price. Such notice shall further state that on the specified date there shall come due and payable upon each Certificate, the principal and premium, if any, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Notice of such prepayment shall be mailed by first class mail with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least 20 days but not more than 60 days prior to the prepayment date. In addition, notice of prepayment shall be given by telecopy, facsimile, email or certified, registered or overnight mail to each of the Securities Depositories at least 2 days prior to such mailing to the Owners and shall be filed electronically with the Municipal Securities Rulemaking Board via its EMMA system (or successor thereto); *provided, however*, that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

Rescission of Notice of Prepayment. Any notice of optional or special mandatory prepayment may be conditioned on the receipt by the Trustee of sufficient funds for such prepayment on or before the prepayment date. The District shall have the right to rescind any such notice of prepayment by written notice to the Trustee on or prior to the date fixed for prepayment. Any notice of prepayment shall be cancelled and annulled if for any reason funds are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation shall not constitute an Event of Default. The Trustee shall mail notice of rescission of prepayment to the Owners in the same manner notice of prepayment was originally provided

Consequences of Notice. Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund, the Certificates shall be due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Office of the Trustee, said Certificates shall be paid at the unpaid

principal amount (or applicable portion thereof) represented thereby plus any applicable premium and plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and be payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust, uninvested, for the account of the Owners of the Certificates so to be prepaid.

Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the un-prepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

Purchase in Lieu of Prepayment. In lieu of prepayment of Certificates as provided above, amounts held by the Trustee for such prepayment shall, at the written request of the District Representative received by the Trustee no later than 60 days prior to the prepayment date, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment under the Trust Agreement may not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment.

PLAN OF FINANCE

The Project

Proceeds of the Certificates will be used to (i) finance a portion of the cost of construction of a new fire station (Fire Station 77) to be owned and operated by the District, (ii) finance energy efficiency improvements to be located at the District's Administration Building, and (iii) pay the costs of issuing the Certificates.

Construction of Fire Station 77. Fire Station 77 will be located at 8350 Poppy Ridge Road in the City of Elk Grove, in an area that has seen considerable new housing development in recent years. Design work has been completed on the building, and the site is already owned by the District. The station is anticipated to be approximately 9,500 square feet in size, and open for operation in 2023. Fire Station 77 is designed to provide increased emergency response services to the southern portion of the City of Elk Grove, particularly the Poppy Ridge area.

The aggregate cost of the Fire Station 77 project is estimated at approximately \$12.4 million, of which approximately \$8.0 million is anticipated to be financed with the proceeds of the Certificates, and the remaining amount has been or will be funded by the District from amounts on hand (including from fire impact fees). In addition, capital equipment will be purchased by the District for Fire Station 77, including furniture and fixtures, a new structural firefighting engine, wildland firefighting engine and a medic unit (ALS ambulance). These additional costs are anticipated to be financed by the District through the typical annual budgetary process, as and when needed.

Installation of Energy Efficiency Improvements. The District is undertaking energy efficiency improvements at its Administration Building located at 8820 Elk Grove Boulevard in the City of Elk Grove. The improvements consist of solar photovoltaic (PV) and related parking lot improvements. The total cost of the improvements is estimated at approximately \$2.0 million, all of which is anticipated to be financed with the proceeds of the Certificates.

Sources and Uses of Funds

The following sets forth the estimated sources and uses of funds related to the Certificates.

Sources of Funds:

Principal Amount of Certificates	\$
Plus: [Net] Original Issue Premium	
Total Sources of Funds	<hr/> \$

Uses of Funds:

Deposit to Construction Fund	\$
Costs of Issuance ⁽¹⁾	
Total Uses of Funds	<hr/> \$

(1) Includes fees and expenses of Special Counsel, Disclosure Counsel, Rating Agency, Municipal Advisor, Trustee, Underwriter, printer, and miscellaneous other fees and expenses.

Debt Service Schedule

The following table shows, for each Fiscal Year ending June 30, the principal of and interest that is payable on the Certificates, assuming no optional prepayments.

Fiscal Year	<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
Total				

Source: Underwriter.

SITE AND FACILITIES

General

The District will make Lease Payments pursuant to the Lease for the use and occupancy of the Site and Facilities. The term “**Site and Facilities**” is defined in the Lease as the following real property and improvements, subject to release and replacement as described below:

- Fire Station 72, located at 10035 Atkins Drive in the City of Elk Grove, and the site on which it sits
- Fire Station 73, located at 9607 Bond Road in the City of Elk Grove, and the site on which it sits
- Fire Station 77, located at 8350 Poppy Ridge Road in the City of Elk Grove, and the site on which it is being constructed

Fire Station 72. Fire Station 72 is a fire station operated by the District in the City of Elk Grove. It consists of approximately 10,754 square feet, has an insured value for Fiscal Year 2021-22 (excluding contents) of \$4,538,069. In addition, the District estimates the value of the site equals \$512,460, for a total value of approximately \$5,050,529.

Fire Station 73. Fire Station 73 is a fire station operated by the District in the City of Elk Grove. It consists of approximately 10,084 square feet, has an insured value for Fiscal Year 2021-22 (excluding contents) of \$4,074,863. In addition, the District estimates the value of the site equals \$544,050, for a total value of approximately \$4,618,913.

Fire Station 77. Fire Station 77 is a fire station being constructed by the District in the City of Elk Grove, anticipated to consist of approximately 9,500 square feet and cost approximately \$12.4 million. In addition, the District estimates the value of the site equals \$1,175,850. For additional details on Fire Station 77 and the sources and uses of its financing, see “PLAN OF FINANCE – The Project.”

As described in more detail below, upon the completion of construction of Fire Station 77 using proceeds of the Certificate and other available funds, the District anticipates there will be sufficient value in the site and facilities of Fire Station 77 to release the site and facilities of Fire Station 72 and Fire Station 73 as part of the Site and Facilities.

Substitution of Site and Facilities

The District shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease, to substitute other land, facilities, improvements or other property (a “**Substitute Property**”) for the Site and Facilities or any portion thereof (a “**Former Property**”), provided that the District shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

- The District shall notify each rating agency then rating the Certificates in writing of such substitution, which notice shall contain the certification that all conditions set forth in the Lease are met with respect to such substitution.

- The District shall take all actions and shall execute all documents required to subject such Substitute Property to the terms and provisions of the Lease, including the filing with the Corporation and the Trustee of an amended description of the site and facilities leased thereunder, which adds thereto a description of such Substitute Property and deletes therefrom the description of such Former Property, and the recordation of an executed amendment to the Lease with the Office of the Sacramento County Recorder, and shall file and cause to be recorded corresponding amendments to the Site and Facilities Lease and Assignment Agreement.

- The District shall provide to the Corporation and the Trustee a certificate of a District Representative which states that the annual fair rental value of such Substitute Property is no less than the maximum annual Lease Payments and anticipated Additional Rental Payments remaining unpaid at the time of the proposed substitution.

- The District shall certify in writing to the Corporation and the Trustee that such Substitute Property serves the public purposes of the District, is essential to the operation of the District, and constitutes property which the District is permitted to lease under the laws of the State of California.

- The District shall certify in writing to the Corporation and the Trustee that the estimated useful life of such Substitute Property at least extends to the date on which the final Lease Payment becomes due and payable under the Lease.

- The District shall obtain an CLTA policy of title insurance meeting the requirements of the Lease with respect to such Substitute Property.

- Substitution of the Substitute Property for the Former Property shall not cause the District to violate any of its covenants, representations and warranties made in the Lease or in the Trust Agreement.

- The District shall cause to be filed with the Trustee an Opinion of Special Counsel substantially to the effect that such substitution will not (i) affect the obligation of the District to continue to pay Lease Payments in the amounts and at the times and in the manner required by this Lease, or (ii) cause the interest components of the Lease Payments to become includable in gross income for purposes of federal or State of California personal income taxation.

From and after the date on which all of the foregoing conditions precedent to such substitution are satisfied, the Term of the Lease shall cease with respect to the Former Property and shall be continued with respect to the Substitute Property, and all references therein to the Former Property shall apply with full force and effect to the Substitute Property. The District shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Release of Site and Facilities

The District shall have, and is hereby granted, the option at any time and from time to time during the term of the Lease to remove from the Lease any portion of the Site and Facilities (the "Released Property"); provided that the District shall satisfy all of the following requirements which

are hereby declared to be conditions precedent to such removal (such conditions shall not be applicable in the event Site and Facilities released will be replaced by substitute property in accordance with the Lease):

- No event of default has occurred and is continuing under the Lease.
- The District shall file with the Corporation and the Trustee an amended exhibit to the Lease that deletes the legal description of such Site and Facilities, and record an executed amendment to the Lease with the Office of the Sacramento County Recorder, and shall file and cause to be recorded corresponding amendments to the Site and Facilities Lease and Assignment Agreement.
- The District shall cause to be filed with the Trustee an Opinion of Special Counsel substantially to the effect that such removal will not affect the obligation of the District to continue to pay Lease Payments in the amounts and at the times and in the manner required by the Lease.
- The District shall file with the Corporation and the Trustee a certificate of a District Representative which states that the annual fair rental value of the remaining Site and Facilities, taken into consideration the removal of the applicable portion of the Site and Facilities, is no less than the maximum annual Lease Payments and anticipated Additional Rental Payments remaining unpaid at the time of such removal.
- The District shall file with the Corporation and the Trustee a certificate of a District Representative which states that the remaining Site and Facilities continue to serve the public purposes of the District and are essential to the operation of the District.
- The removal shall not cause the District to violate any of its covenants, representations and warranties made in the Lease or in the Trust Agreement.

Notwithstanding the foregoing, upon the completion of construction of Fire Station 77, the District shall have the absolute right, without consent of the Corporation or the Trustee, to make Fire Station 77 the sole Site and Facilities subject to the Lease and the Site and Facilities Lease, and to release the other initial components of the Site and Facilities from the Lease and the Site and Facilities Lease, subject to the following conditions precedent: (1) an official of the District shall deliver to the Corporation and the Trustee a certification that structural improvements of Fire Station 77 are substantially complete and the fair rental value of Fire Station 77 following such release is no less than the value demonstrated by the as-built valuation; and (2) causing an appropriate Termination, Release and Substitution of Lease of Real Property document to be executed by an official of the District and recorded in the real property records of Sacramento County with respect to the portion of the Site and Facilities to be released.

Upon the satisfaction of all such conditions precedent, the Term of the Lease will thereupon end as to the Released Property. District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge the Lease of record against the Released Property.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

General; Lease Payments

Payment of Lease Payments. Under the Lease, the Corporation leases the Site and Facilities to the District, and the District leases the Site and Facilities from the Corporation, upon the terms and conditions set forth therein. Subject to the provisions of the Lease, the District agrees to pay to the Corporation the Lease Payments (denominated into components of principal and interest) for the Site and Facilities in the respective amounts specified, to be due and payable in immediately available funds on the Lease Payment Dates immediately preceding each of the respective Interest Payment Dates, and to be deposited by the District with the Trustee on each of the Lease Payment Dates.

Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to the Lease and other than amounts required for payment of past due principal or interest represented by any Certificates not presented for payment) shall be credited towards the Lease Payment then required to be paid; and no Lease Payment need be deposited with the Trustee on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Certificate Year shall be for the use of the Site and Facilities during such Certificate Year.

If the District prepays all Lease Payments in full, the District's obligations under this Lease shall thereupon cease and terminate, including but not limited to the District's obligation to pay Lease Payments. If the District prepays the Lease Payments in part but not in whole, the principal components of the remaining Lease Payments shall be reduced as directed by the District in integral multiples of \$5,000; and the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby prepaid pursuant to the applicable provisions of the Trust Agreement.

Fair Rental Value. The Lease Payments and Additional Rental Payments during each Fiscal Year shall constitute the total rental for the Site and Facilities for such Fiscal Year, and shall be paid by the District in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Site and Facilities during each Fiscal Year. The parties hereto have agreed and determined that the total Lease Payments and Additional Rental Payments represent the fair rental value of the Site and Facilities. In making such determination, consideration has been given to the estimated fair market value and insured value of the Site and Facilities, other obligations of the parties under this Lease, the uses and purposes which may be served by the Site and Facilities and the benefits therefrom which will accrue to the District and the general public.

Covenant to Budget and Appropriate. The Lease Payments and Additional Rental Payments shall be payable from any source of legally available funds of the District, subject to abatement as described herein. The District covenants to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the Term of the Lease and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the District shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of

such officials to enable the District to carry out and perform the covenants and agreements in the Lease agreed to be carried out and performed by the District.

Assignment of Lease Payments to Trustee. Under the Assignment Agreement, the Corporation has transferred, assigned and set over to the Trustee certain of its rights under the Lease, including but not limited to all of the Corporation's rights to receive and collect all of the Lease Payments. All Lease Payments and other amounts which are assigned to the Trustee shall be paid directly to the Trustee, and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and all such Lease Payments and such other amounts will be immediately deposited by the Trustee upon the receipt thereof in the Lease Payment Fund.

Limited Obligation

THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Lease Payment Fund

Under the Trust Agreement, the Trustee shall establish a special fund designated the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates. So long as any Certificates are Outstanding, neither the District nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement, and such moneys shall be used and applied by the Trustee as set forth in the Trust Agreement.

All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest represented by the Certificates as they become due and payable, in accordance with the provisions of the Trust Agreement.

No Reserve Fund

The District is not funding a debt service reserve fund for the Certificates.

Abatement

Termination or Abatement Due to Eminent Domain. If the Site and Facilities is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease will cease with respect thereto as of the day possession is so taken.

If less than all of the Site and Facilities is taken permanently, or if the Site and Facilities is taken temporarily, under the power of eminent domain, (i) the Lease will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there will be a partial abatement on a pro rata basis of Lease Payments, in an amount to be determined by the District such that the resulting Lease

Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Site and Facilities.

Abatement Due to Damage or Destruction. The amount of Lease Payments will be abated on a pro rata basis during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the District of the Site and Facilities or any portion thereof.

The amount of such abatement will be determined by the District such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Site and Facilities not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. If any such damage or destruction occurs, the Lease will continue in full force and effect and the District waives any right to terminate the Lease by virtue of any such damage and destruction.

Notwithstanding the foregoing, there will be no abatement of Lease Payments to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated, it being declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

Covenants to Maintain Insurance

Public Liability and Property Damage Insurance. Under the Lease, the District will maintain or cause to be maintained, throughout the Term of the Lease, comprehensive general insurance in protection of the Corporation, the District and their respective members, officers, agents, employees and assigns. Such insurance must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Site and Facilities. Such insurance must provide coverage in such liability limits and be subject to such deductibles as the District deems adequate and prudent.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of a program of self-insurance by the District subject to the provisions of the Lease, or in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the proceeds of such insurance toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds are paid.

Casualty Insurance. The District shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, insurance against loss or damage to any Facilities leased hereunder by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall include earthquake coverage only if such coverage is available at reasonable cost from reputable insurers in the reasonable determination of the District, whose determination is final and conclusive.

Such insurance shall be in an aggregate amount at least equal to the lesser of (i) 100% of the replacement cost of the Site and Facilities insured thereunder, or (ii) the aggregate principal amount of the Outstanding Certificates. All policies of such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The District shall apply the Net Proceeds of such insurance as provided in the Lease.

Rental Interruption Insurance. The District shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Site and Facilities constituting buildings or other improvements as a result of any of the hazards covered in the insurance described above. Such insurance shall be in an amount at least equal to the maximum Lease Payments coming due and payable during any 2 consecutive Fiscal Years.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The Net Proceeds of such insurance, if any, shall be applied as provided in the Lease.

Insurance and Condemnation Fund

Any Net Proceeds of insurance collected by the District in the event of accident to or destruction of the Site and Facilities shall be paid to the Trustee pursuant to the Lease and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund," which the Trustee shall thereupon establish under the Trust Agreement. These amounts shall be applied and disbursed by the Trustee as follows:

- If the Site and Facilities are damaged or destroyed in part but not in full, such Net Proceeds shall be transferred by the Trustee at the written direction of the District to the Lease Payment Fund to be used to prepay Outstanding Certificates only if the Lease Payments which result after the corresponding abatement thereof under the Lease are sufficient to pay the full amount of principal and interest represented by the Certificates which remain Outstanding after such prepayment.
- In the event of damage or destruction of the Site and Facilities in full, such Net Proceeds shall be transferred by the Trustee at the written direction of the District to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments.
- All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Site and Facilities by the District, upon receipt of written requisitions of the District stating with respect to each payment to be made: (i) the name and address of the person, firm or corporation to whom payment is due, (ii) the amount to be paid, and (iii) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Each such written requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

- Any balance of the Net Proceeds remaining after the District files a written certificate with the Trustee stating that such work has been completed shall be paid to the District.

Deposit and Application of Net Proceeds of Eminent Domain Award

If all or any part of the Site and Facilities is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund, which the Trustee shall thereupon establish, and shall be applied and disbursed by the Trustee as follows:

- If the District has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Site and Facilities, or the ability of the District to meet any of its financial obligations under the Lease, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Site and Facilities, and the District has given written notice to the Trustee of such determination, the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the payment of the Lease Payments as they become due and payable.

- If the District has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Site and Facilities, or the ability of the District to meet any of its financial obligations under the Lease, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Site and Facilities, the Trustee shall pay to the District, or to its order, from those proceeds such amounts as the District may expend for such repair or rehabilitation, upon the filing of requisitions of the District Representative meeting the requirements of the Lease.

- If (i) less than all of the Site and Facilities is taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the District in the Site and Facilities, or the ability of the District to meet any of its financial obligations under the Lease, or (ii) all of the Site and Facilities has been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to the Lease and applied to the corresponding prepayment of Certificates in the manner provided in the Trust Agreement.

In making any such determination whether to repair, replace or rehabilitate the Site and Facilities, the District may obtain, but shall not be required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Trustee. Any such determination by the District shall be final.

THE DISTRICT

Overview

The District is a community services district organized and existing under the laws of the State of California. The District was created in 2006 through a merger of the Elk Grove Community Services District and the Galt Fire Protection District. The Elk Grove Community Services District has provided services in the Elk Grove area since 1985, itself having been formed through a merger of the Elk Grove Fire Protection District (established in 1925) and the Elk Grove Parks and Recreation District. The Galt Fire Protection District was established in 1921.

The District, located in California's Central Valley in the southern portion of the County, is four miles south of the Sacramento city limits, 92 miles east of San Francisco, and 379 miles north of Los Angeles. The District is one of the largest community services district in California encompassing 157 square-miles.

The District provides fire protection services including fire suppression, fire prevention, inspection, plan checking and public education programs and provides emergency medical services, ambulance transport, advanced life support and rescue services. In addition, the District provides parks, recreation facilities and programs.

The District's Landscape & Lighting Assessment District, which was organized under the Landscaping and Lighting Act of 1972, operates within the District to fund some capital improvements, and all properties in the District's Landscape & Lighting Assessment District are assessed at varying rates depending upon established benefit zones.

Board and Staff

The District is governed by a Board of Directors (the "**Board**") consisting of five members elected by the voters in each of the applicable five divisions that make-up the District. Day-to-day operations are overseen by the District's General Manager, who is assisted by the Chief Administrative Officer and other staff.

The District currently employs 333 full-time staff and over 660 active part-time staff. There are five formal bargaining units operating in the District which are described in the table below.

LABOR ORGANIZATIONS

<u>Labor Organization</u>	<u>Contract Expiration</u>
International Association of Firefighters, Local 522, AFL-CIO	June 30, 2024
Management Employees Organization	June 30, 2022
Teamster Local 150–Full Time Unit	June 30, 2022
Teamster Local 150–Part Time Unit	June 30, 2022
Teamster Local 853–Supervisory Unit	June 30, 2022

Source: Cosumnes Community Services District.

Facilities and Service Area

The District operates 8 fire stations, one fire training facility and 100 parks. The District develops, owns and maintains all park, recreation and fire facilities within its service area, with the exception of park and recreation facilities at the City of Elk Grove Civic Center site. The District

also leases 87 acres of land within Elk Grove Regional Park from the County under an agreement that expires in 2053.

The District's service area consists of approximately 157 square miles within the Cities of Elk Grove and Galt and unincorporated areas of the south portion of the County with a population of approximately 205,000 residents. It is comprised of primarily residential properties, as shown in Table 7 herein. For general demographic information about the Cities of Elk Grove and Galt and the County, see APPENDIX A – ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITIES OF ELK GROVE, GALT, AND SACRAMENTO COUNTY.

DISTRICT FINANCES

The Lease Payments evidenced by the Certificates are payable from all legally available sources of the District. The primary revenue source for the District is property taxes. Other revenue sources include recreation fees, ambulance fees, development impact fees and various other charges for services.

The following selected financial information provides a brief overview of the District's finances. The financial information has been extracted from the District's audited financial statements and, in some cases, from unaudited information provided by the District's Department of Finance. The most recent audited financial reports of the District with an unqualified auditor's opinion is included as APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2020.

Accounting Policies and Financial Reporting

The accounts of the District are organized on the basis of individual funds and account groups. The District's accounting records for the governmental fund types (General, Capital Projects and Special Revenue/Equipment Replacement) are accounted for at the fund level using the modified accrual accounting basis, and the District prepares entity-wide statements using the full accrual basis of accounting in accordance with GASB 34. Revenues are recognized when they become measurable and available, and expenditures are recorded when the services or goods are received and the related fund liabilities are incurred.

Budgetary Process

As required by the laws of the State, the District prepares and legally adopts a final operating budget on or before August 30 of each fiscal year (and, by practice, usually by June 30 of the preceding fiscal year). The General Manager reviews each request and a budget is presented to the Board of Directors. This budget reflects, as nearly as possible, the estimated revenues and expenditures for the applicable period. On November 18, 2020, the Board of Directors authorized the implementation of a rolling biennial budget methodology for Fiscal Years 2021-22 and 2022-23. A rolling biennial budget is approved each year with periodic adjustments on increases in costs or decreases in projected revenues. Accordingly, on June 6, 2021, the Board adopted a biennial budget that covers both Fiscal Year 2021-22 and Fiscal Year 2022-23.

The budget is made available for public inspection through a public notice. On the dates stated in the notice, the Board of Directors conducts public hearings on the budget and at the conclusion of hearings makes a final determination thereon. Annual budgets are adopted for the General Fund and various other major funds of the District. The final budget for the General Fund serves as an approved plan for operational control and performance evaluation for the General Fund for the applicable fiscal year.

General Fund Budgets. The table below sets forth the adopted General Fund budget for Fiscal Year 2020-21, which just ended, as well as for the current and immediately subsequent fiscal year, Fiscal Years 2021-22 and 2022-23.

**Table 1
GENERAL FUND BUDGETS
Fiscal Years 2020-21 through 2022-23**

	Adopted Budget 2020-21	Adopted Budget 2021-22	Adopted Budget 2022-23
EXPENDITURES			
Salaries/Benefits	\$61,610,627	\$67,968,656	\$71,334,398
Services/Supplies	12,147,186	11,822,814	11,650,522
Leases/Loans	135,888	134,796	88,179
Capital outlay	237,243	198,496	109,596
Operating Transfers Out	5,081,532	5,795,142	5,401,681
Contingencies	5,000	5,000	5,000
Reserve Increase	8,230	8,230	8,230
Total Expenditures	79,225,706	85,933,134	88,597,606
REVENUES			
Property Taxes – Elk Grove	47,089,556	49,128,800	51,336,976
Property Taxes – Galt	5,538,284	5,458,756	5,704,108
Interest Income	250,000	275,000	275,000
Recreation/Other Svc Fees	6,945,584	7,640,142	8,404,157
Building Rental	1,131,800	1,251,980	1,376,842
Ambulance/Plan Ck Fees	14,186,918	16,494,008	15,883,871
Federal/State Aid Funds	250,380	2,421,436	2,421,436
Use of Reserves	554,301	--	--
Other Revenue ⁽¹⁾	1,837,439	799,879	899,408
Operating Transfers In	2,163,275	2,463,134	2,295,808
Total Revenues	79,947,537	85,933,134	88,597,606

(1) Other revenue includes building rentals, donations/contributions, cell tower rents, fire control service charges, insurance proceeds, vehicle code fines and sale of personal property.

Source: Cosumnes Community Services District.

Historical Audited Financial Statements

The information contained in the following tables of the balance sheet, and statement of revenues, expenditures and changes in fund balances have been derived from the District's most recent audited financial reports. A copy of the District's audited financial report for the twelve months ended June 30, 2020, is attached as APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020. Financial results for Fiscal Year 2020-21 are not yet available in final form. Based on unaudited and unreconciled financial results, the District is anticipating a projected Net Change in Fund Balance of \$560,000 for Fiscal Year 2020-21 for the General Fund.

Table 2
GENERAL FUND BALANCE SHEET
As of June 30 for Fiscal Years 2015-16 through 2019-20

	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19	Audited 2019-20
ASSETS					
Cash and investments	\$43,596,721	\$41,832,530	\$43,925,838	\$47,632,497	\$52,058,435
Receivables					
Accounts	--	--	2,185,723	1,104,200	295,761
Interest	64,516	83,803	129,392	192,004	130,648
Intergovernmental	1,511,148	1,667,603	1,010,438	1,122,019	1,361,944
Ambulance	416,333	708,750	694,155	707,520	984,654
Other	392,077	24,585	731,100	2,029,776	659,093
Advances to other funds	25,984	26,786	26,786	26,786	26,786
Prepays	958,542	1,940,374	936,739	751,876	1,467,697
Restricted cash and investments	2,785,891	7,922,538	2,740,575	2,740,627	2,740,671
Total Assets	49,751,212	54,206,969	52,380,746	56,307,305	59,725,689
LIABILITIES					
Accounts payable and accrued liabilities	1,266,198	1,228,877	4,122,435	3,927,129	6,089,841
Unearned revenues	723,205	763,438	1,532,514	729,420	318,017
Total Liabilities	1,989,403	1,992,315	5,654,949	4,656,549	6,407,858
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	789,714	172,833	164,617	185,087	416,480
FUND BALANCES					
Non-spendable	984,526	1,967,160	963,525	778,662	1,494,483
Restricted for:					
Park development	12,650,707	13,524,587	14,959,422	17,695,393	19,934,228
Fire station and equipment	4,142,206	4,331,961	4,998,240	7,244,264	8,194,079
Assigned	29,194,656	32,218,113	25,639,993	25,747,350	23,278,561
Total Fund Balances	46,972,095	52,041,821	46,561,180	51,465,669	52,901,351
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$49,751,212	\$54,206,969	\$52,380,746	\$56,307,305	\$59,725,689

Source: Cosumnes Community Services District, Comprehensive Annual Financial Report for Fiscal Years 2015-16 through 2019-20.

Table 3
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Years 2015-16 through 2019-20

	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19	Audited 2019-20
REVENUES					
Taxes	\$38,678,041	\$41,024,168	\$43,868,694	\$46,477,721	\$48,761,970
Charges for current services	13,584,145	17,132,142	19,303,278	18,264,192	19,495,851
Developer fees and contributions	1,669,000	2,004,448	5,141,896	4,752,534	4,525,151
Intergovernmental	3,406,796	2,644,117	4,033,549	4,277,163	2,366,979
Donations and contributions	124,690	85,699	89,154	104,564	120,528
Use of money and property	1,407,819	1,495,377	1,463,899	2,275,400	2,341,494
Miscellaneous	1,421,522	1,017,395	467,214	4,316,071	5,855,055
Total Revenues	60,292,013	65,403,346	74,367,684	80,467,645	83,467,028
EXPENDITURES					
Current:					
Public Protection	38,600,228	43,262,133	47,452,087	48,456,075	50,707,523
Recreation and culture	9,952,270	10,817,825	11,559,693	12,132,321	11,584,039
General government	7,880,486	6,006,798	5,987,865	5,651,139	5,662,393
Capital outlay	3,335,969	6,138,263	14,959,514	10,567,583	13,357,175
Debt Service:					
Principal	2,101,533	1,804,681	1,479,666	1,756,506	1,765,599
Interest	731,104	332,984	239,939	231,593	203,698
Cost of issuance	272,852	529,832	--	--	--
Total Expenditures	62,874,442	68,892,516	81,678,764	78,795,217	83,280,427
REVENUES OVER/(UNDER) EXPENDITURES	(2,582,429)	(3,489,170)	(7,311,080)	1,672,428	186,601
OTHER FINANCING SOURCES/(USES)					
Proceeds from sale of capital assets	6,150	210	22,909	22,600	21,185
Issuance of long-term liabilities	10,420,172	15,611,669	1,310,000	447,658	1,683,594
Payment to escrow for refunding	--	(9,022,459)	--	--	--
Original issue premium	--	896,282	--	--	--
Original issue discount	(283,460)	(224,451)	--	--	--
Insurance recovery	4,924,060	1,102,130	861,601	3,364,475	338,725
Transfers in	1,732,764	1,471,642	1,928,794	1,976,967	1,733,865
Transfers out	(1,260,120)	(1,276,127)	(2,292,865)	(2,579,639)	(2,528,288)
Total Other Financing Sources/(Uses)	15,539,566	8,558,896	1,830,439	3,232,061	1,249,081
SPECIAL ITEMS					
Additional lump sum payment for pension	(8,548,688)	--	--	--	--
Net Change in Fund Balances	4,408,449	5,069,726	(5,480,641)	4,904,489	1,435,682
Fund Balances – Beginning of Year	42,563,646	46,972,095	52,041,821	46,561,180	51,465,669
Fund Balances – End of Year	\$46,972,095	\$52,041,821	\$46,561,180	\$51,465,669	\$52,901,351

Source: Cosumnes Community Services District Comprehensive Annual Financial Report for Fiscal Years 2015-16 through 2019-20.

General Fund Revenues By Source

The primary funding source of District operations within its General Fund is property taxes. Other revenue sources include recreation fees, ambulance fees, development impact fees and various other charges for services. Taxes and revenues received by the District are listed in the table below. None of the general taxes currently imposed by the District are affected by Proposition 218. See “RISK FACTORS– Articles XIII C and XIII D of the California Constitution.”

The following table sets forth revenues received by the District in its General Fund, by source for Fiscal Years 2017-18 through 2019-20. Although financial results are not yet available for Fiscal Year 2020-21, based on the District's current projections, the District anticipates the percentages of General Fund revenues coming from each of the various sources will be similar to prior fiscal years.

**Table 4
GENERAL FUND REVENUES BY SOURCE
For Fiscal Years 2017-18 through 2019-20**

Revenue Category	Fiscal Year 2017-18	% of FY Revenues	Fiscal Year 2018-19	% of FY Revenues	Fiscal Year 2019-20	% of FY Revenues
Property Taxes	\$43,868,694	59.0%	\$46,477,721	57.8%	\$48,761,970	58.4%
Charges for current service	19,303,278	26.0%	18,264,192	22.7%	19,495,851	23.4%
Developer fees and contributions	5,141,896	6.9%	4,752,534	5.9%	4,525,151	5.4%
Intergovernmental	4,033,549	5.4%	4,277,163	5.3%	2,366,979	2.8%
Donations and contributions	89,154	0.1%	104,564	0.1%	120,528	0.1%
Use of money and property	1,463,899	2.0%	2,275,400	2.8%	2,341,494	2.8%
Miscellaneous	467,214	0.6%	4,316,071	5.4%	5,855,055	7.0%
Total	\$74,367,684	100.0%	\$80,467,645	100.0%	\$83,467,028	100.0%

Source: Cosumnes Community Services District.

Property Taxes

General. Property taxes represent the largest source of General Fund revenue. In Fiscal Year 2019-20, property taxes were 58.4% of General Fund revenues. Since Fiscal Year 2015-16, property taxes have increased over 26.0%. This has primarily been driven by new development ongoing within the District, especially within the City of Elk Grove. Property taxes have not been impacted to date through the COVID-19 pandemic, but this may change in the future. See “RISK FACTORS – COVID-19 Pandemic.”

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospital, and charitable institutions. See “RISK FACTORS” herein. Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of agency’s allocation in the following year.

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. Unsecured property is assessed on the unsecured roll.

Teeter Plan. The Board of Supervisors of the County has adopted the “Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds” (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. The Teeter Plan provides for the allocation and distribution of property tax levies and collections and of tax sale proceeds. Under this method, the County pays the District 100% of the property taxes due

to the District and retains any penalties or delinquencies collected to offset such gross payment. There can be no assurance that any of the County will not discontinue the Teeter Plan or remove the District from the Teeter Plan in the future.

Historical Assessed Valuations. The following tables show assessed valuations for taxable property in the District for Fiscal Years 2016-17 through 2020-21.

**Table 5
ASSESSED VALUE OF TAXABLE PROPERTY
Fiscal Years 2016-17 through 2020-21**

Fiscal Year	Local Secured	Utility	Unsecured	Total
2016-17	\$20,364,618,816	\$2,677,780	\$301,965,890	\$20,669,262,486
2017-18	21,569,139,939	2,677,780	306,951,849	21,878,769,568
2018-19	22,846,267,439	2,677,780	322,966,631	23,171,911,850
2019-20	24,043,385,360	1,996,083	375,378,513	24,420,759,956
2020-21	25,489,228,852	1,996,083	412,574,369	25,903,799,304

Source: California Municipal Statistics, Inc.

**Table 6
TOP TEN LOCAL SECURED TAXPAYERS
Fiscal Year 2020-21**

	Property Owner	Primary Land Use	2020-21 Assessed Valuation	% of Total ⁽¹⁾
1.	Apple Computer Inc.	Industrial	\$235,298,269	0.92%
2.	Laguna Springs Corporate Center Phase II	Office Building	100,779,759	0.40
3.	Oakmont Properties II LP	Apartments	76,398,757	0.30
4.	DS Properties 18 LP	Shopping Center	72,475,841	0.28
5.	Elk Grove Owner LP	Shopping Center	61,180,764	0.24
6.	MG Bella Vista Apartments EKG LLC	Apartments	60,180,000	0.24
7.	Wellquest Elk Grove LLC	Assisted Living	56,838,535	0.22
8.	Pappas Laguna 2 LP	Shopping Center	54,468,553	0.21
9.	9130 Nolan Street LLC	Apartments	53,611,918	0.21
10.	Wal Mart Real Estate Business Trust	Shopping Center	49,175,387	0.19
			\$820,407,783	3.21%

(1) 2020-21 Local Secured Assessed Valuation: \$25,489,228,852.

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for Fiscal Year 2020-21. As shown, the vast majority of the District's assessed valuation is represented by residential property.

**Table 7
ASSESSSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2020-21**

	2020-21 Assessed Valuation⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Rural/Agricultural	\$ 377,638,316	1.48%	617	0.94%
Commercial/Office	2,145,854,347	8.42	900	1.37
Vacant Commercial	151,217,967	0.59	241	0.37
Industrial	696,710,817	2.73	274	0.42
Vacant Industrial	56,250,019	0.22	120	0.18
Recreational	73,756,706	0.29	41	0.06
Government/Social/Institutional	223,633,147	0.88	340	0.52
Miscellaneous	<u>3,169,973</u>	<u>0.01</u>	<u>1,802</u>	<u>2.74</u>
Subtotal Non-Residential	\$3,728,231,292	14.63%	4,335	6.60%
Residential:				
Single Family Residence	\$20,385,666,349	79.98%	56,899	86.58%
Condominium Unit	197,112,032	0.77	946	1.44
Mobile Home	36,886,937	0.14	455	0.69
Mobile Home Park	24,005,746	0.09	6	0.01
Hotel/Motel	68,433,162	0.27	10	0.02
2-4 Residential Units	206,655,373	0.81	560	0.85
5+ Residential Units/Apartments	455,779,476	1.79	336	0.51
Vacant Residential	<u>386,458,485</u>	<u>1.52</u>	<u>2,170</u>	<u>3.30</u>
Subtotal Residential	\$21,760,997,560	85.37%	61,382	93.40%
Total	\$25,489,228,852	100.00%	65,717	100.00%

(1) Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of single-family residential parcels in the District for Fiscal Year 2020-21, including the median and average assessed value of single-family parcels in the District.

**Table 8
PER PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2020-21**

	<u>No. of Parcels</u>	<u>2020-21 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	56,899	\$20,385,666,349	\$358,278	\$345,996

<u>2020-21 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	202	0.355%	0.355%	\$7,594,057	0.037%	0.037%
\$50,000 - \$99,999	759	1.334	1.689	58,643,143	0.288	0.325
\$100,000 - \$149,999	1,450	2.548	4.237	185,527,065	0.910	1.235
\$150,000 - \$199,999	4,619	8.118	12.355	826,710,430	4.055	5.290
\$200,000 - \$249,999	6,629	11.650	24.006	1,496,284,817	7.340	12.630
\$250,000 - \$299,999	7,463	13.116	37.122	2,052,895,102	10.070	22.701
\$300,000 - \$349,999	7,947	13.967	51.089	2,581,265,259	12.662	35.363
\$350,000 - \$399,999	7,754	13.628	64.716	2,905,672,037	14.254	49.616
\$400,000 - \$449,999	6,666	11.715	76.432	2,823,546,106	13.851	63.467
\$450,000 - \$499,999	5,159	9.067	85.499	2,443,224,752	11.985	75.452
\$500,000 - \$549,999	3,286	5.775	91.274	1,719,256,124	8.434	83.886
\$550,000 - \$599,999	1,969	3.461	94.735	1,128,063,991	5.534	89.419
\$600,000 - \$649,999	1,201	2.111	96.845	747,353,503	3.666	93.085
\$650,000 - \$699,999	692	1.216	98.061	464,671,800	2.279	95.365
\$700,000 - \$749,999	334	0.587	98.648	240,888,620	1.182	96.546
\$750,000 - \$799,999	237	0.417	99.065	182,996,415	0.898	97.444
\$800,000 - \$849,999	161	0.283	99.348	132,620,469	0.651	98.094
\$850,000 - \$899,999	87	0.153	99.501	75,942,245	0.373	98.467
\$900,000 - \$949,999	70	0.123	99.624	64,659,542	0.317	98.784
\$950,000 - \$999,999	43	0.076	99.699	41,957,105	0.206	98.990
\$1,000,000-and greater	<u>171</u>	<u>0.301</u>	100.000	<u>205,893,767</u>	<u>1.010</u>	100.000
	56,899	100.000%		\$20,385,666,349	100.000%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Other General Fund Revenues

Charges for Services. Charges for Services represent the second largest source of General Fund revenue. In Fiscal Year 2019-20, charges for services were 23.4% of District General Fund revenues. The major revenue source in this category is ambulance transport charges, which comprise 68.5% of charges received for services. (The District's medical calls receive a "First Responder" response, which requires staffing a paramedic on every unit during any 24-hour period.) Other revenues in this category include inspection fees, weed abatement charges, recreation fees, reports, and photocopies, and other miscellaneous fees for services.

Developer Fees and Contributions. In Fiscal Year 2019-20, developer fees and contributions were 5.4% of District General Fund revenues.

Other Revenues. Other Revenues received by the General Fund include donations, intergovernmental revenues, revenues from the use of money and property and miscellaneous revenues. In Fiscal Year 2019-20, these types of revenues were an aggregate total of 12.8% of General Fund revenues.

Long-Term General Fund Obligations

The District has various lease and other long-term obligations (some of which are evidenced by certificates of participation) payable from legally available funds of the District, as noted in the District's audited financial statements and summarized below. In addition, nothing in the Lease or in the Trust Agreement prevents the District from incurring additional long-term obligations payable from its General Fund in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

2015 Certificates of Participation (Refinancing Project). In July 2015, the District caused the execution and delivery of certificates of participation to refinance a portion of the unfunded actuarial accrued liability with respect to the obligation of the District to make certain payments to the California Public Employees' Retirement System for both active and retired Safety and Miscellaneous employees of the District. Interest is payable semi-annually on December 15 and June 15 of each year, with interest ranging from 3.0% to 5.0%. The certificates mature on June 15, 2040 and the outstanding balance is \$8,620,000.

2016 Certificates of Participation (Refinancing Project). In July 2016, the District caused the execution and delivery of certificates of participation in a par amount of \$8,115,000 for the purpose of refunding at lower interest rates the outstanding balances of certain prior lease obligations. The certificates of participation have serial maturities through 2028 in amounts ranging from \$380,000 to \$885,000. Interest is paid semi-annually on March 1 and September 1 of each year. The outstanding balance is \$4,500,000.

2016 Certificates of Participation, Series A, B, C (Energy Projects). In September 2016, the District caused the execution and delivery of \$5,450,000 three series of certificates of participation to provide funds to finance (i) the cost of a clean renewable energy projects consisting of solar photovoltaic energy system and (ii) the cost of energy efficiency projects. Series A Certificates mature on September 1, 2046 and Series C Certificates mature on September 1, 2025. Series B Certificates matured on September 1, 2017. The certificates of participation are currently outstanding as follows: Series A Certificates \$5,450,000 and Series C Certificates \$640,000.

Capital Lease Obligations. The District has outstanding a variety of lease obligations used to finance capital improvements and equipment. Additional details, including amounts that were outstanding as of June 30, 2020, are included in Note 5 to the District's audited financial statements for Fiscal Year 2019-20 included as APPENDIX B.

Planned Future Debt. The District anticipates entering into a long-term obligation within the next year or two years to help finance the Morse Park Recreation Center. In addition, the District is considering issuing long-term obligations to address some of its long-term funding requirements related to OPEB. These obligations may be payable from the General Fund of the District and/or other sources of funding, as determined to be appropriate by the District. Final decisions regarding the timing and source of repayment would need to be approved by the District Board.

Reserve Policy; Fund Balances

The District maintains a reserve policy and designates reserves to ensure funding to meet operating, capital, debt service and long-term liability cost obligations. Reserves are maintained

as part of the District's budget in accordance with applicable law. Appropriations or uses of any designated reserves requires Board action.

The District's reserve policy provides for the following:

- **Cash-Flow Reserve:** The cash-flow reserve shall be maintained between 25% to 35% of annual property tax distributions from the County for the General Fund and the Landscaping and Lighting Fund for the most recent fiscal year. The cash-flow reserve shall be used in the event there is a natural disaster or loss of funding from State and Federal Government that cannot be covered by the Budget Stabilization Reserve.
- **Debt Payment Reserves:** Debt Payment Reserves are restricted funds that are set-aside on certain bonded debt issuances. Debt service reserve funds are sufficient to cover one year of applicable debt service payments. In addition, the District maintains a debt service stabilization fund of approximately \$2.5 million that, although not pledged directly to any long-term debt, is available to make payments.
- **Capital Reserves:** Capital Reserves will be maintained for capital improvements to parks, facilities, and apparatus replacement. The District shall establish a General Equipment Replacement Fund to set aside the funds as deemed appropriate to replace the aging equipment/machinery. The District will maintain a minimum fund balance of at 5% to 20% of the original purchase cost of the items accounted for in this fund. The annual contribution to this reserve will generally be based on the annual use allowance which is determined based on the estimated life of the vehicle or equipment and its original purchase cost. Interest earnings and sales of surplus equipment as well as any related damage and insurance recoveries will be credited to the General Equipment Replacement Fund. The Board or General Manager may designate an assigned specific fund for the future development of capital projects, as determined to be in the best long-term interests of the District. As of June 30, 2021, the Capital Reserves balance was \$1.7 million.
- **Budget Stabilization Reserve:** To ensure stability during economic downturns, natural disasters, or financial emergencies, a Budget Stabilization Reserve may be used to maintain current levels of service only. When the Budget Stabilization Reserve is used, a multi-year plan must be in place to restore a balanced budget and, if necessary, the Budget Stabilization Reserve. As of June 30, 2021, the Budget Stabilization Reserve balance was \$3.5 million.

Investment Policy; Investments

Investment Policy. The Board periodically reviews and adopts or ratifies the District's Investment Policy in accordance with Section 53600 of the Government Code of the State of California. The Investment Policy sets forth the following objectives: safety, liquidity, yield, and compliance with State and federal law.

Investment Portfolio. The funds of the District are (a) held in cash in banks, (b) invested in the State Treasurer's Local Agency Investment Fund (LAIF), and (c) the District's separate investment portfolio is invested in certificates of deposit, negotiable certificates of deposit, money market accounts and corporate notes. All investments are purchased within the parameters set forth in the District's investment policy.

CalPERS Retirement Plans

Plan Description. All qualified permanent and probationary employees are eligible to participate in the District’s separate Safety (fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit plans administered by the California Public Employees’ Retirement System (“**CalPERS**”), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that included a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, in 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

On January 1, 2013, the Public Employees Pension Reform Act (“**PEPRA**”) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

Actions Taken by CalPERS Related to Discount Rate and Other Assumptions. In 2013, the CalPERS’ Board of Administration (the “**Board of Administration**”) approved a recommendation to change the CalPERS amortization and smoothing policies. In 2018, the Board of Administration voted to shorten the period over which CalPERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities. In 2014, the Board of Administration approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. In 2015, the Board of Administration adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund’s unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In 2016, the Board of Administration voted to lower its discount rate for local agencies per the following schedule:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2018-19	7.375%
2019-20	7.250
2020-21	7.000

On July 12, 2021, CalPERS announced it had achieved a preliminary investment return of 21.3% for the 12-month period ending June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the double-digit return will trigger a

reduction in the discount rate from 7.00% to 6.80%. CalPERS may lower the discount rate beyond the trigger set forth in the Funding Risk Mitigation Policy or make other changes. The final discount rate (and other assumptions) will be determined at the Asset Liability Management meeting that occurs in November 2021.

Lowering the discount rate means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under PEPRA will also see their contribution rates rise. PEPRA included certain other provisions to try to minimize pension costs for covered employees. The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

Fiscal Year 2020-21 investment returns and changes to the discount rate and other assumptions, including demographic changes, will be reported on the June 30, 2021 CalPERS actuarial reports. These changes, including the newly determined discount rate, will be reflected in contribution levels for cities, counties, and special districts in Fiscal Year 2023-24.

Employees Covered. At June 30, 2019, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	90	107
Inactive employees entitled to but not yet receiving benefits	494	66
Active employees	<u>241</u>	<u>161</u>
Total	825	334

Contributions. Section 20814(C) of the California Public Employees’ Retirement Law (“PERL”) 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 both 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. For the measurement period ended June 30, 2019 (the measurement date), the average active employee contribution rate is 8% of annual pay for the Miscellaneous Plan and 9% of annual pay for the Safety Plan, and employer contribution rate is 9.123% of annual payroll for the Miscellaneous Plan and 17.587% of annual payroll for the Safety Plan.

Net Pension Liability. The District’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019 using standard update procedures. The changes in the net pension liability for each Plan follow:

Miscellaneous Plan – Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$52,233,033	\$40,788,935	\$11,444,098
Service cost	1,719,148	--	1,719,148
Interest on the total pension liability	3,849,015	--	3,849,015
Differences between actual and expected experience	1,692,289	--	1,692,289
Contributions – employers	--	1,347,954	(1,347,954)
Contributions – employees	--	767,245	(767,245)
Investment income	--	2,667,154	(2,667,154)
Administrative expenses	--	(29,108)	29,108
Benefit payments	(1,905,075)	(1,905,075)	--
Other miscellaneous	--	94	(94)
Net Changes	5,355,377	2,848,264	2,507,113
Balance at June 30, 2019	\$57,588,410	\$43,637,199	\$13,951,211

Safety Plan – Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$187,779,418	\$131,801,892	\$55,977,526
Service cost	5,419,538	--	5,419,538
Interest on the total pension liability	13,810,178	--	13,810,178
Differences between actual and expected experience	5,908,466	--	5,908,466
Contributions – employers	--	5,882,931	(5,882,931)
Contributions – employees	--	2,350,496	(2,350,496)
Investment income	--	8,843,754	(8,843,754)
Administrative expenses	--	(94,057)	94,057
Benefit payments	(6,496,592)	(6,496,592)	--
Other miscellaneous	--	305	(305)
Net Changes	18,641,590	10,486,837	8,154,753
Balance at June 30, 2019	\$206,421,008	\$142,288,729	\$64,132,279

For more information on the District's pension plans, see APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 6.

Other Post-Employment Benefits

Plan Description. The District participates in the CalPERS healthcare programs Public Employees Medical and Hospital Care Act (“PEHMCA”), providing lifetime medical benefits to District full-time employees who retire at age 50 or older with 5 or more years of service. Benefits are also provided to spouses and surviving spouses of eligible retirees. Retirees may enroll in any available CalPERS medical plan. The District contributed 100% of the costs. The District currently participates in Other Post Employment Benefits (“OPEB”). For fiscal year ended June 30, 2020, there were 133 retirees receiving this benefit. In addition, there were 123 inactive employees entitled but not yet receiving benefits and 257 active employees.

Contribution Information. Beginning in the fiscal year 2014-15, the District pre-funds the Plan through CalPERS OPEB Trust (“**CERBT**”) by contributing the District’s Annual Required Contribution (“**ARC**”) every year. For the fiscal year 2018-19, the District contributed \$5,101,304, including \$2,402,602 in benefit payments and a \$2,276,409 deposit to CERBT, and an adjustment for an implied subsidy from active members of \$422,293. The District’s contributions for fiscal year 2019-20 was \$5,282,991.

CERBT is tax qualified irrevocable trust, organized under Internal Revenue Code (“**IRC**”) Section 115, established to prefund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the District, not individually, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

Net OPEB Liability. The District’s net OPEB liability is measured as the total OPEB liability less the OPEB Plan’s fiduciary net position. The net OPEB liability is measured as of June 30, 2019, using an actuarial valuation as of June 30, 2019. As of June 30, 2019, the District’s net OPEB liability was \$46,320,257.

For more information on the District’s OPEB obligations, see APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 7.

Risk Management

The District participates in the Northern California Special Districts Insurance Authority (“**NCSDIA**”), a public entity risk pool of special districts within Northern California, for workers compensation insurance. Loss contingency reserves established by NCSDIA are funded by contributions from member agencies. The District pays an annual premium to NCSDIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the NCSDIA. NCSDIA retains the ability to assess its members’ amounts in addition to annual premiums. NCSDIA has never made an additional assessment and is currently fully funded.

The District also participates in the Special District Risk Management Authority (“**SDRMA**”), a joint powers agency comprised of California special districts, for general, property, automobile, and public officials’ errors and omissions. Loss contingency reserves established by the SDRMA are funded by contributions from member agencies. The District pays an annual contribution to the SDRMA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the SDRMA. SDRMA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

For more information on the District’s current coverages, see APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020, Note 8.

Direct and Overlapping Debt

Contained within the District are overlapping local agencies providing public services which have issued general obligation bonds and other types of indebtedness. Direct and overlapping bonded indebtedness is show in the following table, as provided by California Municipal Statistics, Inc.

Table 7
STATEMENT OF DIRECT AND OVERLAPPING DEBT
As of June 1, 2021

2020-21 Assessed Valuation: \$25,903,799,304⁽¹⁾

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt</u>
Los Rios Community College District	10.434%	\$43,322,490
San Joaquin Delta Community College District	3.233	6,098,893
Elk Grove Unified School District	56.083	177,979,401
River Delta Joint Unified School District		
School Facilities Improvement District No. 2	0.195	21,809
Sacramento Unified School District	0.170	773,522
Galt Joint Union High School District	61.644	34,160,023
Galt Joint Union School District	88.314	19,648,703
City of Elk Grove Community Facilities Districts	100.000	220,065,000
Elk Grove Unified School District Community Facilities District No. 1	56.083	103,961,693
Galt Schools Joint Powers Authority Community Facilities District No. 1	100.000	3,530,000
Sacramento County Community Facilities Districts	100.000	5,515,285
California Municipal Financing Authority Community Facilities Districts	100.000	12,591,000
California Statewide Community Development Authority 1915 Act Bonds	100.000	23,192,432
City of Galt 1915 Act Bonds	100.000	<u>385,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$651,245,251
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Sacramento County General Fund Obligations	14.245%	\$19,824,398
Sacramento County Pension Obligation Bonds	14.245	101,536,231
Sacramento County Board of Education General Fund Obligations	14.245	441,595
Elk Grove Unified School District General Fund Obligations	56.083	6,600,969
Sacramento Unified School District General Fund Obligations	0.170	98,354
Galt Joint Union High School District General Fund Obligations	61.644	3,924,873
Galt Joint Union School District General Fund Obligations	88.314	1,181,641
City of Elk Grove General Fund Obligations	100.000	38,322,560
Cosumnes Community Services District General Fund Obligations	100.000	<u>21,561,000</u> ⁽²⁾
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$193,491,621
Less: Sacramento County supported obligations		2,126,410
City of Elk Grove enterprise supported obligations		<u>8,385,000</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$182,980,211
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000%	\$10,975,000
GROSS COMBINED TOTAL DEBT		\$855,711,872 ⁽³⁾
NET COMBINED TOTAL DEBT		\$845,200,462

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.51%
Total Direct Debt (\$21,561,000).....	0.08%
Gross Combined Total Debt	3.30%
Net Combined Total Debt	3.26%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$481,976,609):

Total Overlapping Tax Increment Debt.....	2.28%
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(1) Includes Galt area.

(2) Excludes Certificates to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Certificates. However, the following is not an exhaustive listing of risk factors and other considerations which may be relevant to an investment in the Certificates. The order in which the below matters are listed does not reflect their relative importance. There can be no assurance that other risk factors will not become evident at any future time.

No Limit on Additional General Fund Obligations

The District has other obligations payable from its General Fund. The District has the ability to enter into other obligations that would constitute additional charges against its general revenues without limitation under the Lease and the Trust Agreement. To the extent that such additional obligations are incurred by the District, the funds available to make the Lease Payments and hence pay the Certificates may decrease.

Abatement

Under certain circumstances related to damage, destruction, or a taking pursuant to eminent domain which, in any such case, causes a substantial interference with the use and possession of the Site and Facilities, the District's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest with respect to the Certificates as and when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS."

Although the District is required under the Lease to maintain property and liability insurance and rental interruption insurance with respect to the Site and Facilities, the required insurance coverage is subject to certain conditions and restrictions. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Covenants to Maintain Insurance." Moreover, there is no assurance that the District will receive proceeds of any insurance in time to make Lease Payments when due.

Limitations on Remedies; Bankruptcy

The cost of enforcement of any rights and remedies provided in the Trust Agreement, including but not limited to the remedy of suit in law or equity, could be substantial and the process lengthy. The enforceability of the rights and remedies of the Owners and the obligations of the District may become subject to the following: the United States Bankruptcy Code (the "**Bankruptcy Code**") and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

The opinions of counsel, including Special Counsel, delivered in connection with the execution and delivery of the Certificates will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to

judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Any suit requesting accelerated payment of the Certificates and/or money damages could be subject to limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights, including their right to full repayment as well as payment terms. Many issues under Chapter 9, have not yet been the subject of reported appellate decisions, and it has become difficult to anticipate judicial rulings in municipal bankruptcies due to inconsistencies in opinions at the Bankruptcy Court and District Court level. For example, there is now some uncertainty regarding whether bondholders would be entitled to receive remittances of special revenues net of permitted necessary operating expenses during the pendency of a Chapter 9 bankruptcy proceeding and prior to confirmation of a plan of adjustment. This is based upon a lack of relevant appellate decisions, as well as inconsistencies in District Court holdings in Puerto Rico's ongoing proceedings pursuant to the Puerto Rico Oversight, Management, and Economic Stability Act ("**PROMESA**") (which contains similarities to and incorporates certain provisions of Chapter 9 of the Bankruptcy Code, but which was not enacted as a part thereof) and prior municipal bankruptcy case decisions.

In addition, the adjustment plans approved by the bankruptcy courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by those cities under lease revenue obligations that were substantially similar to the Certificates.

Risks Related to Property Tax Revenues

Property tax revenue is the largest source of General Fund revenue to the District. Property tax revenues are based primarily upon the assessed valuation of taxable real property in the District, and could be impacted by a variety of factors.

Assessed Value of Taxable Property. Natural and economic forces can affect the assessed value of taxable property within the District. The District is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, toxic dumping, or acts of terrorism, could cause a reduction in the assessed value of taxable property within the District. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). Reductions in the market values of taxable property may cause property owners to appeal assessed values and may be associated with an increase in delinquency rates for taxes. See also "– Natural Disasters," below.

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the District would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. However, current case law is uncertain as to whether or not property may be adjusted to its prior value at once or if adjustments may only be made subject to the 2% limitation.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not materially reduce the District's property tax revenues.

Articles XIII C and XIII D of the California Constitution

General. An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property related assessments, fees and charges."

Article XIII D. Article XIII D defines the terms "fee" and "charge" to mean "any levy other than an ad valorem tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service." A "property related service" is defined as "a public service having a direct relationship to property ownership." Article XIII D further provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government is ultimately determined to be a “fee” or “charge” as defined in Article XIID, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID includes a number of limitations applicable to existing fees and charges including provisions to the effect that: (a) revenues derived from the fee or charge may not exceed the funds required to provide the property-related service; (b) such revenues may not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership may not exceed the proportional cost of the service attributable to the parcel; (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property related fees or charges based on potential or future use of a service are not permitted; and (e) no fee or charge may be imposed for general governmental purposes.

Article XIIC. Article XIIC provides that the initiative power may not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges is applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge,” so it was unclear whether the definitions set forth in Article XIID referred to above are applicable to Article XIIC. Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the Supreme Court held in the Bighorn Case that the provisions of Article XIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. In any event, the District does not believe that Article XIIC grants to the voters within the District the power to repeal or reduce rates and charges that are subject to Article XIIC in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Certificates. Remedies available to beneficial owners of the Certificates in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. So long as the Certificates are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Certificates and the rights and remedies of the Certificate Owners will be exercised through the procedures of DTC.

On August 3, 2021, the California Supreme Court issued an opinion in *Wilde v. City of Dunsmuir* (Cal S. Ct. S252915) holding that local legislation measures setting water and other utility rates are not subject to challenge by referendum. Referendum allows voters to approve or reject laws before the laws take effect (and is distinct from the protest procedure under Proposition 218 and the legal process for initiative measures).

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIII A and XIIC. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes

a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIII A, XIII C and XIII D pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the State or local government of providing the service or product to the payor. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval.

Constitutional Limitations on Appropriations and Fees

Under Article XIII B of the California Constitution, as amended, state and local government entities have an annual “appropriations limit” which limits their ability to spend certain moneys called “appropriations subject to limitation,” which consist of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. In general terms, the “appropriations limit” is to be based on certain 1978/79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and services provided by these entities. Among other provisions of Article XIII B, if an entity’s revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Future Initiatives

Articles XIII B, XIII C and XIII D were adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiatives have been and could be proposed and adopted affecting the District’s General Fund revenues or ability to increase revenues. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by the District.

Natural Disasters; Climate Change

General. From time to time, the service area of the District is subject to natural calamities that may adversely affect economic activity in the District, which could have a negative impact on its finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to the District’s facilities or revenues. The casualty and liability insurance maintained by the District may not cover damages and losses to the Site and Facilities due to earthquake, fire, flood or other natural calamities. These types of natural calamities may be increasing, and resulting in more significant impacts, due to climate change.

Seismic. Like all of California, the service area of the District is subject to unpredictable seismic events such as earthquakes. Potential hazards related to earthquakes include ground shaking, surface rupture along the fault zone, and related secondary ground failures. Typical seismically-induced ground failures include liquefaction, lateral spreading, ground lurching, landslides, inundation, and settlement. Seismic events could destroy or damage portions of the Leased Assets or reduce its revenues.

Flooding. Flooding may cause damage to the District’s facilities or other structures within the District’s service area and any such damage may be material.

Fire. In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. Such areas affected by wildfires are more prone to flooding and mudslides that can further lead to the destruction of homes. Fires may cause damage to District facilities or other structures within the District's service area and any such damage may be material. To date, there have been no wildfires in the District's service area that have destroyed a significant amount of property or disrupted service for any significant period of time.

Climate Change. The impacts of climate change are not yet fully understood. However, in recent years, increased fires as well as other climactic conditions such as droughts, have impacted the District's operations. For example, poor air quality resulting from recent fires in the State have caused the District to close some of its park and recreation areas. Similarly, the ongoing drought has caused the District to reduce or eliminate some water activities, thereby making it difficult to keep grass within parks and recreation areas green, which reduces the attractiveness of such areas to the public. In the future, these and other impacts of climate change may cause the District to cancel some recreational programming activities and, therefore, may result in reduced revenues.

In October 2020, the District adopted a Climate Action Plan/Sustainability and Adaptation Plan that it had contracted with Raney Planning Management to prepare. The plan helps the District plan for future climate change impacts and policy responses.

Cybersecurity

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private and other sensitive electronic information, the District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

The District has never had a major cyber breach that resulted in a significant financial loss or operational disruption. The District provides training to its staff on phishing and safe browsing and how to avoid potential cyber threats. However, no assurances can be given that the security and operational control measures of the District will be successful in guarding against any and each cyber threat or breach.

COVID-19 Pandemic

The ongoing spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, may result in material adverse impacts to the District and its finances. There can be no assurances that the spread of the virus and the related shelter in place orders and social distancing requirements imposed by the State of California, or other State or local mandates and/or other responses intended to slow its spread will not materially adversely impact the revenues received by the District, particularly recreation and park program revenues generated by the District from its various programs. To date, the District has not experienced any material adverse impact to its General Fund finances from COVID-19 because decreased revenues from recreation and park district programming that was cancelled were offset by a reduction in expenses and strongly increasing property tax revenues. No assurance can be given strong property tax revenues will continue in the future.

More specifically, for Fiscal Year 2020-21, the District estimated a loss of approximately \$9.2 million on account of decreased recreation revenues due to program and facility closures, and decreased ambulance transportation revenues. The District offset all of this loss by implementing a “fiscal contingency plan,” while also receiving new revenues from redevelopment dissolution (i.e., additional property tax revenues), CARES Act reimbursements and increased permit fees.

The COVID-19 pandemic and the governmental actions to respond to it have resulted in a significant contraction of the national, state and local economies. In addition, stock markets in the U.S. and globally experienced sharp declines in market value following the onset of the outbreak that were attributed to COVID-19 concerns and, although rebounds in the market have since occurred, increased volatility in the financial markets continues. It is widely expected that global, national and local economies will continue to be negatively affected by the COVID-19 pandemic, at least for some period of time.

Future costs to the District could also be increased in the event that a sustained deterioration in global stock market values as an economic consequence of the COVID-19 pandemic negatively impacts the market value of assets held to fund the District’s pension plans, requiring future unanticipated increases in required plan contributions.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the District by not later than March 31 following the end of each fiscal year (presently June 30), commencing with its report for the fiscal year ended June 30, 2021 (the “Annual Report”), due March 31, 2022, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of enumerated events will be filed with the Municipal Securities Rulemaking Board (the “MSRB”). These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”). The specific nature of the information to be contained in the Annual Report and the enumerated events is summarized in APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

A review of its past compliance with its continuing disclosure undertakings, reveals that in the past 5 years, the District has complied in all material respects with its prior undertakings.

The District has engaged Urban Futures, Inc. to serve as dissemination agent for its undertakings entered into pursuant to the Rule, including for the Certificates.

LEGAL MATTERS

Legal matters incident to the authorization, execution and delivery of the Certificates are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, and certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Certain legal matters will be passed upon for the District by the District’s general counsel, and for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. The compensation of Special Counsel, Disclosure Counsel and Underwriter’s counsel is contingent on the successful closing and delivery of the Certificates.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of execution and delivery of the Certificates.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and bond premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors

with respect to State of California personal income tax and federal income tax consequences of owning such Certificates.

California Tax Status. In the further opinion of Special Counsel, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Certificates issued prior to enactment.

The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Special Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest with respect to the Certificates, or as to the consequences of owning or receiving interest with respect to the Certificates, as of any future date. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates may have federal or state tax consequences other than as described above. Other than as expressly described above, Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates, the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest with respect to the Certificates.

The form of the proposed opinion of Special Counsel is attached as APPENDIX E.

NO LITIGATION

There is no action, suit, or proceeding known by the District to be pending or threatened at the present time restraining or enjoining the delivery or in any way contesting or affecting the validity of the Certificates, the Lease Agreement, the Trust Agreement or the proceedings of the District or the Trustee taken with respect to the execution or delivery thereof.

RATING

S&P Global Ratings (“**S&P**”) has assigned the Certificates a ~~rating~~ of “AA-.” Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from S&P, at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041. The District has furnished to S&P certain materials and information with respect to the District and the Certificates. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency,

if in the judgment of such rating agency, circumstances so warrant. The District and the Municipal Advisor undertake no responsibility to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of any rating might have an adverse effect on the market price or marketability of the Certificates.

MUNICIPAL ADVISOR

The District has retained Urban Futures, Inc., as municipal advisor (the “**Municipal Advisor**”) in connection with the structuring, marketing and pricing of the Certificates. The Municipal Advisor has reviewed this Official Statement but makes no guaranty, warranty or other representation respecting the accuracy and completeness of the information contained herein.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, as underwriter (the “**Underwriter**”), has purchased the Certificates at a purchase price of \$_____ (representing the aggregate principal amount of the Certificates, plus a [net] original issue premium of \$_____, and less an underwriting discount of \$_____). The public offering prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the offering prices shown on the inside cover page hereof.

MISCELLANEOUS

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Holders of any of the Certificates.

The preparation and distribution of this Official Statement has been duly authorized by the District.

COSUMNES COMMUNITY SERVICES DISTRICT

By: _____
General Manager/Chief Executive Officer

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APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF ELK GROVE, CITY OF GALT, AND SACRAMENTO COUNTY

The following information concerning the City of Elk Grove, the City of Galt, and Sacramento County (the “County”) is included only for the purpose of supplying general information. The Certificates evidence direct undivided interest in the Lease Payments to be made by the District, and are not a debt of the City of Elk Grove, the City of Galt, the County, the State of California (the “State”) or any of its political subdivisions, and are payable solely from the Net Revenues of the District as described in this Official Statement. Certain statistical information herein reflects periods prior to the onset of the COVID-19 pandemic and may not reflect current conditions.

City of Elk Grove. Elk Grove is located in the southern portion of Sacramento County approximately 4 miles south of the City of Sacramento along, and between both, Interstate 5 and State Highway 99 and between the cities of Sacramento and Stockton. It is approximately equal driving distance from both the Bay Area and Sierra Nevada resorts. Elk Grove was incorporated on July 1, 2000 and has grown from a 2001 population of approximately 75,750 to a January 1, 2021 population of 178,124 according to the State Department of Finance. Elk Grove is the second largest incorporated city within Sacramento County. Elk Grove provides a variety of services to its residents which include public safety, highways and streets, public improvements, planning and zoning, general administration, transit, solid waste, and drainage.

Elk Grove’s climate varies from low temperatures of 24 to 44 degrees to highs of 80 to 110 degrees. Average annual rainfall is 19 inches per year falling primarily from October through April. Elevation is 45 feet.

Elk Grove had its start in agriculture and it is still a large part of the area’s economy today, with vineyards, dairy and cattle and row crops; but, now, there are also high technology, professional service, commercial and retail enterprises. Elk Grove has experienced substantial growth, particularly since its incorporation in 2000. Housing developments in Elk Grove represent a transition from previous land use for agricultural or grazing purposes toward a mixture of urban land uses, which transition has also occurred in other areas of Sacramento County.

Despite its close proximity to California’s capital city and although many Elk Grove residents work for the State or Sacramento County in the city of Sacramento, Elk Grove remains independent of Sacramento’s growth and development; for example, Apple employs 5,000 people in Elk Grove.

City of Galt. The City of Galt encompasses approximately 5.6 square miles in southern Sacramento County, and is 25 miles south of the City of Sacramento and 23 miles north of the City of Stockton. Located on State Highway 99, one of the two principal north-south highways in California’s Central Valley, the City of Galt is situated in the State’s prime agricultural region. It is a general law city, incorporated in 1946, and is operated under a council-manager form of government.

Sacramento County. The County was incorporated in 1850 as one of the original 27 counties of the State of California. Sacramento County’s largest city, the City of Sacramento, is the seat of government for the State and also serves as the county seat.

Sacramento County encompasses approximately 994 square miles in the middle of the 400-mile long Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter Counties on the north, and Yolo and Solano Counties on the west. Sacramento County extends from the low delta lands between the Sacramento and San Joaquin rivers north to approximately 10 miles beyond the State Capitol and east to the foothills of the Sierra Nevada mountains. The southwestern portion of Sacramento County has direct access to the San Francisco Bay.

Population

The following table sets forth population estimates for the City of Galt, City of Elk Grove, Sacramento County and the State for the past five years.

**POPULATION ESTIMATES
City of Galt, City of Elk Grove, County and State
Calendar Years 2017 through 2021, as of January 1**

<u>Year</u>	<u>City of Galt</u>	<u>City of Elk Grove</u>	<u>County of Sacramento</u>	<u>State of California</u>
2017	25,284	170,020	1,495,620	39,352,398
2018	25,720	171,669	1,511,390	39,519,535
2019	25,813	172,956	1,525,099	39,605,361
2020	26,006	176,036	1,553,157	39,648,938
2021	26,116	178,124	1,561,014	39,466,855

Source: California State Department of Finance.

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 6.7 percent in July 2021, down from a revised 6.9 percent in June 2021, and above the year-ago estimate of 11.2 percent. This compares with an unadjusted unemployment rate of 7.9 percent for California and 5.7 percent for the nation during the same period. The unemployment rate was 5.9 percent in El Dorado County, 5.3 percent in Placer County, 7.3 percent in Sacramento County, and 5.9 percent in Yolo County.

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento--Arden-Arcade--Rocklin MSA for the years 2016 through 2020. The unemployment rate for the City of Elk Grove and the City of Galt was 6.5 percent and 6.6 percent, respectively in July 2021.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Sacramento Arden Arcade Rocklin Metropolitan Statistical Area
(El Dorado, Placer, Sacramento, and Yolo Counties)
Civilian Labor Force, Employment and Unemployment
Annual Averages
(March 2020 Benchmark)

TITLE	2016	2017	2018	2019	2020
<u>Civilian Labor Force</u> ⁽¹⁾	1,068,500	1,074,700	1,088,400	1,098,800	1,087,900
Employment	1,012,000	1,025,500	1,047,000	1,058,400	993,300
Unemployment	56,500	49,200	41,300	40,400	94,500
Unemployment Rate	5.3%	4.6%	3.8%	3.7%	8.7%
<u>Wage and Salary Employment</u> ⁽²⁾					
Agriculture	9,700	9,800	9,100	8,700	8,300
Goods Producing	91,600	94,800	100,900	106,700	106,600
Mining and Logging	400	400	500	500	600
Construction	55,000	58,700	64,500	69,400	70,100
Manufacturing	36,200	35,700	36,000	36,800	35,900
Wholesale Trade	25,500	26,500	28,400	28,600	26,700
Retail Trade	100,500	101,400	102,000	100,500	95,100
Trade, Transportation & Utilities	152,500	155,300	159,800	161,300	156,300
Transportation, Warehousing & Utilities	26,600	27,400	29,500	32,200	34,600
Information	13,800	12,600	12,400	11,900	10,100
Finance & Insurance	37,500	37,400	36,700	35,200	35,100
Real Estate & Rental & Leasing	14,500	15,200	16,800	17,300	16,800
Professional & Business Services	128,500	132,400	136,000	137,400	132,500
Educational & Health Services	146,500	153,600	159,800	166,600	163,000
Leisure & Hospitality	99,800	103,300	106,200	109,600	83,700
Other Services	31,700	33,000	34,200	35,400	30,600
Federal Government	14,000	14,200	14,100	14,200	14,800
State Government	116,600	118,400	120,400	121,900	121,400
Local Government	104,000	102,600	103,500	105,300	99,400
Total, All Industries ⁽³⁾	960,700	982,500	1,009,900	1,031,400	978,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table shows the principal employers in the City of Galt, as shown in its Comprehensive Annual Financial Report for fiscal year ending June 30, 2020.

PRINCIPAL EMPLOYERS City of Galt As of June 30, 2020

<u>Employer</u>	<u>Number of Employees</u>
Galt Joint Union Elementary District	552
Galt High School District	230
Walmart	243
Building Materials Dist.	201
City of Galt	173
Cardinal Glass	171
California Waste Recovery System	145
Dycora Transitional Health	98
Raley's	79
Consolidated Fabricators	74
Total – Top Ten	<u>1,966</u>

Source: City of Galt Comprehensive Annual Financial Report for Fiscal Year 2019-20.

The following table shows the principal employers in the City of Elk Grove, as shown in its Comprehensive Annual Financial Report for fiscal year ending June 30, 2020.

PRINCIPAL EMPLOYERS City of Elk Grove As of June 30, 2020

<u>Employer</u>	<u>Number of Employees</u>
Apple Computer Inc.	5,000
Elk Grove Unified School District	3,884
CA Correctional Health Care Services	1,371
Cosumnes Community Services District	993
Walmart (3 locations)	596
Kaiser Permanente Med Ctr (2 locations)	530
Raley's/Bel Air Markets (4 locations)	442
City of Elk Grove	375
Alldata LLC	300
Total Major Employers	<u>13,106</u>

Source: Cosumnes Community Services District.

Major Employers

The following table shows the largest employers located in the County as of fiscal year 2020.

COUNTY OF SACRAMENTO PRINCIPAL EMPLOYERS As of June 30, 2020

Rank	Name of Company	Number of Employees	Percentage of Total County Employment
1.	Kaiser Permanente	15,585	2.27%
2.	UC Davis Health System	14,510	2.11
3.	Sutter/California Health Services	10,764	1.57
4.	Dignity/Mercy Healthcare	7,871	1.15
5.	Intel Corporation	6,200	0.90
6.	Amazon – Sacramento Fulfillment Center	4,500	0.66
7.	Raley's Inc./Bel Air	3,500	0.51
8.	Health Net of California Inc.	3,227	0.47
9.	VPS Global	2,429	0.35
10.	Safeway	1,878	0.27

Source: County of Sacramento Comprehensive Annual Financial Report for the year ending June 30, 2020.

Major Employers

The following table lists the major employers within the County, in alphabetical order.

**MAJOR EMPLOYERS
Sacramento County
(In Alphabetical Order)
August 2021**

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (mfrs)
Agreeya Solutions	Folsom	Information Technology Services
AMPAC FINE CHEMICALS LLC	Rancho Cordova	Electronic Equipment & Supplies-mfrs
Apple Distribution Ctr	Elk Grove	Distribution Centers (whls)
California Department-Crrctns	Sacramento	Insurance Agents Brokers & Service
California State Univ Scrmnt	Sacramento	Schools-Universities & Colleges Academic
Corrections Department	Sacramento	State Govt-Correctional Institutions
Dept of Transportation In Ca	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Dept	Sacramento	Outplacement Consultants
Environmental Protection Agcy	Sacramento	State Government-Environmental Programs
Intel Corp	Folsom	Semiconductor Devices (mfrs)
Kaiser Permanente South	Sacramento	Hospitals
L A Care Health Plan	Sacramento	Health Plans
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Sacramento Bee	Sacramento	Newspapers (publishers/mfrs)
Sacramento Municipal Utility	Sacramento	Electric Contractors
Securitas Security Svc USA	Sacramento	Security Guard & Patrol Service
SMUD	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Summit Funding Inc	Sacramento	Financing
Sutter Medical Ctr-Sacramento	Sacramento	Hospitals
Villara Building Systems	McClellan	Building Contractors
Water Resource Dept	Sacramento	Government Offices-State

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2021 1st Edition.

Effective Buying Income

Effective buying income (“**EBI**”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the City, the County, the State and the United States.

EFFECTIVE BUYING INCOME (EBI) City, County, State and United States As of January 1, 2017 through 2021

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2017	City of Galt	\$499,427	\$54,413
	City of Elk Grove	4,386,894	68,901
	Sacramento County	35,596,193	50,219
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Galt	\$549,972	\$59,127
	City of Elk Grove	4,650,427	72,443
	Sacramento County	38,238,821	54,343
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Galt	\$570,966	\$59,091
	City of Elk Grove	5,081,058	76,657
	Sacramento County	40,651,806	56,387
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Galt	\$621,642	\$64,637
	City of Elk Grove	5,261,190	78,627
	Sacramento County	42,705,779	59,288
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Galt	\$663,909	\$70,178
	City of Elk Grove	5,501,335	83,012
	Sacramento County	45,067,224	62,945
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790

Source: The Nielsen Company (US), Inc for years 2017 through 2018; Claritas, LLC for 2019 through 2021.

Commercial Activity

A summary of historic taxable sales within the City of Galt, City of Elk Grove, and the County of Sacramento during the past five years, for which data is available, is shown in the following tables.

The total taxable sales during the first quarter of calendar year 2021 in the City of Galt were reported to be \$53,470,709, a 6.52% increase in total taxable sales of \$50,196,891 reported during the first quarter calendar year 2020.

CITY OF GALT Taxable Transactions (Dollars in Thousands)

	<u>Retail and Food Services Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2016	1,147	\$143,061	1,403	\$190,957
2017	1,102	150,697	1,354	200,970
2018	1,061	160,245	1,339	204,415
2019	1,099	159,608	1,419	217,443
2020	1,134	156,136	1,492	215,570

Source: California State Board of Equalization

The total taxable sales during the first quarter of calendar year 2021 in the City of Elk Grove were reported to be \$667,274,951, a 17.86% increase in total taxable sales of \$566,182,286 reported during the first quarter of calendar year 2020.

CITY OF ELK GROVE Taxable Transactions (Dollars in Thousands)

	<u>Retail and Food Services Stores</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2016	1,838	\$1,931,315	2,747	\$2,158,382
2017	1,867	2,031,919	2,789	2,324,850
2018	1,915	2,065,019	2,933	2,366,433
2019	2,024	2,143,882	3,148	2,569,923
2020	2,259	2,102,677	3,572	2,479,479

Source: California State Board of Equalization

The total taxable sales during the first quarter of calendar year 2021 in the County were reported to be \$7,071,197,179, an 14.81% increase in the total taxable sales of \$6,159,206,189 reported during the first quarter of calendar year 2020.

**COUNTY OF SACRAMENTO
Taxable Transactions
(Dollars in Thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	24,289	\$16,200,531	36,800	\$23,368,174
2017	24,501	16,934,872	37,317	24,610,617
2018	24,853	17,593,375	39,066	25,443,669
2019	25,530	18,195,302	40,858	26,836,365
2020	28,055	18,288,243	45,361	26,837,392

Source: State Department of Tax and Fee Administration.

Construction Permits

City of Galt. The following table shows valuations of residential and non-residential building permits issued for calendar years 2016 through 2020, the latest period for which such information is available.

**BUILDING PERMIT VALUATION
City of Galt
(Valuation in Thousands of Dollars)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Permit Valuation</u>					
New Single-family	\$38,566.1	\$20,425.5	\$10,128.2	\$21,987.6	\$6,169.7
New Multi-family	0.0	0.0	1,400.0	0.0	1,795.7
Res. Alterations/Additions	<u>1,841.9</u>	<u>656.9</u>	<u>2,022.6</u>	<u>924.6</u>	<u>656.2</u>
Total Residential	40,408.0	21,082.4	13,550.8	22,912.2	8,621.6
New Commercial	1,862.5	1,751.6	41.7	37.5	20,675.1
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	2,284.7	1,769.7	2,268.9	1,805.2	3,167.9
Com. Alterations/Additions	<u>1,573.3</u>	<u>1,579.5</u>	<u>323.0</u>	<u>660.7</u>	<u>53.0</u>
Total Nonresidential	5,720.5	5,100.8	2,633.6	2,503.4	23,896.0
<u>New Dwelling Units</u>					
Single-Family	135	69	33	72	26
Multiple Family	<u>0</u>	<u>0</u>	<u>14</u>	<u>0</u>	<u>13</u>
Total New Dwelling Units	135	69	47	72	39

Source: Construction Industry Research Board, Building Permit Summary.

City of Elk Grove. The following table shows valuations of residential and non-residential building permits issued for calendar years 2016 through 2020, the latest period for which such information is available.

BUILDING PERMIT VALUATION
City of Elk Grove
(Valuation in Thousands of Dollars)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Permit Valuation</u>					
New Single-family	\$90,019.2	\$74,571.4	\$146,205.0	\$154,866.0	\$157,377.4
New Multi-family	0.0	12,740.3	35,846.9	42,960.8	0.0
Res. Alterations/Additions	<u>8,776.0</u>	<u>9,696.8</u>	<u>8,649.6</u>	<u>11,130.5</u>	<u>8,737.6</u>
Total Residential	98,795.2	97,008.5	190,701.5	208,957.3	166,115.0
New Commercial	11,071.1	36,987.1	53,664.4	8,886.5	22,804.0
New Industrial	0.0	500.0	0.0	0.0	0.0
New Other	18,517.3	24,624.0	25,183.0	42,098.8	12,161.5
Com. Alterations/Additions	<u>19,007.5</u>	<u>27,348.3</u>	<u>15,652.1</u>	<u>29,851.6</u>	<u>14,419.2</u>
Total Nonresidential	48,595.9	89,459.4	94,499.5	80,836.9	49,384.7
<u>New Dwelling Units</u>					
Single Family	452	395	693	755	763
Multiple Family	<u>0</u>	<u>127</u>	<u>16</u>	<u>16</u>	<u>0</u>
TOTAL	452	522	709	771	763

Source: Construction Industry Research Board, Building Permit Summary.

County of Sacramento. The following table shows valuations of residential and non-residential building permits issued for calendar years 2016 through 2020, the latest period for which such information is available.

BUILDING PERMIT VALUATION
County of Sacramento
(Valuation in Thousands of Dollars)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Permit Valuation</u>					
New Single-family	\$611,073.6	\$744,006.3	\$1,069,568.3	\$1,108,399.8	\$1,008,390.7
New Multi-family	83,282.9	242,222.8	158,638.0	265,188.8	467,418.7
Res. Alterations/Additions	<u>255,821.8</u>	<u>214,028.1</u>	<u>276,723.5</u>	<u>293,210.5</u>	<u>262,864.6</u>
Total Residential	950,178.3	1,200,257.2	1,504,929.8	1,666,799.1	1,738,674.0
New Commercial	482,772.0	270,736.7	292,766.9	639,170.3	449,494.3
New Industrial	150.0	3,026.0	14,151.1	31,851.4	31,155.0
New Other	418,862.1	265,276.7	137,414.6	131,286.6	75,356.7
Com. Alterations/Additions	<u>85,354.4</u>	<u>140,367.2</u>	<u>518,663.2</u>	<u>700,603.9</u>	<u>335,458.0</u>
Total Nonresidential	987,138.5	679,406.6	962,995.8	1,502,912.2	891,464.0
<u>New Dwelling Units</u>					
Single Family	2,676	3,174	3,589	3,981	3,588
Multiple Family	<u>609</u>	<u>1,761</u>	<u>1,272</u>	<u>2,008</u>	<u>2,868</u>
TOTAL	3,285	4,935	4,861	5,989	6,456

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

The County of Sacramento transportation network includes four major freeways, a Union Pacific Railroad transcontinental and intrastate freight rail service, AMTRAK passenger rail service, and a robust bus and light rail system. The Port of Sacramento provides direct ocean freight service to all major United States and world ports, shipping approximately 870,000 tons of cargo annually and links with the rail and freeway systems. Via a deep water channel, ships can reach the Port of Sacramento from San Francisco in less than eight hours. The major rail links serving the City of Sacramento connect with the Port of Sacramento, and Interstate 80 and Interstate 5 are immediately adjacent to it.

The Sacramento County Department of Airports operates several airports including the Sacramento International Airport for passenger and cargo service; and Mather Airport, the cargo facility for the region. Sacramento International Airport also serves the Rocklin area, Elk Grove area and Placer County. Served by ten major carriers and several commuter airlines, as well as air-freight carriers, the airport handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Sacramento International Airport is about 12 miles northwest of the City of Sacramento's downtown. Executive Airport, located in the City of Sacramento, is a full-service, 540-acre facility serving general aviation and providing a wide array of facilities and services. Nearby Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well.

The County of Sacramento's strategic location and broad transportation network have contributed to its economic growth. The County is traversed by the main east-west and north-south freeways serving northern and central California. Interstate 80 connects the City of Sacramento with the San Francisco Bay Area, Reno, Nevada, and points east. U.S. 50 carries traffic from Sacramento to the Lake Tahoe area. Interstate 5 is the main north-south route through the interior of California; it runs from Mexico to Canada. State 99 parallels Interstate 5 through central California and passes through Sacramento. Trucking services are offered through facilities of interstate common carriers operating terminals in the area and by contract carriers of general commodities. Greyhound Bus Lines also provides passenger and package service stations located in the City.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED JUNE 30, 2020**

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2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020



Cosumnes Community Services District

8820 Elk Grove Blvd.,
Elk Grove, CA 95624

Phone: (916) 405-7150

Fax: (916) 685-5216

www.yourcsd.com



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COSUMNES COMMUNITY SERVICES DISTRICT

STATE OF CALIFORNIA

**The Cosumnes Community Services District is the Local Government Provider of
Fire & Emergency Services and Parks & Recreation Services**

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared by:

Finance Division

Nitish Sharma, Chief Administrative Officer

Jeremy Edwards, Finance Manager

Marilyn Leoncio, Accountant

Terry Parsons, Accounting Assistant

Ashika Kumar, Accounting Assistant

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Cosumnes Community Services District

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Letter of Transmittal	iii
List of Principal Officials.....	viii
Organization Chart	ix
GFOA Certificate of Achievement.....	x
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet	21
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances	23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position	24
Notes to Basic Financial Statements	25
Required Supplementary Information:	
Pension Plans (Unaudited):	
Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period – Miscellaneous Plan	64
Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period – Safety Plan	65
Schedule of Plan Contributions – Miscellaneous Plan	66
Schedule of Plan Contributions – Safety Plan.....	66
OPEB Plan (Unaudited):	
Schedule of Changes in Net OPEB Liability and Related Ratios during the Measurement Period	67
Schedule of Plan Contributions	68
Budgetary Basis of Accounting	69
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Non-GAAP Budgetary Basis:	
General Fund	70
Landscape and Lighting Special Revenue Fund.....	71

Cosumnes Community Services District

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Supplementary Information:	
Combining and Individual Fund Statements:	
Non-Major Governmental Funds:	
Combining Balance Sheet.....	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77
General Fund Schedules:	
Schedule of Revenues.....	80
Schedule of Expenditures	81
Schedule of Expenditures and Other Financing Uses Compared to Budget	82
Landscape and Lighting Special Revenue Fund Schedules:	
Balance Sheet Schedules by Benefit Zone.....	86
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone.....	90
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone - Budget and Actual.....	94
 <u>STATISTICAL SECTION (Unaudited)</u>	
Statistical Section Narrative.....	109
Net Position by Component.....	110
Changes in Net Position.....	112
Fund Balances of Governmental Funds.....	114
Changes in Fund Balances of Governmental Funds.....	116
Direct and Overlapping Property Tax Rates.....	118
Principal Property Tax Payers	119
Property Tax Levies and Collections.....	120
Assessed Value and Estimated Actual Value of Taxable Property	121
Ratios of Outstanding Debt by Type	122
Direct and Overlapping Debt.....	123
Legal Debt Margin.....	124
Pledged-Revenue Coverage.....	126
Demographic and Economic Statistics	126
Principal Employers.....	127
Full-Time District Employees by Function/Program	128
Operating Indicators by Function/program.....	129
Capital Asset Statistics by Function/Program.....	130



December 31, 2020

Honorable Board of Directors
Cosumnes Community Services District

The Comprehensive Annual Financial Report of the Cosumnes Community Services District (District) for the fiscal year ended June 30, 2020, is hereby submitted. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The District's accounting records for governmental funds are maintained on the modified accrual basis of accounting. This essentially involves the recording of revenues when they become measurable and available and the recording of expenditures when goods and services are received and the related liability incurred.

Badawi and Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Cosumnes Community Services District's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The District is a political subdivision of the State of California. The Elk Grove Community Services District was established under Government Code Sections 56261.1 and 56439(c) on July 1, 1985, by a reorganization resulting in the dissolution of the Elk Grove Fire Protection District and the Elk Grove Recreation and Park District. In 2006, a reorganization of the Elk Grove CSD and the Galt Fire Protection District resulted in the creation of the Cosumnes Community Services District. This change expanded the delivery of CSD fire protection and emergency medical services from the Elk Grove Region to the City of Galt and additional unincorporated areas in south Sacramento County. The governing body of the District is a five-member Board of Directors elected at large to four-year staggered terms. Day-to-day operations are overseen by the District's General Manager.

The District provides fire protection services including fire suppression, fire prevention, inspection, plan checking and public education programs and provides emergency medical services, ambulance transport, advanced life support and rescue services and; in addition, provides parks, recreation facilities and programs. The District consists of approximately 157 square miles with a population of about 199,326; operates eight fire stations, one fire training facility and ninety-eight parks (two undeveloped) and employs three hundred and thirty-three full-time and over one hundred part-time staff.

The District Wide Landscape & Lighting Assessment District, which was organized under the Landscaping and Lighting Act of 1972, operates within the District to fund some capital and all maintenance and operations of parks and is governed by the same Board of Directors. All parcels of land in the District Wide Landscape & Lighting Assessment District are assessed at varying rates depending upon established benefit zones.

The Elk Grove Community Services District Foundation (the Foundation) was established on March 21, 1996 for the purpose of protecting lives through fire prevention educational programs, financially assisting residents who cannot afford to participate in recreational activities and beautifying the community of Elk Grove. On April 4, 1997, the Foundation was recognized as exempt under Section 501(c) (3) of the Internal Revenue Code. In June 2008, the Foundation was reorganized into an active community foundation. The name of the Foundation was changed to Cosumnes Legacy Foundation; the existing elected and appointed directors resigned their positions and seven (7) community members were appointed as Foundation Directors with two and three-year staggered terms. The Foundation is a legally separate component unit that is reported as a non-major governmental fund within the basic financial statements.

The Elk Grove Community Services District Public Facilities Acquisition Corporation (the Corporation) was established in March 2006 to facilitate financing the acquisition of capital assets of the District. The Corporation's Board is comprised of the members of the District's Board of Directors. The Corporation does not have any assets or liabilities. Its activities have been blended with the appropriate District funds. No separate financial statements are issued for the Corporation.

As required by the laws of the State of California, the District prepares and legally adopts a final operating budget on or before August 30 of each fiscal year. Each District department is required to submit their annual budget requests for the ensuing year. The General Manager reviews each request and a budget is presented to the Board of Directors. This budget reflects, as nearly as possible, the estimated revenues and expenditures for the upcoming year.

The budget is made available for public inspection through a public notice. On the dates stated in the notice, the Board of Directors conducts public hearings on the budget and at the conclusion of the hearings makes a final determination thereon. Annual budgets are adopted for the General Fund, Capital Projects Fund, Debt Service Fund, and Landscape and Lighting Special Revenue Fund. Until the adoption of the final budget, operations are governed by the adopted preliminary budget approved by the Board prior to June 30th. The final budget serves as an approved plan for operational control and performance evaluation.

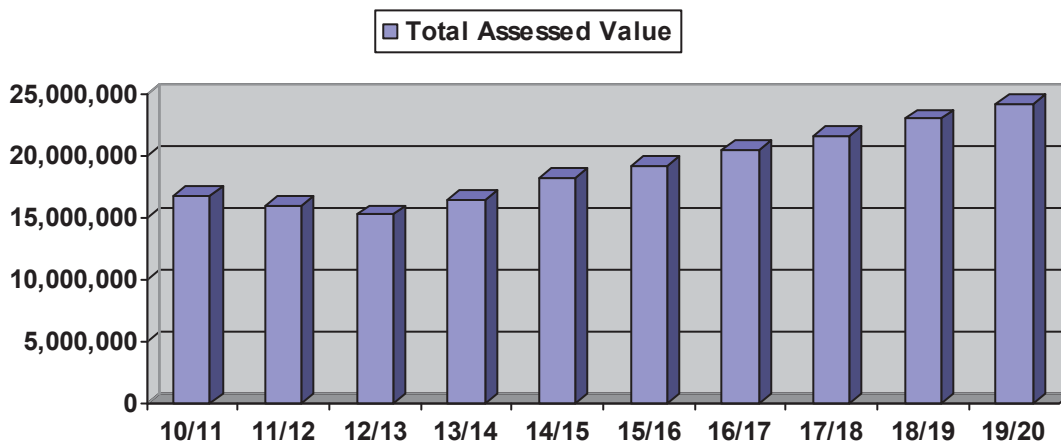
The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the object level of all budgetary units except for capital outlay, which are controlled on the sub-object level. The expenditure portion of the budget is enacted into law through the passage of an appropriation resolution. This resolution constitutes

maximum spending authorization for the fiscal year. It cannot be exceeded except by amendment of the budget by the Board of Directors. During 2019-2020, amendments were made to the final adopted budget. The budget data reflected in this comprehensive annual financial report includes the effect of all approved budget amendments. Monthly comparison of actual-to-budgeted revenues and expenditures identify significant variances that may require the District to take corrective action.

Local Economy

The Cosumnes CSD local economy continues to see growth, and as the population continues to grow and as political leaders are focused on bringing business and commerce to the region, the demand for housing occurs. The single-family housing market continued to see growth, and sale prices across the Sacramento region increased by 8% last year, which resulted in a median home price of \$415,000 in Sacramento County.

The primary funding source of District operations is property taxes. Other revenue sources include recreation fees, ambulance fees, development impact fees and various other charges for services. Property tax revenues have increased by approximately 5% from the prior year and the continued lack of supply has pushed property values up, therefore the District is projecting an average annual growth in property tax revenues of 6% for next fiscal year.



Residential real estate is experiencing a tight market pushing home prices higher in the Sacramento region with the median sales price up 8% in June of 2020 as compared to the prior year. The District is estimating that property tax revenues will increase 6% in Fiscal Year 2020-21 compared to FY 2019-20 due to projected home appreciation between 1 to 5%, modest local development, a projected increase in wage and salary jobs, and a slight decrease in unemployment.

The District Wide Landscape & Lighting Assessment fees account for approximately 17% of total revenues of the District. These fees are levied on parcels within the various benefit zones to provide funds for the maintenance, repair, replacement, services, utilities and capital improvements associated with the parks, landscape medians and corridors, parkways, Camden Lake, open space of any nature, trail systems and other recreation facilities, amenities and appurtenances within the District's parks thereto owned by the District which are designated for inclusion within the Assessment District.

Long-term financial planning

With approval of the Laguna Ridge specific plan, the Lent Ranch and South East Area specific plans, the District's largely undeveloped areas are well positioned for future growth. Commercial/industrial construction is anticipated to continue with the development of a newly approved casino. It is the challenge of this District to maintain the high level of service that our residents and business leaders have come to expect from the District. One step in meeting these challenges is the annual review and update of the District's goals and strategies and Capital Improvement Plans. These Capital Improvement Plans provide an overview of the timing of future District facilities and corresponding revenue sources for development. This document, along with the annual budget, is the foundation upon which the District will build to meet the growing needs of the community.

Relevant financial policies

The District's unrestricted cash and investments are maintained in the State of California Local Agency Investment Fund (the Fund) and a separately managed investment portfolio. The State Treasurer is responsible for managing the investment of the Fund's resources. The Fund's investment policy is to maintain a high credit quality, short duration portfolio to provide participants with safety of principal, liquidity, public trust and a market average rate of return.

The Fund's portfolio at June 30, 2020 was invested in U.S. Treasury and Government Agency investments (71%), certificate of deposit (18%), time deposits (5%), and commercial paper (6%). The average yield on investments during fiscal year 2019-2020 was 1.47%.

At June 30, 2020, the District's separate investment portfolio of approximately \$24.7 million was invested 30% in certificates of deposit and 70% in corporate notes and bonds. All investments are rated AAA/A-1+ by Standard & Poors. Maturities range from 1 month to 48 months. The average yield on investments during fiscal year 2019-2020 was 2.4%.

The District is a member of the Special District Risk Management Authority, a joint powers agency comprised of California special districts and agencies that provides general liability, automobile and property insurance coverage for the District. The limits of liability range between \$400,000 and \$350 million per occurrence annually. This policy covers real and personal property of the District.

The District participates in the Northern California Special Districts Insurance Authority (NCSDDIA), a public entity risk pool of special districts within Northern California, for workers compensation. The District pays an annual premium to NCSDDIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the NCSDDIA.

Major initiatives

The District is currently in the design and construction phase on two neighborhood parks totaling 25 acres combined with the design of the Morse Park Community Center and Fire Station 77. In addition, the District has completed the remodel of the Administration Building and the Morse Dog Park upgrade and renovation, and is currently in the design stages for photovoltaic and charging stations within the Administration Building parking lot.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cosumnes Community Services District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the twenty-second consecutive year that the Cosumnes Community Services District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The preparation of this Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire staff of the Administrative Services Department and the cooperation and assistance received from the staff of the Parks and Recreation and Fire Departments.

In closing, we would like to commend the Board of Directors for its interest, support and leadership in planning and conducting the financial operations of the District in a responsive and progressive manner.

Respectfully submitted,



Nitish Sharma
Chief Administrative Officer

**COSUMNES COMMUNITY SERVICES DISTRICT
LIST OF PRINCIPAL OFFICIALS**

Board of Directors (Elected)

Orlando Fuentes	President
Jim Luttrell	Vice-President
Rod Brewer	Member
Jaclyn Moreno	Member
Gil Albiani	Member

Officials (Appointed)

Joshua Green
General Manager

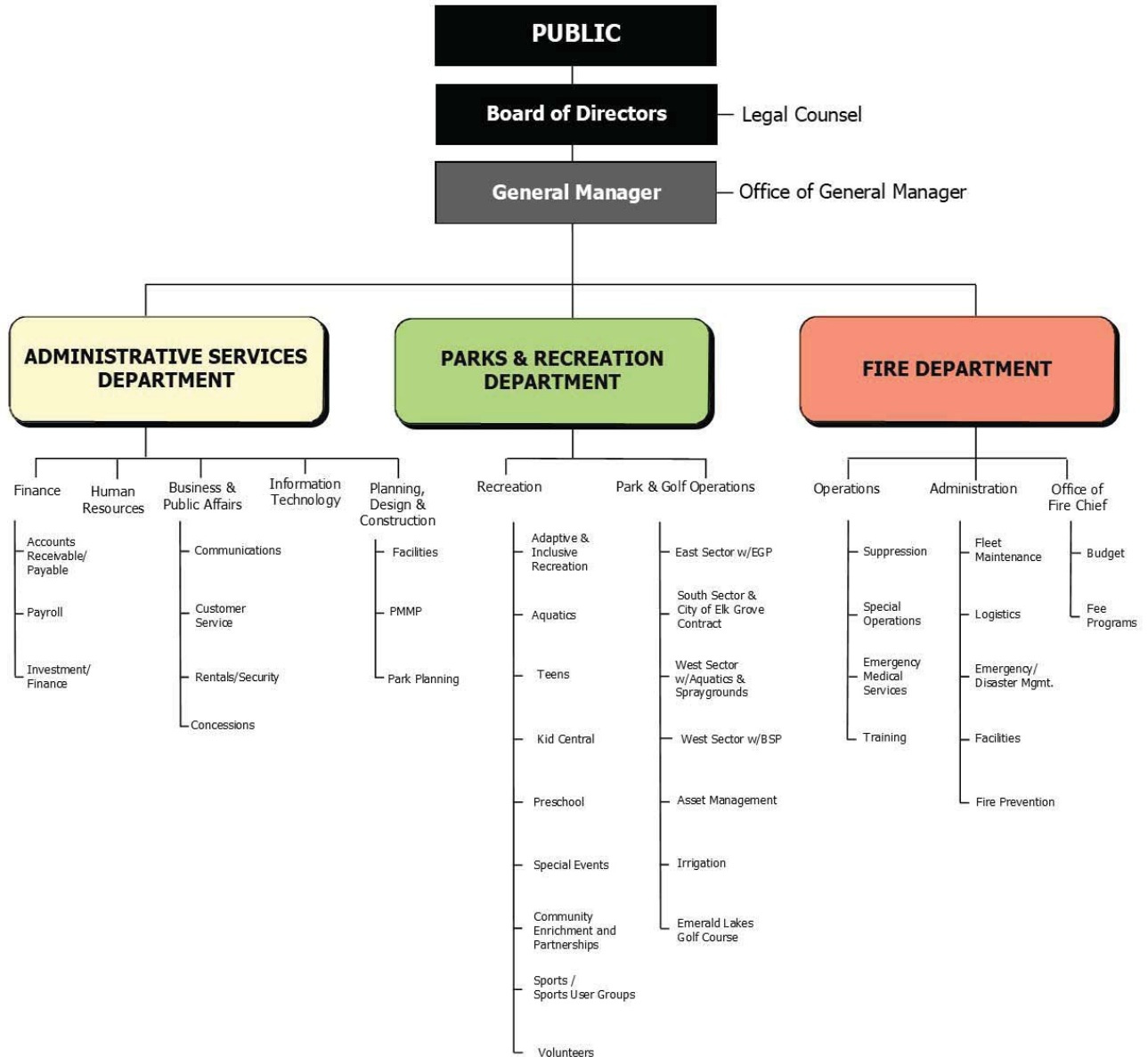
Sigrid Asmundson
District Legal

Felipe Rodriquez
Fire Chief

Phillip Lewis
Park Administrator

Nitish Sharma
Chief Administrative Officer

COSUMNES CSD ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cosumnes Community Services District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Cosumnes Community Services District
Elk Grove, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cosumnes Community Services District, California (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
of the Cosumnes Community Services District
Elk Grove, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, the OPEB information, and budgetary comparison information on pages 5-16 and 64-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining and individual nonmajor fund financial statements, other supplementary schedules on pages 76 to 107 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, individual nonmajor fund financial statements, and other supplementary schedules on pages 76 to 107 are the responsibility of management and were 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 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 combining and individual nonmajor fund financial statements, and other supplementary schedules on pages 76 to 107 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors
of the Cosumnes Community Services District
Elk Grove, California
Page 3

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates
Certified Public Accountant
Berkeley, California
December 31, 2020

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COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

As management of the Cosumnes Community Services District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii-viii of this report.

FINANCIAL HIGHLIGHTS

- ◆ The assets of the Cosumnes Community Services District exceeded its liabilities at the close of the 2019-20 and 2018-19 fiscal years by \$205,048,589 and \$191,519,006 (*net position*), as restated, respectively. Of this amount, \$70,724,935 and \$63,838,846 is restricted for specific purposes (*restricted net position*), and \$209,717,941 and \$200,173,933 is net investment in capital assets. The increase in net position is due to the increase in cash and investments, net investment in capital assets, landscape and lighting improvements, park development and fire station and equipment offset with the decrease in deferred outflows of resources, and addition of the net OPEB and pension liabilities. This increase is discussed further on pages 11 and 12 of this report.
- ◆ For FY 2019-20, total District governmental fund revenues, including program and general revenues, were \$102.4 million, an increase of \$4.1 million from the prior fiscal year and the changes are as follows. The change in revenue in the current year is due to a 5% increase in taxes (\$2.3 million), a 6% increase in charges for current services (\$2.2 million), a 7% increase in use of money and property (\$200 thousand), a 35% increase in miscellaneous revenues (\$1.5 million), offset by a 5% decrease in developer fees and contributions (\$200 thousand), and an 45% decrease in intergovernmental (\$1.9 million). Total governmental fund expenses were \$99.4 million, an increase of \$3.7 million from the prior fiscal year. The increase is related to a 5% increase in public protection (\$2.3 million), a 17% increase in capital outlay expenditures (\$2 million), which is offset by a 1% decrease in recreation and culture expenditures (\$300 thousand), and a 6% decrease in debt service (\$200 thousand).
- ◆ For FY 2018-19, total District governmental fund revenues, including program and general revenues, were \$98.3 million, an increase of \$7 million from the prior fiscal year and the changes are as follows. The change in revenue in the current year is due to a 6% increase in taxes (\$2.6 million), a 5% increase in intergovernmental (\$200 thousand), a 56% increase in use of money and property (\$1.2 million), a 400% increase in miscellaneous revenues (\$3.5 million), offset by a .01% decrease in charges for current services (\$200 thousand), and an 8% decrease in developer fees and contributions (\$400 thousand). Total governmental fund expenses were \$95.6 million, a decrease of \$1.1 million from the prior fiscal year. The decrease is related to a 6% decrease in general government (\$300 thousand), a 22% decrease in capital outlay expenditures (\$3.3 million), which is offset by a 2% increase in public protection expenditures (\$1 million), and a 5% increase in recreation and culture (\$1.3 million), and 7% increase in debt service (\$200 thousand).
- ◆ As of June 30, 2020 and 2019, total District's governmental funds reported combined fund balances of \$95,481,679 and \$90,364,858, respectively, an increase of \$5,116,821 and an increase of \$6,480,893 in comparison with the prior year. Approximately 24% and 28% of the combined fund balances, \$23,262,261 and \$25,747,350 is available for spending at the government's discretion (*assigned fund balance*).

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

- ◆ At the close of the fiscal year ended June 30, 2020 and 2019, the total fund balance restricted for park and fire station construction, capital projects, landscape and lighting district operations and foundation activities was \$70,724,935 and \$63,838,846, respectively.
- ◆ The District's total long-term obligations decreased by a net amount of \$1,073,195 during the 2019-20 fiscal year and decreased \$2,321,392 during the 2018-19 fiscal year. For FY 2019-20, the decrease resulted primarily from the \$2.8 million in debt payments, which were offset by the addition of the Fire Annex property, Ray Morgan Copiers, and Emerald Lakes Golf Course mower capital leases (\$1.7 million). For FY 2018-19, the decrease resulted primarily from the \$2.8 million in debt payments, which were offset by the addition of the \$430 thousand Braun Northwest ambulances capital lease.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information,
- 2) **Financial section**, The Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the notes to these financial statements, Required Supplementary Information, and Combining and Individual Fund Financial Statements and Schedules, and
- 3) **Statistical section.**

The Basic Financial Statements

The Basic Financial Statements consist of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position.

The Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the District's activities as a whole, and consist of 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 the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the District's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the District's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of the District's activities and amounts in the Statement of Net Position and the Statement of Activities are considered Governmental Activities, as explained below.

- ◆ **Government activities** – All of the District's basic services are considered to be governmental activities, including general government, public protection, and recreation and culture. These services are supported by property taxes, and also by specific program revenues such as recreation fees, ambulance and plan check fees and developer fees.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

The District's governmental activities include the activities of two separate legal entities, the Cosumnes Legacy Foundation and the Elk Grove Community Services District Public Facilities Acquisition Corporation, because the District is financially accountable for the Foundation and Acquisition Corporation. The Foundation and Acquisition Corporation have been included as an integral part of the primary government.

Fund Financial Statements

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, 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 a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Governmental Fund Financial Statements provide detailed 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 Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented only in a single column. Subordinate schedules present the detail of these *non-major funds*. *Major funds* present the major activities of the District for the year, and may change from year to year as a result of changes in the pattern of the District's activities. For the fiscal year ending June 30, 2018, the District's *major funds* are as follows:

- General Fund
- Landscape and Lighting Special Revenue Fund

For the fiscal year ended June 30, 2020, the District adopted annual appropriated budgets for all funds, except for the following:

- Foundation Special Revenue Fund

A budgetary comparison statement has been provided for the General Fund and the Landscape and Lighting Special Revenue Fund.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

The basic governmental fund financial statements can be found on pages 15 to 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the financial statements can be found on pages 23-56 of this report.

Required Supplementary Information

Supplemental information regarding the funding progress of the District's pension plan can be found on pages 58-61 of this report.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 68-69 of this report.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$205,032,289 at the close of the most recent fiscal year.

COSUMNES COMMUNITY SERVICES DISTRICT

SUMMARY OF NET POSITION JUNE 30, 2020, 2019 AND 2018

	Governmental Activities		
	2020	2019	2018
Current and other assets	\$ 103,306,890	\$ 95,865,227	\$ 90,627,028
Capital assets	<u>237,274,624</u>	<u>228,824,327</u>	<u>222,268,289</u>
Total assets	<u>340,581,514</u>	<u>324,689,554</u>	<u>312,895,317</u>
Deferred Outflows of Resources	<u>36,016,568</u>	<u>23,795,326</u>	<u>27,604,628</u>
Total Deferred outflows	<u>36,016,568</u>	<u>23,795,326</u>	<u>27,607,628</u>
Long-term liabilities outstanding	155,418,610	144,514,137	142,786,832
Other liabilities	<u>7,589,355</u>	<u>5,537,349</u>	<u>6,824,128</u>
Total liabilities	<u>163,007,965</u>	<u>150,051,486</u>	<u>149,610,960</u>
Deferred Inflows of Resources	<u>8,541,528</u>	<u>6,914,388</u>	<u>7,722,265</u>
Total Deferred Inflows	<u>8,541,528</u>	<u>6,914,388</u>	<u>7,722,265</u>
Net position:			
Net Investment in capital assets	209,717,941	200,173,933	191,275,989
Restricted	70,724,935	63,838,846	57,280,447
Unrestricted	<u>(75,394,287)</u>	<u>(72,493,773)</u>	<u>(65,389,716)</u>
Total net position	<u>\$ 205,048,589</u>	<u>\$ 191,519,006</u>	<u>\$ 183,166,720</u>

The largest portion of the District's net position of \$209,717,941 (102 percent) reflects its net investment in capital assets (e.g. land, structures and improvements, equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

Another significant portion of the District's net position of \$70,724,935 (34 percent) represents resources that are subject to external restrictions on how they may be used. The remaining negative balance of *unrestricted net position* of \$75,394,287 is mainly due to the District recording of pension and retiree healthcare liabilities amongst Safety and Miscellaneous employees.

At the end of the current fiscal year, the District is able to report positive balance in two of the three categories of net position for the District as a whole, and the District is beginning to replenish reserve fund balance because of the increase in property taxes offset by the increase in deferred outflows of resources from pensions and retiree healthcare combined with net pension and OPEB liabilities.

The District's net position increased by \$8,794,778 during the 2019/20 fiscal year, which accounts for 4 percent of total net position. The District's restricted and unrestricted net position decreased approximately \$4 million. The decrease is directly related to a 4% decrease in unrestricted net position (\$2.9 million), offset by a 13% increase in park development and fire station and equipment (\$3.2 million), a 10% increase in Landscape and Lighting improvements (\$3.7 million).

The District's net position increased by \$8,352,286 during the 2018/19 fiscal year, which accounts for 4 percent of total net position. The District's restricted and unrestricted net position decreased approximately \$4.6 million. The decrease is directly related to a 6% increase in net pension liability (\$3.6 million), offset by a 4% increase in Landscape and Lighting improvements (\$1.6 million), and a 25% increase in park development and fire station and equipment (\$5 million).

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

The table below indicates the changes in net position for governmental activities:

COSUMNES COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020, 2019 AND 2018

	Governmental Activities		
	2020	2019	2018
REVENUES:			
Program revenues:			
Charges for services	\$ 38,608,549	\$ 39,446,647	\$ 37,035,926
Operating grants and contributions	127,851	134,483	94,093
Capital grants and contributions	6,892,130	9,029,697	9,232,552
General revenues:			
Property taxes	48,761,970	46,477,721	43,868,694
Investment earnings	2,752,241	2,258,766	1,094,388
Miscellaneous	5,860,861	4,327,385	870,962
TOTAL REVENUES	103,003,602	101,674,699	92,196,615
 EXPENSES:			
Governmental activities:			
Public protection	56,440,034	56,313,616	53,684,689
Recreation and culture	30,420,284	30,478,048	28,829,013
General government	7,348,506	6,530,749	6,955,092
TOTAL EXPENSES	94,208,824	93,322,413	89,468,794
INCREASE (DECREASE) IN NET POSITION	8,794,778	8,352,286	2,727,821
Net position at begin of year, as restated	196,253,811	183,166,720	180,438,899
NET POSITION AT END OF YEAR	\$ 205,048,589	\$ 191,519,006	\$ 183,166,720

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

Revenues

The District's total revenues per the Statement of Activities were \$103,003,602 and \$101,674,699 for the fiscal years ended June 30, 2020 and 2019, respectively. Property tax revenue of \$48,761,970 and \$46,477,721 comprised 47% and 46%, respectively of the total governmental revenues of the District. Charges for services and capital grant and contribution revenue, which is comprised primarily of parkland dedications and fees from developers that is restricted for the construction of parks and fire stations, provided 38% and 39% and 7% and 10%, respectively, of the total governmental revenue of the District for the fiscal years ended June 30, 2020 and 2019. The increase in property tax revenues reflects the increase in proposition 13 adjustments on existing homes combined with the increase of sales on existing and new home properties and local development. The decrease in capital grant and contribution revenue is directly related to the decrease in development impact fees, offset by the increase in intergovernmental revenues in the current year.

Expenses

Expenses of the District totaled \$94,208,824 and \$93,322,413 for the fiscal years ended June 30, 2020 and 2019, respectively. Public protection costs represent 60% and 60%, respectively, of total governmental activities expenses and are the largest single expenditure in the governmental activities.

The following table shows the cost of each of the District's major programs and the net cost of the programs for the fiscal year ended June 30, 2020. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost of the public protection, recreation and culture and general government services reflects the financial burden that was placed on the District's taxpayers by each of the programs.

	Total Cost <u>Of services</u>	Net Revenue <u>(Cost) of services</u>
Public protection	\$56,440,034	\$ (40,489,316)
Recreation and culture	30,420,284	(3,389,344)
General government	<u>7,348,506</u>	<u>(4,701,634)</u>
TOTAL	<u>\$94,208,824</u>	<u>\$ (48,580,294)</u>

The net cost to taxpayers for recreation and culture services, excluding developer fees, was \$626,298.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020 and 2019 the District's governmental funds reported combined fund balances of \$95,497,979 and \$90,364,858, an increase of \$5,133,121 and an increase of \$6,480,893, respectively, in comparison with the prior year. The major reason for the increase was the increase of park development and fire station and equipment (\$3.2 million) combined with the increase in specific purpose of the fund (\$3.7 million), and the increase in non-spendable fund balance (\$700 thousand), offset by the decrease in assigned fund balance (\$2.5 million). Approximately 24 and 28 percent of the combined fund balances, \$23,278,561 and \$25,747,350, respectively, constitutes *assigned fund balance*, which is available to meet the District's current and future needs. The remainder of fund balance is *restricted* to indicate that it is *not* available for new spending because it has been restricted: 1) to reflect amounts set aside for future construction (\$28,128,307); 2) to use for specific purpose of the fund (\$42,435,377); and 3) to reflect amounts held on behalf of the Cosumnes Legacy Foundation (\$161,251).

The General Fund is the chief operating fund of the District. At June 30, 2020 and 2019, assigned fund balance of the general fund was \$23,278,561 and \$25,747,350, respectively, while total fund balance reached \$52,901,351 and \$51,465,669. The increase in total fund balance of \$1,435,682 represents an increase in total revenues (\$3 million) and overall expenditures (\$4.5 million) offset by a decrease in other financing sources (\$2 million). As a measure of the general fund's liquidity, it may be useful to compare both assigned fund balance and total fund balance to total fund expenditures. Assigned fund balance represents 28 percent and 33 percent of total fund expenditures, while total fund balance represents 64 percent and 65 percent of that same amount.

The Landscape & Lighting Special Revenue Fund has a total fund balance of \$42,435,377 and \$38,741,949 at June 30, 2020 and 2019. These amounts are restricted for the specific purpose of the fund. Total fund balance increased by \$3,693,428 and \$1,625,558 for the fiscal year ended June 30, 2020 and 2019. The increase is mainly attributable to the revenue produced from the East Franklin zone combined with the Landscape and Lighting assessment increases which are based on the CPI index each year.

At June 30, 2020, the Non-major Governmental Funds consist of the Foundation Special Revenue Fund. Total fund balance at June 30, 2020 is \$161,251 and is restricted solely for foundation activities. The increase in fund balance of \$4,011 is related to donations and contributions within the Cosumnes Legacy Foundation.

At June 30, 2019, the Non-major Governmental Funds consist of the Foundation Special Revenue Fund. Total fund balance at June 30, 2019 is \$157,240 and is restricted solely for foundation activities. The decrease in fund balance of \$49,154 is related to expenditure reimbursement for the first phase of construction for the Veteran's Memorial in Elk Grove Regional Park within the Cosumnes Legacy Foundation.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2020, differences between the original budget and the final amended budget reflect increased General Fund expenditures totaling \$2,848,924. The increase is due to an increase in capital outlay expenditures related to the purchase of the Fire Annexation Property combined with additional public protection expenditures for operational support. Actual General Fund revenues were \$5,267,353 greater than the final budget. This variance is mainly related to the increase in developer fees and contributions and charges for current services. Actual General Fund expenditures were \$17,233,147 lower than the final budget, of which approximately \$6.4 million represented the park development projects which were not completed and/or not started during the fiscal year in addition to lower recreation and culture expenditures.

For the fiscal year ended June 30, 2019, differences between the original budget and the final amended budget reflect increased General Fund expenditures totaling \$3,045,618. The increase is due to an increase in capital outlay expenditures related to the remodel of the Administration Building combined with additional public protection and general government expenditures for operational support. Actual General Fund revenues were \$4,376,925 greater than the final budget. This variance is mainly related to the increase in developer fees and contributions and charges for current services. Actual General Fund expenditures were \$10,763,580 lower than the final budget, of which approximately \$8.7 million represented the park development projects which were not completed and/or not started during the fiscal year in addition to lower recreation and culture expenditures.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets. As of June 30, 2020 and 2019, the Districts' investment in capital assets amounted to \$237,274,624 and \$228,824,327, respectively, net of depreciation. This investment in capital assets includes land, land improvements, structures and improvements, equipment and construction in progress costs for various parkland improvements and fire station construction.

COSUMNES COMMUNITY SERVICES DISTRICT

CAPITAL ASSETS (net of depreciation) AS OF JUNE 30, 2020, 2019 AND 2018

	2020	2019	2018
Land	\$ 95,041,844	94,384,093	94,384,093
Land improvements	68,616,303	68,184,389	67,258,932
Construction in Progress	10,601,021	14,111,639	6,494,575
Structures and improvements	57,587,786	47,777,500	47,970,155
Equipment	<u>5,427,670</u>	<u>4,366,706</u>	<u>6,160,534</u>
Total	\$ <u>237,274,624</u>	<u>228,824,327</u>	<u>222,268,289</u>

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

The following provides an explanation of significant changes in capital assets for the fiscal year ended June 30, 2020:

- ◆ Land improvements – renovation and upgrade of Morse Dog Park.
- ◆ Structures and improvements – increase is mainly due to the remodel and completion of the District's Administration Building and the purchase of the Fire Annexation Building adjacent to Fire Headquarters.
- ◆ Construction in progress – decrease is related to the completion related to remodel of the Administrative Services Building offset by the construction cost of Oasis Park.
- ◆ Equipment – increase is mainly due to the purchase of self-contained breathing apparatus, an air unit, a Braun Northwest ambulance, two remounted ambulances, and a Type-5 Engine within the Fire Department.

The following provides an explanation of significant changes in capital assets for the fiscal year ended June 30, 2019:

- ◆ Land improvements – renovation of McConnell, Batey, and Wackman Parks.
- ◆ Structures and improvements – decrease is mainly due to the depreciation of structures and improvements offset by the addition of station alerting core systems, fleet maintenance shop lighting, and a new heater at the WCAC Aquatics pool.
- ◆ Construction in progress – increase is related to the remodel of the Administrative Services Building, Bartholomew Sports Park turf, and Oasis Park.
- ◆ Equipment – decrease is mainly due to the depreciation of equipment offset by the purchase of two Braun Northwest ambulances and a copier at the City of Elk Grove Aquatics Center.

Additional information on the District's capital assets can be found in Note 3 on page 37 to 38.

The District was in contract with Kalerdobler Construction, Inc. to remodel the Albani Recreation Center and Environmental Landscape Solutions to construct Singh and Kaur Park at June 30, 2020. The total amount committed at June 30, 2020 is \$2,082,453. Additional information on the District's commitments can be found in Note 10 on page 56.

Long-term debt. At June 30, 2020, the District had long-term debt obligations totaling \$28,131,574. District debt issues include \$8,735,000 in Certificates of Participation to refinance a portion of the unfunded actuarial accrued liability with respect to the obligation of the District for CalPERS retirement, \$5,755,000 in Certificates of Participation to refinance a portion of the fleet maintenance facility, \$6,410,000 in Certificates of Participation for the Opterra Energy Services Project, a note agreement for \$28,542 for the financing of the Underwood Park Well, and \$7,203,032 in various capital lease obligations for the construction and equipping of a fire station and purchase of equipment and vehicles. The District's total debt decreased by \$1,073,195 (4%) during the current fiscal year mainly due to the \$2.8 million in principal debt payments offset by the addition of the Fire Annex property, Ray Morgan Copiers, and Emerald Lakes Golf Course mower capital leases (\$1.7 million).

Additional information on the District's long-term debt can be found in Note 5 on pages 39-42.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

ECONOMIC OUTLOOK

The Cosumnes CSD local economy continues to see growth, and as the population continues to grow and as political leaders are focused on bringing business and commerce to the region, the demand for housing occurs. The single-family housing market continued to see growth, and sale prices across the Sacramento region increased by 8% year-over-year, which resulted in a median home price of \$415,000 in Sacramento County.

The primary funding source of District operations is property taxes. Property tax revenues have increased by approximately 5% from the prior year and the continued lack of supply has pushed property values up, therefore the District is projecting an average annual growth in property tax revenues of 6% for next fiscal year.

Residential real estate is experiencing a tight market pushing home prices higher in the Sacramento region with the median sales price up 8% in June of 2020 as compared to the prior year. The District is estimating that property tax revenues will increase 6% in Fiscal Year 2020-21 compared to FY 2019-20 due to projected home appreciation between 1 to 5%, modest local development, a projected increase in wage and salary jobs, and a slight decrease in unemployment.

It is the challenge of this District to maintain the high level of service that our residents and business leaders have come to expect from the District. One step in meeting these challenges is the annual review and update of the District's goals and strategies and Capital Improvement Plans. These Capital Improvement Plans provide an overview of the timing of future District facilities and corresponding revenue sources for development. This document, along with the annual budget, is the foundation upon which the District will build to meet the growing needs of the community.

REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Cosumnes Community Services District Administrative Services Department, 8820 Elk Grove Boulevard, Elk Grove, CA 95624, or visit the District's web page at www.yourcsd.com.

BASIC FINANCIAL STATEMENTS

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Cosumnes Community Services District
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 94,871,878
Receivables:	
Accounts	310,129
Interest	236,811
Intergovernmental	1,568,700
Ambulance	984,654
Other	1,126,350
Prepays	1,467,697
Restricted cash and investments	2,740,671
Total current assets	<u>103,306,890</u>
Noncurrent assets:	
Capital assets:	
Not being depreciated	174,259,166
Being depreciated, net	63,015,458
Total capital assets	<u>237,274,624</u>
Total noncurrent assets	<u>237,274,624</u>
Total assets	<u>340,581,514</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension	22,650,335
Deferred outflows of resources - OPEB	12,588,199
Deferred loss on refunding	778,034
Total Deferred outflows of resources	<u>36,016,568</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	7,072,413
Accrued interest payable	196,924
Unearned revenue	320,018
Total current liabilities	<u>7,589,355</u>
Noncurrent liabilities:	
Long-term liabilities:	
Due within one year	2,712,951
Due in more than one year	152,705,659
Total noncurrent liabilities	<u>155,418,610</u>
Total liabilities	<u>163,007,965</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	3,124,257
Deferred inflows of resources - OPEB	5,417,271
Total Deferred inflows of resources	<u>8,541,528</u>
NET POSITION	
Net investment in capital assets	209,717,941
Restricted for:	
Park development	19,934,228
Fire station and equipment	8,194,079
Landscape and lighting improvements	42,435,377
Foundation activities	161,251
Unrestricted	(75,394,287)
Total net position	<u>\$ 205,048,589</u>

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Statement of Activities
For the year ended June 30, 2020

Functions / Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue Governmental Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:						
Public protection	\$ 56,326,241	\$ 113,793	\$ 13,583,739	\$ -	\$ 2,366,979	\$ (40,489,316)
Recreation and culture	29,742,626	677,658	22,498,466	7,323	4,525,151	(3,389,344)
General government	7,267,429	81,077	2,526,344	120,528	-	(4,701,634)
Interest on long-term debt	872,528	(872,528)	-	-	-	-
Total governmental activities	\$ 94,208,824	\$ -	\$ 38,608,549	\$ 127,851	\$ 6,892,130	(48,580,294)
General Revenues:						
Taxes:						
						48,761,970
						2,752,241
						5,860,861
						<u>57,375,072</u>
						8,794,778
						<u>196,253,811</u>
						<u>\$ 205,048,589</u>

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds			
	General Fund	Landscape and Lighting Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 52,058,435	\$ 42,625,602	\$ 187,841	\$ 94,871,878
Receivables:				
Accounts	295,761	14,172	196	310,129
Interest	130,648	106,163	-	236,811
Intergovernmental	1,361,944	206,756	-	1,568,700
Ambulance	984,654	-	-	984,654
Other	659,093	467,257	-	1,126,350
Advances to other funds	26,786	-	-	26,786
Prepays	1,467,697	-	-	1,467,697
Restricted cash and investments	2,740,671	-	-	2,740,671
Total assets	\$ 59,725,689	\$ 43,419,950	\$ 188,037	\$ 103,333,676
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 6,089,841	\$ 982,572	\$ -	\$ 7,072,413
Advances from other funds	-	-	26,786	26,786
Unearned revenue	318,017	2,001	-	320,018
Total liabilities	6,407,858	984,573	26,786	7,419,217
Deferred Inflows of Resources:				
Unavailable revenues	416,480	-	-	416,480
Fund Balances:				
Nonspendable	1,494,483	-	-	1,494,483
Restricted for:				
Park development	19,934,228	-	-	19,934,228
Fire station and equipment	8,194,079	-	-	8,194,079
Specific purpose of the fund	-	42,435,377	-	42,435,377
Foundation activities of the fund	-	-	161,251	161,251
Assigned	23,278,561	-	-	23,278,561
Total fund balances	52,901,351	42,435,377	161,251	95,497,979
Total liabilities, deferred inflows of resources, and fund balances	\$ 59,725,689	\$ 43,419,950	\$ 188,037	\$ 103,333,676

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 95,497,979

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 are therefore not reported in the funds:

- Governmental capital assets	309,669,240	
- Less: accumulated depreciation	(72,394,616)	
Total capital assets		237,274,624

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis used in the government-wide statements. Those revenues consist of:

- Ambulance charges	416,480	
Total revenues		416,480

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (196,924)

In the Government-Wide Financial Statements, employer contributions made subsequent to the measurement date for pension and OPEB, certain differences between actuarial assumptions and actual results for pension are deferred and applied to the net pension/OPEB liabilities or amortized over a period of time in future periods, however these items do not impact the Governmental Funds Balance Sheet:

- Deferred outflows of resources - pension		22,650,335
- Deferred outflows of resources - OPEB		12,588,199
- Deferred inflows of resources - pension		(3,124,257)
- Deferred inflows of resources - OPEB		(5,417,271)

Deferred amounts related to the refunding of long-term debt are not considered to be current financial resources. Therefore, they were not reported on the Governmental Funds Balance Sheet. This amount represents the unamortized balance as of the end of the year. 778,034

Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. Those liabilities consist of:

- Loans Payable	(28,545)	
- 2015 Refinancing Project (Pension), Certificates of Participation	(8,508,230)	
- 2016 Refinancing Project, Certificates of Participation	(6,262,054)	
- 2016 Energy Project, Certificates of Participation, Series A, B, and C	(6,332,856)	
- Capital lease obligation	(7,203,032)	
- Compensated absences	(2,680,146)	
- Net OPEB liability	(46,320,257)	
- Net pension liability	(78,083,490)	
Total long-term liabilities		(155,418,610)

Net Position of Governmental Activities \$ 205,048,589

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	Major Funds			
	General Fund	Landscape and Lighting Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 48,761,970	-	\$ -	\$ 48,761,970
Charges for current services	19,495,851	17,567,409	-	37,063,260
Developer fees and contributions	4,525,151	-	-	4,525,151
Intergovernmental	2,366,979	-	-	2,366,979
Donations and contributions	120,528	1,463	5,860	127,851
Use of money and property	2,341,494	1,359,885	250	3,701,629
Miscellaneous	5,855,055	5,806	-	5,860,861
Total revenues	83,467,028	18,934,563	6,110	102,407,701
EXPENDITURES:				
Current:				
Public protection	50,707,523	-	-	50,707,523
Recreation and culture	11,584,039	14,086,638	1,443	25,672,120
General government	5,662,393	-	-	5,662,393
Capital outlay	13,357,175	270,180	-	13,627,355
Debt service:				
Principal	1,765,599	16,292	983,187	2,765,078
Interest	203,698	1,430	713,059	918,187
Total expenditures	83,280,427	14,374,540	1,697,689	99,352,656
REVENUES OVER (UNDER) EXPENDITURES	186,601	4,560,023	(1,691,579)	3,055,045
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	21,185	500	-	21,685
Issuance of long-term liabilities	1,683,594	8,289	-	1,691,883
Insurance recovery	338,725	25,783	-	364,508
Transfers in	1,733,865	3,687,138	1,699,448	7,120,451
Transfers out	(2,528,288)	(4,588,305)	(3,858)	(7,120,451)
Total other financing sources (uses)	1,249,081	(866,595)	1,695,590	2,078,076
Net change in fund balances	1,435,682	3,693,428	4,011	5,133,121
FUND BALANCES:				
Beginning of year	51,465,669	38,741,949	157,240	90,364,858
End of year	<u>\$ 52,901,351</u>	<u>\$ 42,435,377</u>	<u>\$ 161,251</u>	<u>\$ 95,497,979</u>

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the year ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 5,133,121

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

Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

- Capital asset additions	13,627,355	
- Depreciation expense	(5,164,998)	
Total governmental funds		8,462,357

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from sales increase financial resources.

- Proceeds from sale of assets not recorded on Statement of Activities	(21,685)
- Gain on sale of capital assets are not recorded on Governmental Funds	9,625

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position.

- Proceeds from long-term liabilities	(1,691,883)	
- Amortization of original issue premium	67,886	
- Amortization of original issue discount	(18,554)	
- Amortization of deferred loss on refunding	(28,816)	
- Principal repayments on long-term liabilities	2,765,078	
Net of long-term debt proceeds, repayments, and other related		1,093,711

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Amount represent the change in the ambulance receivable. 231,393

OPEB expenses do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds. 619,732

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements, these contributions are deferred. 8,437,560

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense does not require the use of current financial resources, and is not recognized in the governmental funds. (15,089,462)

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 accrued interest payable	25,143	
- Change in compensated absences	(106,717)	
Total non-current expenses		(81,574)

Change in Net Position of Governmental Activities **\$ 8,794,778**

Cosumnes Community Services District
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

A. Reporting Entity

The Elk Grove Community Services District (the District) was established under Government Code Sections 56261.1 and 56439(c) on July 1, 1985 by a reorganization resulting in the dissolution of the Elk Grove Fire Protection District and the Elk Grove Recreation and Park District. In November 2006, the District and the Galt Fire Protection District merged to become the Cosumnes Community Services District. It is governed by a five member Board of Directors elected to four year staggered terms. The District consists of approximately 157 square miles within the Cities of Elk Grove and Galt and unincorporated areas of South Sacramento County with a population of approximately 199,326 residents. The District develops, owns and maintains all park, recreation and fire facilities within its service area. In April 2016, the District and the City of Elk Grove entered into an agreement with a four year term specifying the District and City will jointly develop park and recreation facilities within Laguna Ridge and Southeast Policy Area of the City, and the District will own and maintain the facilities. The fire protection services provided by the District include fire suppression, fire prevention, inspection, plan checking, and public education programs and the District provides emergency medical services, ambulance transport, advanced life support and rescue services and recreation facilities and programs. The District operates eight fire stations, one fire training facility, one golf course, two community centers, five recreation centers, two aquatic complexes, and over 98 parks (2 undeveloped) and employs 333 full-time and over 100 part-time people. The District also leases 87 acres of land within Elk Grove Regional Park from the County of Sacramento under an agreement that expires September 14, 2053. Through the exercise of Joint Powers, the District is a member of the Sacramento Regional Fire/EMS Communications Center and the Northern California Special District Insurance Authority.

The District makes assessments and provides services under a District Wide Landscape and Lighting Assessment District, which operates under the Landscape and Lighting Act of 1972. Under the District Wide Landscape and Lighting Assessment District, areas within the original Elk Grove Community Services District boundary are divided into zones of benefit. All parcels within the original Elk Grove Community Services District boundary are assessed at varying rates depending upon the zone of benefit in which the parcel is located and the costs of installing, repairing, maintaining, and replacing landscape and lighting (including parks) within the benefit zone.

The District's reporting entity includes the following blended component units:

The Cosumnes Legacy Foundation: The Cosumnes Legacy Foundation (the Foundation) is a non-profit organization which primarily solicits contributions to provide funding for the District to provide the District's constituents charitable services through its programs. The Foundation is a legally separate component unit reported on a blended basis as part of the primary government because its activities mainly benefit the District's constituents. No separate financial statements are issued for the Foundation.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

Elk Grove Community Services District Public Facilities Acquisition Corporation: The Elk Grove Community Services District Public Facilities Acquisition Corporation (the Corporation) was established in March 2006 to facilitate financing of the acquisition of capital assets by the District. The Corporation's Board is comprised of the members of the District's Board of Directors. The Corporation does not have any assets or liabilities. Its activities have been blended with the appropriate District funds. No separate financial statements are issued for the Corporation.

The District has also entered into a lease financing arrangement with the California Special Districts Association Financing Corporation for the purpose of facilitating the financing of capital projects within the District. For financial reporting purposes, the District's proportionate share of debt service payments of the underlying Certificate of Participation debt is reflected in the Debt Service Fund.

B. Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered 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. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the District accompanied by a total column.

These government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the District in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. However, interfund services provided and used are not eliminated in the process of consolidation. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out
- Interfund charges

The District applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect).

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The District has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the Governmental Funds Balance Sheet and recognized as revenue.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

The District reports the following major governmental fund types:

The General Fund is the District's primary operating fund. It is used to account for all activities of the general government, except those required to be accounted for in another fund.

The Landscape and Lighting Special Revenue Fund is used to account for the proceeds of specific landscape and lighting revenue sources that are legally restricted to expenditures for specific purposes. The transactions of the District Wide Landscape and Lighting Assessment District are recorded by the respective zones of benefit within the Special Revenue Fund. However, the zones of benefit do not represent separate special revenue funds.

Additionally the District reports the following fund types:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

The Foundation Special Revenue Fund is used to account for revenues of the Cosumnes Legacy Foundation (the Foundation), which are legally restricted to expenditures approved by the Foundation board.

C. Cash, Cash Equivalents and Investments

The District pools its available cash for investment purposes. The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Restricted Cash and Investments

Certain resources set aside for the repayment of certificates of participation are classified as restricted cash and investments on the balance sheet because their use is limited by applicable debt covenants. In addition, developer fees have been restricted by the City of Elk Grove or County of Sacramento ordinances, or the Quimby Act for park development expenditures and the construction of fire stations. Contributions to the Foundation have been restricted for Foundation activities.

E. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. 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 funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Advances between funds, reported in the fund financial statements, are classified as nonspendable in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/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.

F. Capital Assets

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the District are stated at historical cost or estimated historical cost, if actual historical cost is not available. Contributed capital assets are recorded at their acquisition value at the time received. Park improvements completed prior to the year ended June 30, 1995 were recorded at estimated historical cost developed by estimating replacement costs, which were discounted through the use of indices to acquisition dates. Land obtained from developers as donations in substitute of fees are estimated using average assessed values for similar parcels during the year these parcels are acquired. It is the District's policy to not depreciate the base of parks, which includes grading, irrigation systems and landscaping.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Structures and improvements	3 to 40 years
Equipment	5 to 15 years

It is the District's policy to capitalize all land, structures, improvements and equipment, except assets costing less than \$1,500. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement. The proceeds from the sale of capital assets is included in the statement of revenues, expenditures and changes in fund balances of the related fund. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. *Compensated Absences*

District employees are granted annual leave in varying amounts based on classification and length of service. Maximum annual leave hours eligible for carry forward to future years is limited to 1.5 times the employee's prior year accrual rate of annual leave, which ranges from 120 hours to 432 hours.

Compensated absences are accrued in the government-wide financial statements when earned. A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and is currently payable. Each year's budget includes a provision for the estimated expenditure for the current year. Typically the General Fund is used to liquidate the compensated absence liability.

Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years, with no limit as to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing retirement benefits. It is the policy of the District not to buy back any accumulated sick leave. Accordingly, no provision for payment of sick leave has been included in the financial statements.

H. *Property Taxes*

The County of Sacramento is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Sacramento up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The District recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

Secured property taxes are levied on or before the first day of September of each year. They become a lien on real property on March 1 preceding the fiscal year for which taxes are levied. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent, if unpaid on August 31.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Property Taxes, Continued

The County uses the alternative method of property tax apportionment known as the "Teeter Plan." Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30 of each fiscal year. These taxes are accrued as intergovernmental receivables only if they are received from the County within 60 days after year-end for the governmental funds and are accrued when earned for the government-wide presentation regardless of the timing of the related cash flows.

I. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and are amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, incurred during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

J. Net Position / Fund Balance

In the Government-Wide Financial Statements, net position are classified in the following categories:

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

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed as established by the District's Board of Directors.

Unrestricted net position – This category represents the net position of the District, which are not restricted or invested in capital assets net of related debt for any project or other purpose.

Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Net Position / Fund Balance

The District evaluated each of its funds at June 30, 2020 and classified fund balances into the following five categories:

Non-spendable – includes fund balance amounts that cannot be spent because they are either (a) not expected to be converted or (b) legally or contractually required to be maintained intact.

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amount that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District’s Board of Directors. The District’s Board of Directors must take action to allow for removal or change the constraint.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Board of Director approved Board Resolution 2011-72 authorizing the General Manager to assign fund balance.

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 reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduced committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used. Additional information concerning the nature of The District’s fund balances pursuant to GASB Statement No. 54 is provided in Note 9 Fund Balance.

K. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District’s policy is to apply restricted net position first.

L. Use of Estimates

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 expenditures during the reporting period. Actual results could differ from those estimates.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Deferred Outflows/Inflows of Resources, Continued

In addition to assets, the statement of net position (balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. Pension

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

O. Other Post Employment benefit (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Prepaid items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items using the consumption method in the governmental funds and the government-wide statement of net position. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Q. New Pronouncements

The District did not adopt any new accounting pronouncements during the year.

2. CASH AND INVESTMENTS

At June 30, 2020, the District's pooled cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 94,871,878
Restricted cash and investments	2,740,671
Total cash and investments	\$ 97,612,549
Cash and investments as of June 30, 2020 consisted of the following:	
Deposits with financial institutions	\$ 4,141,655
Total cash	4,141,655
U.S. Agency securities:	
Corporate Bonds	11,594,195
Certificates of Deposit	14,000,978
Asset Backed Securities, Mortgage Backed Securities and Collateralized Mortgage Obligations	33,324
Money Market Mutual Funds	118,628
Investment Held by County	2,353
Investments in Local Agency Investment Fund (LAIF)	67,721,416
Total investments	93,470,894
Total cash and investments	\$ 97,612,549

Investment policy: Investments are stated at fair value. California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table on the next page identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
Local agency bonds	5 Years	None	None
U. S. Treasury obligations	5 Years	None	None
U.S. Agency securities	5 Years	None	None
California Local Agency debt	5 Years	None	None
Bankers acceptances	180 Days	40%	30%
High grade commercial paper	270 Days	25%	10%
Negotiable certificates of deposits	5 Years	30%	None
Medium term corporate notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage pass-through securities	5 Years	20%	None
Collateralized negotiable investments	5 Years	None	None
Repurchase agreements	92 Days	20%	None
LAIF	N/A	None	None
Local government investments pools	N/A	None	None

*Excluding amounts held by bond trustees that are not subject to California Government code restrictions.

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statues pertaining to public deposits and investments.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies provisions of the 1998 Certificates of Participation trust agreement that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio*	Maximum Investment In One Issuer
State Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
Government sponsored agency obligations	None	None	None
U.S. Government agency obligations	None	None	None
Money Market Funds	None	None	None
Bankers acceptances	30 Days	None	None
Commercial Paper	270 Days	None	None
Negotiable certificates and times deposits	30 Days	None	None
Repurchase Agreements	270 Days	None	None
Money Market funds	None	None	None
LAIF	None	None	None
Investment agreements	None	None	None

*Excluding amounts held by bond trustee that are not subject to California Government code restrictions.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District's investment policy does not contain any provisions limiting interest rate risk other than what is specified in the California Government Code.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

	Fair Value	Investment Maturities in Years			
		Less Than 1 Year	1-2 years	2-3 years	3 years +
Corporate Bonds	11,594,195	-	4,849,087	3,091,730	3,653,378
Certificates of Deposit	14,000,978	250,000	8,006,336	4,218,329	1,526,313
Asset Backed Securities, Mortgage Backed Securities and Collateralized Mortgage Obligations	33,324	-	-	-	33,324
Money Market Mutual Funds	118,628	118,628	-	-	-
Investment held in County Pool	2,353	2,353	-	-	-
LAIF	67,721,416	-	67,721,416	-	-
Total	\$ 93,470,894	\$ 370,981	\$ 80,576,839	\$ 7,310,059	\$ 5,213,015

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year-end for each investment type.

	Total	Ratings as of Year End							
		Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Not Rated
Corporate Bonds	\$ 11,594,195	\$ 251,745	\$ 503,175	\$ 1,824,058	\$ 1,787,630	\$ 764,908	\$ 5,178,029	\$ 1,284,650	\$ -
Certificates of Deposit	14,000,978	-	-	-	-	-	-	-	14,000,978
Asset Backed Securities, Mortgage Backed Securities, and Collateralized Mortgage Obligations	33,324	-	-	-	-	-	-	-	33,324
Money Market Mutual Funds	118,628	118,628	-	-	-	-	-	-	-
Investment Held in County	2,353	-	-	-	-	-	-	-	2,353
LAIF	67,721,416	-	-	-	-	-	-	-	67,721,416
Total	\$ 93,470,894	\$ 370,373	\$ 503,175	\$ 1,824,058	\$ 1,787,630	\$ 764,908	\$ 5,178,029	\$ 1,284,650	\$ 81,758,071

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2020, the carrying amount of the District's deposits was \$4,141,655 and the balance in financial institutions was \$5,337,496. Of the balance in financial institutions, \$1,191,579 was covered by federal depository insurance and \$4,145,917 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2020, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Type of Investment	Total
Corporate Notes and Bonds	\$ 11,594,192
U.S. Agency Securities	\$ 33,324

Investment in LAIF: The District invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

The District's investments with LAIF at June 30, 2020 included a portion of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMS) or credit card receivables.

As of June 30, 2020, the District had \$67,721,416 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities compared to 1.77% in fiscal year 2020. Fair value of LAIF was calculated by applying a factor of 1.004912795 to total investments held by LAIF.

The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. There are no limitations or restrictions on participant withdrawals.

Investment Valuation: Investments (except for money market accounts and certificates of deposit) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2020 are described below.

Investment Type	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Corporate Bonds	\$ 11,594,195	\$ -	\$ 11,594,195	\$ -
Asset Backed Securities, Mortgage Backed Securities, and Collateralized Mortgage Obligations	33,324	-	33,324	-
Total investments subject to levelling	\$ 11,627,519	\$ -	\$ 11,627,519	\$ -
<u>Investments not subject to levelling:</u>				
Certificates of Deposit	14,000,978			
Money Market Mutual Funds	118,628			
Investment Held by County	2,353			
Local Agency Investment Fund	67,721,416			
Total Investments	\$ 93,470,894			

Corporate Bonds, Medium Term Notes, Asset Backed Securities, Mortgage Backed Securities, and Collateralized Mortgage Obligations categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 94,384,093	\$ 658,251	\$ (500)	\$ -	\$ 95,041,844
Land improvements	68,184,389	-	-	431,914	68,616,303
Construction in progress	14,111,639	9,838,631	-	(13,349,251)	10,601,019
Total capital assets not being depreciated	176,680,121	10,496,882	(500)	(12,917,337)	174,259,166
Capital assets being depreciated:					
Structures and improvements	86,793,506	-	-	12,917,337	99,710,843
Equipment	32,856,832	3,130,473	(288,074)		35,699,231
Total capital assets being depreciated	119,650,338	3,130,473	(288,074)	12,917,337	135,410,074
Less accumulated depreciation for:					
Structures and improvements	(39,016,006)	(3,107,047)	-	-	(42,123,053)
Equipment	(28,490,126)	(2,057,951)	276,514	-	(30,271,563)
Total accumulated depreciation	(67,506,132)	(5,164,998)	276,514	-	(72,394,616)
Total capital assets being depreciated, net	52,144,206	(2,034,525)	(11,560)	12,917,337	63,015,458
Capital assets, net	\$ 228,824,327	\$ 8,462,357	\$ (12,060)	\$ -	\$ 237,274,624

Depreciation was charged to activities as follows:

Public Protection	\$ 2,394,466
Recreation and culture	2,152,026
General government	618,506
Total depreciation expense	\$ 5,164,998

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

4. INTERFUND TRANSACTIONS

	Advances from other funds	
	Non-Major Governmental Fund	
Advances to other funds		
General Fund	\$	26,786
Total	\$	26,786

Advances from the General Fund to the Non-Major Governmental Funds are to fund operating expenditures not otherwise covered by available resources.

		Transfers In			
		Major Fund			
		General Fund	Landscape and Lighting Special Revenue Fund	Non - Major Governmental Fund	Total
Transfers Out	General Fund	\$ -	\$ 825,840	\$ 1,699,448	\$ 2,525,288
	Landscape and Lighting Special Revenue Fund	1,730,007	2,858,298	-	4,588,305
	Non - Major Governmental Fund	3,858	-	-	3,858
	Total	\$ 1,733,865	\$ 3,684,138	\$ 1,699,448	\$ 7,117,451

Transfers are used to (1) pay for overhead expenditures incurred and to assist in paying for capital improvement projects, and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

5. LONG-TERM LIABILITIES

As of June 30, 2020 the District's legal debt limit margin is \$302,512, which is based on 5% of gross assessed valuation. The activities of the District's long-term liabilities during the year ended June 30, 2020 are as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Loans Payable	\$ 41,729	\$ -	\$ (13,184)	\$ 28,545	\$ 13,896
Certificates of Participation					
- 2015 Refinancing Project	8,835,000	-	(100,000)	8,735,000	115,000
COP 2015 Refinancing Project					
- Original Issue Discount	(238,108)	-	11,338	(226,770)	-
Certificates of Participation					
- 2016 Refinancing Project	6,470,000	-	(715,000)	5,755,000	655,000
COP 2016 Refinancing Project					
- Original Issue Premium	570,155	-	(63,101)	507,054	-
Certificates of Participation					
- 2016 Energy Project:					
Series A	5,450,000	-	-	5,450,000	-
Series C	1,115,000	-	(155,000)	960,000	160,000
COP 2016 Energy Project, Series A					
- Original Issue Discount	(202,043)	-	6,967	(195,076)	-
COP 2016 Energy Project, Series C					
- Original Issue Premium	122,468	-	(4,536)	117,932	-
Capital lease obligation	7,293,043	1,691,883	(1,781,894)	7,203,032	1,591,597
Compensated absences	2,573,429	106,717	-	2,680,146	177,458
Net OPEB liability	45,061,840	5,937,428	(4,679,011)	46,320,257	-
Net pension liability	67,421,624	17,892,751	(7,230,885)	78,083,490	-
Total long-term liabilities	\$ 144,514,137	\$ 25,628,779	\$ (14,724,306)	\$ 155,418,610	\$ 2,712,951
Less: amount due					
within one year	(2,883,191)			(2,712,951)	
Amounts due in more					
than one year	\$ 141,630,946			\$ 152,705,659	

Compensated absences, Net OPEB liability, and net pension liability typically have been liquidated by the General Fund for governmental activities, except for amounts incurred by other funds.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

5. LONG-TERM LIABILITIES, Continued

A. Certificates of Participation and Loans Payable

The certificates of participation and loans payable consist of the following as of June 30, 2020:

Loans Payable - Obtained May 1, 2007 in the amount of \$200,000 for the funding of the Underwood Park well. Semi-annual interest payments at 5.31% ranging from \$197 to \$4,053 and semi-annual principal payments ranging from \$3,562 to \$7,418 are due November 1 and May 1 through May 1, 2022 on the \$200,000 loan. The outstanding balance as of June 30, 2020 was \$28,545.

Maturities of long-term liabilities are summarized below.

	Loans Payable		
	Principal	Interest	Total
2021	\$ 13,896	\$ 1,333	\$ 15,229
2022	14,649	586	15,235
Total debt	\$ 28,545	\$ 1,919	\$ 30,464

Certificates of Participation -2015 Refinancing Project - Issued July 2015 for the refinancing of a portion of the unfunded actuarial accrued liability with respect to the obligation of the District to make certain payments to the California Public Employees' Retirement System for both active and retired Safety employees and Miscellaneous employees of the District. The interest on the certificates is payable semi-annually on December 15 and June 15 of each year, with interest ranging from 3.0% to 5.0%. Principal and sinking fund payments ranging from \$45,000 to \$895,000 are due June 15. The outstanding balance as of June 30, 2020 was \$8,735,000.

Maturities of long-term liabilities are summarized below:

	Certificates of Participation - 2015 Refinancing Project		
	Principal	Interest	Total
2021	\$ 115,000	\$ 448,675	\$ 563,675
2022	140,000	444,650	584,650
2023	160,000	439,400	599,400
2024	185,000	433,000	618,000
2025	210,000	425,138	635,138
2026-2030	1,525,000	1,951,836	3,476,836
2031-2035	2,540,000	1,477,230	4,017,230
2036-2040	3,860,000	664,782	4,524,782
Total debt	\$ 8,735,000	\$ 6,284,711	\$ 15,019,711

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

5. LONG-TERM LIABILITIES, Continued

A. Certificates of Participation and Loans Payable, Continued

Certificates of Participation - 2016 Refinancing Project - In July 2016, the District issued certificates of participation in a par amount of \$8,115,000 for the purpose of refunding at lower interest rates the outstanding balances of obligations under (i) a Master Land, Building and Equipment Lease Purchase Agreement, dated as of July 1, 2000, with Municipal Services Group, Inc. (“MSG”), pursuant to which MSG financed and leased a new Fire Station 76 and the site thereof, (ii) a Municipal Project Lease and Option Agreement, dated September 4, 2008, with Community Services District Building Corporation (“CSDBC”), pursuant to which CSDBC financed and leased a new fleet maintenance building and the site thereof, and (iii) a Lease Agreement, dated October 20, 2010, with Municipal Finance Corporation (“MFC”), pursuant to which MFC refinanced and leased new Fire Stations 73 and 75 and the sites thereof, (b) purchase a reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund for the Certificates, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates. The bonds bear an interest rate of 2.00% annually between March 1 2017 and September 1, 2018. The bonds mature on September 1 of each year starting in 2017 and ending 2028 in amounts ranging from \$380,000 to \$885,000. Interest is paid semi-annually on March 1 and September 1 of each year.

The annual debt service requirements to maturity for the 2016 Certificates of Participation outstanding at June 30, 2020, were as follows:

<u>Certificates of Participation - 2016 Refinancing Project</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 655,000	\$ 195,525	\$ 850,525
2022	600,000	175,875	775,875
2023	620,000	157,875	777,875
2024	645,000	133,075	778,075
2025	675,000	107,275	782,275
2026-2028	2,560,000	163,700	2,723,700
Total debt	<u>\$ 5,755,000</u>	<u>\$ 933,325</u>	<u>\$ 6,688,325</u>

Certificates of Participation - 2016 Energy Projects, Series A,B,C - In September 2016, the District issued \$5,450,000 Certificates of Participation, Series A (2016 Energy Projects—Direct Pay Subsidy New Clean Renewable Energy Bonds (CREBS)—Taxable) (the “Series A Certificates”) to provide funds to (a) finance the costs of a clean renewable energy project consisting of solar photovoltaic energy systems, (b) purchase a municipal bond insurance policy for the Series A Certificates and pay a portion of the cost of purchasing a reserve fund insurance policy in lieu of cash funding a reserve fund for the Certificates (hereinafter defined), and (c) pay a portion of the delivery costs incurred in connection with the execution, delivery and sale of the Series A Certificates.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

5. LONG-TERM LIABILITIES, Continued

A. Certificates of Participation and Loans Payable, Continued

The \$135,000 Certificates of Participation, Series B (2016 Energy Projects—Taxable) (the “Series B Certificates”), are issued to provide funds to (a) purchase a municipal bond insurance policy for the Series B Certificates and pay a portion of the cost of purchasing a reserve fund insurance policy in lieu of cash funding a reserve fund for the Certificates, and (b) pay a portion of the delivery costs incurred in connection with the execution, delivery and sale of the Certificates.

The \$1,260,000 Certificates of Participation, Series C (2016 Energy Projects—Tax-Exempt) (the “Series C Certificates” and, with the Series A Certificates and the Series B Certificates, the “Certificates”), are issued to provide funds to (a) finance the costs of energy efficiency projects, (b) purchase a municipal bond insurance policy for the Series C Certificates and pay a portion of the cost of purchasing a reserve fund insurance policy in lieu of cash funding a reserve fund for the Certificates, and (c) pay a portion of the delivery costs incurred in connection with the execution, delivery and sale of the Certificates.

The annual debt service requirements to maturity for the 2016 Certificates of Participation outstanding at June 30, 2020, were as follows:

	Certificates of Participation - 2016 Energy Project, Series A			Certificates of Participation - 2016 Energy Project, Series C		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 201,800	\$ 201,800	\$ 160,000	\$ 35,200	\$ 195,200
2022	-	201,800	201,800	160,000	30,400	190,400
2023	-	201,800	201,800	165,000	25,600	190,600
2024	-	201,800	201,800	170,000	19,000	189,000
2025	-	201,800	201,800	180,000	12,200	192,200
2026-2030	900,000	965,619	1,865,619	125,000	5,000	130,000
2031-2035	1,155,000	793,232	1,948,232	-	-	-
2036-2040	1,180,000	584,594	1,764,594	-	-	-
2041-2045	1,520,000	324,400	1,844,400	-	-	-
2046-2047	695,000	41,400	736,400	-	-	-
Total debt	\$ 5,450,000	\$ 3,718,245	\$ 9,168,245	\$ 960,000	\$ 127,400	\$ 1,087,400

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

5. LONG-TERM LIABILITIES, Continued

B. Capital Lease Obligations

The District had the following capital lease obligations as of June 30, 2020:

Description	Interest Rate	Lease Term	Original Principal	Balance 6/30/2020	Asset	
					Acquired at Cost	Accumulated Depreciation
Oshkosh (2) 2013 Pierce Arrow XT	2.70%	12/7/13- 7/7/2020	\$ 1,073,150	\$ 163,975	\$ 1,073,150	\$ 858,520
Oshkosh (2) 2015 Pierce Arrow XT	2.90%	5/22/16- 05/22/22	1,196,366	370,811	1,196,366	478,546
KSB Motorola Radios		7/15/17-06/15/2021	651,669	171,372	651,669	130,334
California State Bank & Trust (2) Pierce Pumpers	3.69%	12/1/18-06/01/2023	1,310,000	826,000	1,292,625	258,525
Opus Bank (2) Braun Northwest Ambulances	3.78%	1/1/20-07/01/2022	430,000	358,333	414,135	82,827
Capital One Public Finance Fire Annex Property	3.09%	3/1/20-09/01/2039	1,560,000	1,534,000	1,500,000	18,835
Ray Morgan Co. Canon 7565/5560	8.30%	10/20/19-09/20/2024	41,445	36,266	41,445	10,156
AIG Comm Equip Dillard Ranch Lease	1.67%	6/30/06-03/30/2026	4,300,000	1,538,404	4,381,059	818,992
AIG Comm Equip Emerald Lakes Golf Course	2.35%	10/21/06-07/21/2026	5,200,000	2,079,679	5,009,532	-
Caltronics C658 City Aquatic Ctr	6.85%	5/1/19-04/01/2024	17,658	14,060	17,658	-
Ray Morgan Co. Canon 5550 WCAC AQ	8.30%	10/20/19-09/20/2024	14,210	12,434	14,209	3,482
Ray Morgan Co. Canon 5550 WCAC	8.30%	10/20/19-09/20/2024	15,394	13,470	15,394	3,772
Ray Morgan Co. Canon 5560/5560 REC FAC	8.30%	10/20/19-09/20/2024	39,076	34,194	39,076	9,575
KSB - Lease Security Patrol Vehicle		9/9/16-08/09/2021	40,395	10,079	40,395	11,194
Toro Workman Mower GC		11/5/19-10/05/2023	13,469	11,127	13,469	2,694
Ray Morgan Co. Cannon 5535	8.30%	10/20/19-09/20/2024	8,289	7,253	8,289	1,658
KSB - Lease		1/8/17-12/18/2021	68,219	21,575	68,219	13,644
				\$ 7,203,032	\$ 18,937,362	\$ 3,735,583

In March 2006, the District entered into a lease agreement to acquire and improve 97 acres of land for a park site. The lease calls for 80 quarterly payments of \$70,359 through March 30, 2026. Payments include interest at 1.67%. Capital assets acquired under this lease agreement include land and improvements of \$4,381,059, with accumulated depreciation of \$818,992 at June 30, 2020.

In July 2006, the District entered into a lease agreement to fund the purchase of a golf course, which is recorded as land in the amount of \$5,009,532. The lease agreement provides for 28 quarterly payments of \$89,689 through July 2013, with the payments being reset on that date and paid through July 21, 2026. Payments include interest at 2.35%.

On March 15, 2013, the District entered into a capital lease agreement in the amount of \$1,073,150 for two 2013 Pierce XT Type 1 fire engines. The lease agreement provides for 7 annual payments for of \$168,392 from July 7, 2014.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

5. LONG-TERM LIABILITIES, Continued

B. Capital Lease Obligations, Continued

On November 11, 2014, the District entered into a capital lease agreement in the amount of \$886,022 for various cardiac monitors. The lease agreement provides for 4 annual payments of \$191,967 from November 11, 2014 through March 15, 2020. Payments include interest at 4.5%.

On May 22, 2016, the District entered into a capital lease agreement in the amount of \$1,196,366 for two 2015 Pierce XT Type I fire engines. The lease agreement provides for 7 annual payments for of \$190,983 from May 22, 2015.

On Dec 8, 2016, the District entered into a capital lease agreement in the amount of \$68,219 for a Groundsmaster 4000-D T4 mower. The lease agreement provides for 60 monthly payments of \$1228 from January 18, 2017.

On Jan 27, 2017, the District entered into a capital lease agreement in the amount of \$651,669 for various radios and assorted accessories. The lease agreement provides for 48 monthly payments of \$14,503 from July 15, 2017.

On June 20, 2018, the District entered into a capital lease agreement in the amount of \$1,310,000 for two 2017 Pierce Arrow Type 1 engines. The lease agreements provides for 10 semi-annual payments. The interest is computed at the rate of 3.69% per annum.

On September 1, 2019, the District entered into a capital lease agreement in the amount of \$1,560,000 for Fire Station 72. The lease agreements provides for 40 semi-annual payments. The interest is computed at the rate of 3.09% per annum.

On June 28, 2020, the District entered into a capital lease agreement in the amount of \$430,000 with Opus Bank, for two 2018 North Star Ambulance. The lease agreements provides for 6 semi-annual payments starting from January 1, 2020. The contract annual interest rate applicable to this property is 3.78% per annum.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

5. LONG-TERM LIABILITIES, Continued

As of June 30, 2020, future minimum lease payments under capital lease obligations were as follows:

<u>Fiscal Year ending June 30,</u>	
2021	\$ 1,795,014
2022	1,425,413
2023	1,149,377
2024	779,295
2025	752,798
2026-2030	1,826,382
2031-2035	526,643
2036-2039	<u>421,866</u>
Total payments	8,676,788
Less amounts representing interest	<u>1,473,756</u>
Net present value of future minimum lease payments	<u><u>\$ 7,203,032</u></u>

C. Compensated Absences

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

6. DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District’s separate Safety (fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

A. General Information about the Pension Plans, Continued

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Safety	Miscellaneous
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Earliest retirement age	50	50
Benefit factor for each year of service as a % of annual salary	3% at age 50	2.5% at 55
Required employee contribution rates	9%	8%
Required employer contribution rates	17.587%	9.123%
Required unfunded accrued liability payment	\$ 3,633,831	\$ 576,454

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

Employees Covered - As of the measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	90	107
Inactive employees entitled to but not yet receiving benefits	494	66
Active employees	241	161
Total	825	334

Contributions - Section 20814(C) of the California Public Employees' Retirement Law (PERL) 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 both 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 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. For the measurement period ended June 30, 2019 (the measurement date), the average active employee contribution rate is 8 percent of annual pay for the Miscellaneous Plan and 9 percent of annual pay for the Safety Plan, and employer contribution rate is 9.123 percent of annual payroll for the Miscellaneous Plan and 17.587 percent of annual payroll for the Safety Plan

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

B. Net Pension Liability

The District's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions

	Miscellaneous	Safety
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return ⁽¹⁾	7.15%	7.15%
Mortality ⁽²⁾	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	

(1) Net of pension plan investment and administrative expenses; includes Inflation.

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can found on the CalPERS website (www.calpers.ca.gov).

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% 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% 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.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

6 DEFINED BENEFIT PENSION PLAN, Continued

B. Net Pension Liability, Continued

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical 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.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

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

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$ 52,233,033	\$ 40,788,935	\$ 11,444,098
Changes in the year:			
Service cost	1,719,148	-	1,719,148
Interest on the total pension liability	3,849,015	-	3,849,015
Differences between actual and expected experience	1,692,289	-	1,692,289
Changes in assumptions	-	-	-
Net plan to plan resource movement		-	-
Contribution - employer	-	1,347,954	(1,347,954)
Contribution - employee	-	767,245	(767,245)
Investment income	-	2,667,154	(2,667,154)
Administrative expenses	-	(29,108)	29,108
Benefit payments , including refunds of employee contributions	(1,905,075)	(1,905,075)	-
Other Miscellaneous income/(Expense)	-	94	(94)
Net changes	5,355,377	2,848,264	2,507,113
Balance at June 30, 2019	\$ 57,588,410	\$ 43,637,199	\$ 13,951,211

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

C. Changes in the Net Pension Liability, Continued

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$ 187,779,418	\$ 131,801,892	\$ 55,977,526
Changes in the year:			
Service cost	5,419,538	-	5,419,538
Interest on the total pension liability	13,810,178	-	13,810,178
Differences between actual and expected experience	5,908,466	-	5,908,466
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Net plan to plan resource movement	-	-	-
Contribution - employer	-	5,882,931	(5,882,931)
Contribution - employee	-	2,350,496	(2,350,496)
Net investment income	-	8,843,754	(8,843,754)
Administrative expenses	-	(94,057)	94,057
Benefit payments , including refunds of employee contributions	(6,496,592)	(6,496,592)	-
Other Miscellaneous income/(Expense)	-	305	(305)
Net changes	18,641,590	10,486,837	8,154,753
Balance at June 30, 2019	\$ 206,421,008	\$ 142,288,729	\$ 64,132,279

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the District for each Plan, calculated using the discount rate for each Plan, as well as what the District's 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:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.65%
Net Pension Liability	\$ 22,976,575	\$ 95,638,368	\$ 118,614,943
Current Discount Rate	7.15%	7.15%	7.65%
Net Pension Liability	\$ 13,951,211	\$ 64,132,279	\$ 78,083,490
1% Increase	8.15%	8.15%	8.65%
Net Pension Liability	\$ 6,648,840	\$ 38,382,037	\$ 45,030,877

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

C. Changes in the Net Pension Liability, Continued

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

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the District recognized pension expense of \$15,089,462 (\$4,410,433 for the Miscellaneous Plan and \$10,679,029 for the Safety Plan). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,597,211	\$ -	\$ 6,840,349	\$ -	\$ 8,437,560	\$ -
Differences between actual and expected experience	2,428,807	-	6,030,025	(1,107,375)	8,458,832	(1,107,375)
Changes in assumptions	-	(90,096)	5,753,943	(1,062,441)	5,753,943	(1,152,537)
Net differences between projected and actual earnings on plan investments	-	(191,245)	-	(673,100)	-	(864,345)
Total	\$ 4,026,018	\$ (281,341)	\$ 18,624,317	\$ (2,842,916)	\$ 22,650,335	\$ (3,124,257)

\$8,437,560 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 ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Fiscal Year	
	Ending June 30:	
	Miscellaneous	Safety
2021	\$ 1,266,777	\$ 2,126,612
2022	553,923	1,123,477
2023	275,917	2,279,263
2024	50,849	1,501,185
2025	-	858,323
Thereafter	-	1,052,192

E. Payable to Pension Plans

As of June 30, 2020 the District reported a payable of \$0 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

7. OTHER POSTEMPLOYEMENT BENEFITS

A. Plan Description

The District participates in the CalPERS healthcare programs Public Employees Medical and Hospital Care Act (PEHMCA), providing lifetime medical benefits to District full-time employees who retire at age 50 or older with 5 or more years of service. Benefits are also provided to spouses and surviving spouses of eligible retirees. Retirees may enroll in any available CalPERS medical plan. The District contributed 100% of the costs. The District currently participates in an OPEB. For fiscal year ended June 30, 2020, there were 133 retirees receiving these benefits. The Plan is a defined benefit agent multiple employer plan.

B. Employees Covered

Inactive employees or beneficiaries currently receiving benefits	133
Inactive employees entitled to but not yet receiving benefits	123
Active employees	257
	<hr/>
Total	<u>513</u>

C. Contributions

Beginning in the fiscal year 2014-15, the District pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing the District’s Annual Required Contribution (ARC) every year. For the measurement period 2018-19, the District contributions equaled \$5,101,304, that including \$2,402,602 in benefit payments, a \$2,276,409 deposit to CERBT, and an adjustment for an implied subsidy from active members of \$422,293. The District’s contributions for fiscal year 2019-20 was \$5,282,991.

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to prefund OPEB. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the District, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

D. Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the actuarial methods and assumptions on the following page.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

7. OTHER POSTEMPLOYMENT BENEFITS, Continued

D. Net OPEB Liability, Continued

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Contribution Policy	Contributes full ADC
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase	2.75%
Investment Rate of Return	6.50%
Mortality	CalPERS 2014 Experience Study
Post Retirement Benefit Increase	CalPERS 2014 Experience Study
Healthcare Trend	4.00% - 6.4%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below:

Asset Class	Target Allocation	Expected Real Rate of Return
Equity	59.00%	4.76%
Fixed Income	25.00%	2.01%
TIPS	5.00%	1.20%
Commodities	3.00%	2.39%
REITs	8.00%	4.53%
Assumed Long-Term Rate of Inflation		2.50%
Assumed Long-Term Investment Expenses		N/A
Expected Long-Term Net Rate of Return, Rounded		6.50%
Discount Rate		6.50%

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

7. OTHER POSTEMPLOYMENT BENEFITS, Continued

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

F. Changes in the Net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018	\$ 56,380,451	\$ 11,318,611	\$ 45,061,840
Changes in the year:			
Service cost	1,604,236	-	1,604,236
Interest on the total OPEB liability	4,143,967	-	4,143,967
Differences between actual and expected experience	(2,696,103)	-	(2,696,103)
Changes in assumptions	4,519,438	-	4,519,438
Changes in benefit terms	(478,519)	-	(478,519)
Contribution - employer	-	5,101,304	(5,101,304)
Contribution - employee	-	-	-
Net investment income	-	735,777	(735,777)
Administrative expenses	-	(2,479)	2,479
Benefit payments , including refunds of employee contributions	(2,124,129)	(2,124,129)	-
Net changes	4,968,890	3,710,473	1,258,417
Balance at June 30, 2019	\$ 61,349,341	\$ 15,029,084	\$ 46,320,257

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

7. OTHER POSTEMPLOYMENT BENEFITS, Continued

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

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, 2019:

	1% Decrease (5.5%)	Current Discount (6.5%)	1% Increase (7.5%)
Net OPEB Liability	\$ 54,074,090	\$ 46,320,257	\$ 39,816,894

H. 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, 2019:

	1% Decrease (5.4% - 3.0%)	Current Healthcare Trend Rate (6.4% - 4.0%)	1% Increase (7.4% to 5.0%)
Net OPEB Liability	\$ 39,090,883	\$ 46,320,257	\$ 55,294,313

I. Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Average Future Working Lifetime averages over all actives and retirees

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

7. OTHER POSTEMPLOYMENT BENEFITS, Continued

J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$4,663,259. For the fiscal year ended June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the TOL	\$ 3,145,058	\$ (2,417,292)
OPEB contributions subsequent to measurement date	5,282,991	-
Changes in assumptions	4,052,071	(2,999,979)
Net differences between projected and actual earnings on plan investments	108,079	-
Total	<u>\$ 12,588,199</u>	<u>\$ (5,417,271)</u>

The \$5,282,991 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	
2021	\$ 236,220
2022	236,220
2023	244,620
2024	232,155
2025	210,284
Thereafter	728,438

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

8. RISK MANAGEMENT

The District participates in the Northern California Special Districts Insurance Authority (NCS DIA), a public entity risk pool of special districts within Northern California, for workers compensation insurance. Loss contingency reserves established by NCS DIA are funded by contributions from member agencies. The District pays an annual premium to NCS DIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the NCS DIA. NCS DIA retains the ability to assess its members' amounts in addition to annual premiums. NCS DIA has never made an additional assessment and is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

The District also participates in the Special District Risk Management Authority (SDRMA), a joint powers agency comprised of California special districts, for general, property, automobile, and public officials' errors and omissions. Loss contingency reserves established by the SDRMA are funded by contributions from member agencies. The District pays an annual contribution to the SDRMA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the SDRMA. SDRMA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District's self-insured retention level and maximum coverage under the NCS DIA and SDRMA are as follows:

	Pool Coverage	Commercial Coverage	Self-Insured Retention
NCS DIA			
Workers compensation and employers liability	\$ 200,000	\$ 5,000,000	\$ -
SDRMA			
Property	-	1,000,000,000	2,000
Boiler and machinery	-	100,000,000	1,000
Personal Injury and property damage	600,000	10,000,000	500 to 1,000
Uninsured motorists bodily injury	750,000	-	-
Public officials errors and omissions liability	600,000	10,000,000	-
Employment benefits and practices liability	600,000	1,000,000	-
Employee dishonesty	-	1,000,000	-
Public officials personal liability	-	500,000	1,000
Trailer and automobile physical damage	Replacement Cost	-	-

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

9. FUND BALANCE

As of June 30, 2020, classifications of fund balance are as follows:

	Major Governmental Funds			
	General	Landscaping and Lighting Special Revenue Fund	Non Major Government Funds	Total Government
Fund Balances				
Nonspendable fund balance:				
Advances to other funds	\$ 26,786	\$ -	\$ -	\$ 26,786
Prepaid items	1,467,697	-	-	1,467,697
Subtotal	1,494,483	-	-	1,494,483
Restricted fund balance for:				
Park Development	19,934,228	-	-	19,934,228
Fire station and equipment	8,194,079	-	-	8,194,079
Specific purpose of the fund	-	42,435,377	-	42,435,377
Foundation activities of the fund	-	-	161,251	161,251
Subtotal	28,128,307	42,435,377	161,251	70,724,935
Assigned fund balance for:				
Emergency reserve	3,329,996	-	-	3,329,996
Youth facility development	98,520	-	-	98,520
Apparatus replacement	112,961	-	-	112,961
Laguna town hall capital	20,973	-	-	20,973
BMW complex capital reserve	66,550	-	-	66,550
EG recreation center capital improvement	31,000	-	-	31,000
Fox aquatic capital improvement	40,700	-	-	40,700
Fire capital facilities	7,528	-	-	7,528
Board Discretionary Reserve	17,622,182	-	-	17,622,182
Golf capital improvement	15,000	-	-	15,000
Pavillion deferred maintenance	30,000	-	-	30,000
Sport field light replacement plan	46,825	-	-	46,825
Oasis park	541,553	-	-	541,553
IGT reserve	967,716	-	-	967,716
Singh & kaur park	347,057	-	-	347,057
Subtotal	23,278,561	-	-	23,278,561
Total Fund Balances	\$ 52,901,351	\$ 42,435,377	\$ 161,251	\$ 95,497,979

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2020

10. COMMITMENT AND CONTINGENCIES

The District is in the process of performing construction services for the re-model of the administrative building as of June 30, 2020 as follows:

Project	Project Appropriation	Expenditures to June 30, 2020	Committed
Singh and Kaur Park	\$ 2,083,144	\$ 507,275	\$ 1,575,869
Albani Recreation Center	581,900	75,316	506,584
Total	<u>\$ 2,665,044</u>	<u>\$ 582,591</u>	<u>\$ 2,082,453</u>

The District is a party to claims and lawsuits arising in the ordinary course of business. The District's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact on the financial position of the District.

11. PRIOR PERIOD ADJUSTMENTS

The District recorded the following prior period adjustments to correct deferred employer contributions for pension and OPEB.

	Net Position as Previously Reported at June 30, 2019	Prior Period Adjustments		Net Position as Restated at June 30, 2019
		Deferred Employer OPEB Contributions	Deferred Employer Pension Contributions	
Government Wide Statements				
Governmental Activities	\$ 191,519,006	\$ 2,824,895	\$ 1,909,910	\$ 196,253,811

12. COVID-19 PANDEMIC

District operations were affected during fiscal year 2019-20 by the COVID-19 pandemic. The District experienced decreases in recreational revenues during the year as a result of State mandated closures.

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REQUIRED SUPPLEMENTARY INFORMATION

Cosumnes Community Services District
Required Supplementary Information
For the year ended June 30, 2020

1. DEFINED BENEFIT PENSION PLANS

**A. Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period**

Miscellaneous Plan

Measurement Period ⁽¹⁾	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY						
Service Cost	\$ 1,719,148	\$ 1,670,803	\$ 1,439,061	\$ 1,287,305	\$ 1,229,813	\$ 1,279,630
Interest	3,849,015	3,488,653	3,091,267	2,854,296	2,592,505	2,412,110
Changes of Benefit Terms	-	-	-	-	-	-
Difference Between Expected and Actual Experience	1,692,289	2,686,259	84,419	739,804	(157,288)	-
Changes of Assumptions	-	(202,718)	2,925,798	-	(730,271)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,905,075)	(1,766,716)	(1,377,109)	(1,231,393)	(1,106,151)	(997,382)
Net Change in Total Pension Liability	5,355,377	5,876,281	6,163,436	3,650,012	1,828,608	2,694,358
Total Pension Liability - Beginning	52,233,033	46,356,752	40,193,316	36,543,304	34,714,696	32,020,338
Total Pension Liability - Ending (a)	\$ 57,588,410	\$ 52,233,033	\$ 46,356,752	\$ 40,193,316	\$ 36,543,304	\$ 34,714,696
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 1,347,954	\$ 1,200,358	\$ 1,070,149	\$ 5,411,034	\$ 1,073,403	\$ 971,677
Contributions - Employee	767,245	736,007	672,073	587,412	591,236	569,537
Net Plan to Plan Resource Movement	-	(94)	-	-	-	-
Net Investment Income ⁽²⁾	2,638,046	3,105,264	3,772,672	182,432	613,270	4,023,996
Benefit Payments, Including Refunds of Employee Contributions	(1,905,075)	(1,766,716)	(1,377,109)	(1,231,393)	(1,106,151)	(997,382)
Other Changes in Fiduciary Net Position	94	(111,341)	(49,515)	(17,433)	(32,194)	-
Net Change in Fiduciary Net Position	2,848,264	3,163,478	4,088,270	4,932,052	1,139,564	4,567,828
Plan Fiduciary Net Position - Beginning	40,788,935	37,625,457	33,537,187	28,605,135	27,465,571	22,897,743
Plan Fiduciary Net Position - Ending (b)	\$ 43,637,199	\$ 40,788,935	\$ 37,625,457	\$ 33,537,187	\$ 28,605,135	\$ 27,465,571
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 13,951,211	\$ 11,444,098	\$ 8,731,295	\$ 6,656,129	\$ 7,938,169	\$ 7,249,125
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.77%	78.09%	81.16%	83.44%	78.28%	79.12%
Covered Payroll	\$ 10,701,865	\$ 10,080,261	\$ 8,358,860	\$ 8,015,598	\$ 7,626,746	\$ 7,612,768
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	130.36%	113.53%	104.46%	83.04%	104.08%	95.22%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) - Net of administrative expenses.

Cosumnes Community Services District
Required Supplementary Information
For the year ended June 30, 2020

1. DEFINED BENEFIT PENSION PLANS, Continued

A. Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period, Continued

Safety Plan

Measurement Period ⁽¹⁾	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY						
Service Cost	\$ 5,419,538	\$ 4,914,143	\$ 4,711,360	\$ 4,032,745	\$ 4,099,996	\$ 4,500,842
Interest	13,810,178	12,557,712	11,723,976	11,018,755	10,288,360	9,733,321
Changes of Benefit Terms	-	-	-	-	-	-
Difference Between Expected and Actual Experience	5,908,466	1,263,722	(1,190,653)	142,294	(2,211,211)	-
Changes of Assumptions	-	(627,414)	10,984,800	-	(2,871,202)	-
Benefit Payments, Including Refunds of Employee Contributions	(6,496,592)	(5,735,383)	(5,289,412)	(5,209,163)	(4,689,570)	(3,791,597)
Net Change in Total Pension Liability	18,641,590	12,372,780	20,940,071	9,984,631	4,616,373	10,442,566
Total Pension Liability - Beginning	187,779,418	175,406,638	154,466,567	144,481,936	139,865,563	129,422,997
Total Pension Liability - Ending (a)	\$206,421,008	\$187,779,418	\$175,406,638	\$154,466,567	\$144,481,936	\$139,865,563
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 5,882,931	\$ 5,224,782	\$ 4,856,621	\$ 8,090,599	\$ 3,992,396	\$ 4,035,130
Contributions - Employee	2,350,496	2,315,906	2,121,437	2,056,274	2,051,469	2,137,329
Net Plan to Plan Resource Movement	-	(305)	-	-	-	-
Net Investment Income ⁽²⁾	8,749,697	10,069,181	11,921,091	538,773	2,223,654	14,457,536
Benefit Payments, Including Refunds of Employee Contributions	(6,496,592)	(5,735,383)	(5,289,412)	(5,209,163)	(4,689,570)	(3,791,597)
Other Changes in Fiduciary Net Position	305	(355,942)	(157,730)	(61,808)	(114,196)	-
Net Change in Fiduciary Net Position	10,486,837	11,518,239	13,452,007	5,414,675	3,463,753	16,838,398
Plan Fiduciary Net Position - Beginning	131,801,892	120,283,653	106,831,646	101,416,971	97,953,218	81,114,820
Plan Fiduciary Net Position - Ending (b)	\$142,288,729	\$131,801,892	\$120,283,653	\$106,831,646	\$101,416,971	\$ 97,953,218
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 64,132,279	\$ 55,977,526	\$ 55,122,985	\$ 47,634,921	\$ 43,064,965	\$ 41,912,345
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.93%	70.19%	68.57%	69.16%	70.19%	70.03%
Covered Payroll	\$ 20,439,517	\$ 18,247,837	\$ 17,411,433	\$ 16,784,918	\$ 16,977,207	\$ 18,120,791
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	313.77%	306.76%	316.59%	283.80%	253.66%	231.29%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) - Net of administrative expenses.

Cosumnes Community Services District
Required Supplementary Information
For the year ended June 30, 2020

1. DEFINED BENEFIT PENSION PLANS, Continued

B. Schedule of Plan Contributions⁽¹⁾

Miscellaneous Plan

Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 1,597,211	\$ 1,347,954	\$ 1,200,358	\$ 1,070,149	\$ 899,714	\$ 1,073,403
Contribution in relation to the actuarially determined contributions	(1,597,211)	(1,347,954)	(1,200,358)	(1,070,149)	(5,411,034)	(1,073,403)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (4,511,320)	\$ -
Covered payroll	\$ 10,752,582	\$ 10,701,865	\$ 10,080,261	\$ 8,358,860	\$ 8,015,598	\$ 7,626,746
Contributions as a percentage of covered payroll	14.85%	12.60%	11.91%	12.80%	67.51%	14.07%

Safety Plan

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially determined contribution	\$ 5,882,931	\$ 5,882,931	\$ 5,224,782	\$ 4,856,621	\$ 4,053,231	\$ 3,992,396
Contribution in relation to the actuarially determined contributions	(5,882,931)	(5,882,931)	(5,224,782)	(4,856,621)	(8,090,599)	(3,992,396)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (4,037,368)	\$ -
Covered payroll	\$ 19,868,764	\$ 20,439,517	\$ 18,247,837	\$ 17,411,433	\$ 16,784,918	\$ 16,977,207
Contributions as a percentage of covered payroll	29.61%	28.78%	28.63%	27.89%	48.20%	23.52%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable

Cosumnes Community Services District
Required Supplementary Information
For the year ended June 30, 2020

1. DEFINED BENEFIT PENSION PLANS, Continued

B. Schedule of Plan Contributions, Continued

Note to Schedules

Methods and assumptions used to determine contribution rates:

Fiscal year:	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation:	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

Cosumnes Community Services District
Required Supplementary Information
For the year ended June 30, 2020

2. OPEB PLAN

A. Schedule of Changes in Net OPEB Liability and Related Ratios
During the Measurement Period

Measurement Period ⁽¹⁾	2018-19	2017-18	2016-17
TOTAL OPEB LIABILITY			
Service Cost	\$ 1,604,236	\$ 1,527,844	\$ 1,371,080
Interest	4,143,967	3,886,746	3,656,175
Changes of Benefit Terms	(478,519)	-	-
Difference Between Expected and Actual Experience	(2,696,103)	117,992	4,559,751
Changes of Assumptions	4,519,438	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,124,129)	(1,992,314)	(2,196,311)
Net Change in Total OPEB Liability	4,968,890	3,540,268	2,910,219
Total OPEB Liability - Beginning	56,380,451	52,840,183	49,929,964
Total OPEB Liability - Ending (a)	\$ 61,349,341	\$ 56,380,451	\$ 52,840,183
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 4,400,538	\$ 4,925,800	\$ 4,939,329
Contributions - Employee	700,766	-	-
Net Investment Income	735,777	608,844	472,513
Benefit Payments, Including Refunds of Employee Contributions	(2,124,129)	(1,992,314)	(2,196,311)
Other Changes in Fiduciary Net Position	(2,479)	(4,254)	(2,536)
Net Change in Fiduciary Net Position	3,710,473	3,538,076	3,212,995
Plan Fiduciary Net Position - Beginning	11,318,611	7,780,535	4,567,540
Plan Fiduciary Net Position - Ending (b)	\$ 15,029,084	\$ 11,318,611	\$ 7,780,535
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 46,320,257	\$ 45,061,840	\$ 45,059,648
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.50%	20.08%	14.72%
Covered-Employee Payroll	\$ 27,633,257	\$ 21,221,138	\$ 25,770,293
Plan Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	167.63%	212.34%	174.85%

⁽¹⁾- Historical information is required only for measurement periods for which GASB 75 is applicable

Cosumnes Community Services District
Required Supplementary Information
For the year ended June 30, 2020

2. OPEB PLAN, Continued

B. Schedule of Plan Contributions

	<u>Fiscal Year 2019-20</u>	<u>Fiscal Year 2018-19</u>	<u>Fiscal Year 2017-18 ⁽¹⁾</u>
Actuarially determined contribution	5,282,991	5,101,304	\$ 4,635,505
Contribution in relation to the actuarially determined contributions	<u>(5,282,991)</u>	<u>(5,101,304)</u>	<u>(4,635,505)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	30,621,346	27,633,257	N/A
Contributions as a percentage of covered-employee payroll	17.25%	18.46%	N/A

(1) - Historical information is required only for measurement periods for which GASB 75 is applicable

3. BUDGETARY BASIS OF ACCOUNTING

As required by the laws of the State of California, the District prepares and legally adopts a final operating budget on or before September 1 of each fiscal year. Until the adoption of this final budget, operations are governed by the adopted preliminary budget approved by the Board.

Annual budgets are adopted for the General Fund and Landscape and Lighting Special Revenue Fund. A formal budget is not developed for the Foundation Special Revenue Fund. Accordingly, comparison of actual results of operations to budgetary data for this fund is not presented. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. In addition, legal level of budgetary control for the Landscape and Lighting Special Revenue Fund is at the benefit zone level, which is presented in the Supplementary Information section of this report. Significant amendments, appropriation transfers between objects and transfers from contingencies must be approved by the District's Board of Directors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No significant supplemental appropriations were required during the year ended June 30, 2020.

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non-GAAP Budgetary Basis
General Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes	\$ 49,495,825	\$ 49,532,085	\$ 48,761,970	\$ (770,115)
Charges for current services	18,525,128	20,846,800	19,495,851	(1,350,949)
Developer fees and contributions	-	-	4,525,151	4,525,151
Intergovernmental	1,302,530	1,786,402	2,366,979	580,577
Donations and contributions	83,800	85,891	120,528	34,637
Use of money and property	1,306,014	1,469,784	2,341,494	871,710
Miscellaneous	10,362,992	10,427,360	5,855,055	(4,572,305)
Total revenues	81,076,289	84,148,322	83,467,028	(681,294)
EXPENDITURES:				
Current:				
Public protection	51,258,713	52,629,169	50,707,523	1,921,646
Recreation and culture	13,596,173	13,661,362	11,584,039	2,077,323
General government	5,634,827	5,634,827	5,662,393	(27,566)
Capital outlay	18,079,772	19,468,923	13,357,175	6,111,748
Debt service:				
Principal	2,225,592	2,249,110	1,765,599	483,511
Interest	238,843	260,986	203,698	57,288
Contingencies	16,230	35,377	-	35,377
Total expenditures	91,050,150	93,939,754	83,280,427	10,659,327
REVENUES OVER (UNDER) EXPENDITURES	(9,973,861)	(9,791,432)	186,601	9,978,033
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	17,220	21,185	3,965
Issuance of long-term liabilities	3,575,468	4,329,344	1,683,594	(2,645,750)
Insurance recovery	-	-	338,725	338,725
Transfers in	3,032,506	2,956,011	1,733,865	(1,222,146)
Transfers out	(2,668,110)	(2,627,430)	(2,528,288)	99,142
Total other financing sources (uses)	3,939,864	4,675,145	1,249,081	(3,426,064)
Net change in fund balances	(6,033,997)	(5,116,287)	1,435,682	6,551,969
FUND BALANCES:				
Beginning of year	51,465,669	51,465,669	51,465,669	-
End of year	\$ 45,431,672	\$ 46,349,382	\$ 52,901,351	\$ 6,551,969

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non-GAAP Budgetary Basis
Landscape and Lighting District
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for current services	\$ 17,859,914	\$ 17,854,453	\$ 17,567,409	\$ (287,044)
Donations and contributions	-	-	1,463	1,463
Use of money and property	525,728	524,548	1,359,885	835,337
Miscellaneous	44,488	45,979	5,806	(40,173)
Total revenues	18,430,130	18,424,980	18,934,563	509,583
EXPENDITURES:				
Current:				
Recreation and culture	15,961,465	16,000,926	14,086,638	1,914,288
Capital outlay	304,000	279,160	270,180	8,980
Debt service:				
Principal	13,842	13,842	16,292	(2,450)
Interest	894	894	1,430	(536)
Contingencies	2,130,987	2,335,062	-	2,335,062
Total expenditures	18,411,188	18,629,884	14,374,540	4,255,344
REVENUES OVER (UNDER) EXPENDITURES	18,942	(204,904)	4,560,023	4,764,927
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	500	500	-
Issuance of long-term liabilities	-	-	8,289	8,289
Insurance recovery	-	13,951	25,783	11,832
Transfers in	4,488,888	4,300,592	3,687,138	(613,454)
Transfers out	(6,617,759)	(6,427,391)	(4,588,305)	1,839,086
Total other financing sources (uses)	(2,128,871)	(2,112,348)	(866,595)	1,245,753
Net change in fund balances	(2,109,929)	(2,317,252)	3,693,428	6,010,680
FUND BALANCES:				
Beginning of year	38,741,949	38,741,949	38,741,949	-
End of year	\$ 36,632,020	\$ 36,424,697	\$ 42,435,377	\$ 6,010,680

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

Cosumnes Community Services District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

	Debt Service Fund	Foundation Special Revenue Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ -	\$ 187,841	\$ 187,841
Accounts receivable	-	196	196
Total assets	\$ -	\$ 188,037	\$ 188,037
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Advances from other Funds	\$ -	\$ 26,786	\$ 26,786
Total Liabilities	-	26,786	26,786
Fund Balances:			
Restricted for:			
Foundation activities of the fund	-	161,251	161,251
Total fund balances	-	161,251	161,251
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 188,037	\$ 188,037

Cosumnes Community Services District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2020

	Debt Service Fund	Foundation Special Revenue Fund	Total Nonmajor Governmental Funds
REVENUES			
Donations and contributions	\$ -	\$ 5,860	\$ 5,860
Miscellaneous	-	250	250
Total revenues	-	6,110	6,110
EXPENDITURES			
General government	-	265	265
Services and supplies:			
Membership	-	130	130
Office Supplies	-	278	278
Professional Services	-	770	770
Total Services and supplies	-	1,443	1,443
Debt service:			
Principal	983,187	-	983,187
Interest	713,059	-	713,059
Total debt service	1,696,246	-	1,696,246
Total expenditures	1,696,246	1,443	1,697,689
REVENUES OVER (UNDER) EXPENDITURES	(1,696,246)	4,667	(1,691,579)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,696,246	3,202	1,699,448
Transfers out	-	(3,858)	(3,858)
Total other financing sources (uses)	1,696,246	(656)	1,695,590
Net change in fund balances	-	4,011	4,011
FUND BALANCES:			
Beginning of year	-	157,240	157,240
End of year	\$ -	\$ 161,251	\$ 161,251

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GENERAL FUND

To account for resources associated with the general governmental operations which are not required to be accounted for in another fund.

Cosumnes Community Services District
Schedule of Revenues
General Fund
For the year ended June 30, 2020

	General Operations
Taxes:	
Current secured	\$ 45,663,677
Current unsecured	1,678,477
Supplemental property taxes	1,287,573
Prior unsecured	22,316
RDA Residual Distribution	109,927
Total taxes	48,761,970
Charges for current services:	
Recreation services charges	4,931,057
Ambulance service fees	13,352,346
Service fees/charges - other	1,212,448
Total charges for current services	19,495,851
Developer fees and contributions	4,525,151
Total developer fees and contributions	4,525,151
Intergovernmental:	
Homeowner's property tax relief	429,523
In lieu taxes - other	8,791
State aid - other miscellaneous programs	952,671
Federal aid - public safety	644,209
Aid from other local governments	83,873
RDA passthrough	247,912
Total intergovernmental	2,366,979
Donations and contributions	120,528
Total donations and contributions	120,528
Use of money and property:	
Interest income	1,392,106
Building rental/lease	949,388
Total use of money and property	2,341,494
Miscellaneous:	
Other revenue	5,855,055
Total other revenue	5,855,055
Total revenues	\$ 83,467,028

Cosumnes Community Services District
Schedule of Expenditures
General Fund
For the year ended June 30, 2020

	Departments			Total
	Public Protection	Park (Recreation and Culture)	Administration (General Government)	
Current expenditures:				
Salaries and employee benefits:				
Salaries and wages	\$ 28,670,084	\$ 5,857,523	\$ 3,030,902	\$ 37,558,509
Retirement - employer costs	7,367,893	851,077	441,777	8,660,747
Group insurance - employer costs	6,828,265	1,429,037	801,175	9,058,477
Workers' compensation insurance	1,671,561	121,737	57,759	1,851,057
Other	151,330	-	-	151,330
Total salaries and employee benefits	44,689,133	8,259,374	4,331,613	57,280,120
Services and supplies:				
Automobile services and supplies	377,017	6,656	13,670	397,343
Books	13,390	322	225	13,937
Buildings and grounds maintenance	211,515	352,251	16,262	580,028
Business conferences	87,111	27,093	21,468	135,672
Chemical supplies	-	196,553	-	196,553
Clothing/ personal supplies	248,020	17,167	3,869	269,056
Communication system service	921,363	-	-	921,363
Education and training	84,608	26,236	15,439	126,283
Employee transportation	7,052	475	402	7,929
Fire equipment and maintenance	177,725	1,512	-	179,237
Equipment rents and leases	66,223	201,033	27,155	294,411
Food supplies	18,945	147,279	7,995	174,219
Fuel and lubricants	255,342	25,864	23,765	304,971
Insurance - liability	340,448	121,206	50,147	511,801
Medical services and supplies	565,428	38,046	4,342	607,816
Memberships	12,311	8,197	40,915	61,423
Miscellaneous	100,512	76,354	13,425	190,291
Office supplies	28,739	27,117	8,702	64,558
Professional services	2,088,360	1,351,439	1,038,133	4,477,932
Radio/ electric service and supply	2,505	-	-	2,505
Recreational supplies	-	263,954	834	264,788
Taxes and assessments	1,926	-	-	1,926
Telephone	193,195	95,920	15,834	304,949
Utilities	216,655	339,991	28,198	584,844
Total services and supplies	6,018,390	3,324,665	1,330,780	10,673,835
Total current expenditures	50,707,523	11,584,039	5,662,393	67,953,955
Capital outlay:				
Land	-	658,251	-	658,251
Structures and improvements	1,769,861	7,567,547	345,022	9,682,430
Equipment	2,783,228	122,394	110,872	3,016,494
Total capital outlay	4,553,089	8,348,192	455,894	13,357,175
Debt service:				
Principal	1,143,444	53,120	569,036	1,765,600
Interest	113,793	8,827	81,077	203,697
Total debt service	1,257,237	61,947	650,113	1,969,297
Total expenditures	\$ 56,517,849	\$ 19,994,178	\$ 6,768,400	\$ 83,280,427

Cosumnes Community Services District
Schedule of Expenditures and Other Financing Sources and Uses Compared to Budget -
General Fund
For the year ended June 30, 2020

	Public Protection			Park Department		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
PUBLIC PROTECTION:						
Salaries and benefits	45,147,349	\$ 44,689,133	\$ 458,216	\$ -	\$ -	\$ -
Service and supplies	7,481,820	6,018,390	1,463,430	-	-	-
Total public protection	52,629,169	50,707,523	1,921,646	-	-	-
RECREATION AND CULTURE:						
Salaries and benefits	-	-	-	9,407,597	8,259,374	1,148,223
Costs of sales and services	-	-	-	4,253,765	3,324,665	929,100
Total recreation and culture	-	-	-	13,661,362	11,584,039	2,077,323
GENERAL GOVERNMENT:						
Salaries and benefits	-	-	-	-	-	-
Services and supplies	-	-	-	-	-	-
Total general government	-	-	-	-	-	-
CAPITAL OUTLAY:						
Equipment	3,733,827	2,783,228	950,599	108,480	122,394	(13,914)
Structures and improvements	1,706,200	1,769,861	(63,661)	13,597,835	7,567,547	6,030,288
Total capital outlay	5,440,027	4,553,089	886,938	13,706,315	8,348,192	5,358,123
LEASES/DEBT PAYMENTS:						
Debt service	1,806,967	1,257,237	549,730	49,840	61,947	(12,107)
CONTINGENCIES:						
	-	-	-	35,377	-	35,377
OTHER FINANCING (SOURCES) AND USES:						
Proceeds from sale of capital assets	(17,220)	(21,185)	3,965	-	-	-
Issuance of long-term liabilities	(4,329,344)	(1,642,149)	(2,687,195)	-	-	-
Insurance Proceeds	-	-	-	-	-	-
Transfers in	(23,324)	(16,636)	(6,688)	(2,318,586)	(1,108,665)	(1,209,921)
Transfers out	1,465,880	1,574,097	(108,217)	1,085,678	876,354	209,324
Total other Financing uses	(2,904,008)	(105,873)	(2,798,135)	(1,232,908)	(232,311)	(1,000,597)
Total general fund	\$ 56,972,155	\$ 56,411,976	\$ 560,179	\$ 26,219,986	\$ 19,761,867	\$ 6,458,119

Administrative Services			Total		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 45,147,349	\$ 44,689,133	\$ 458,216
-	-	-	7,481,820	6,018,390	1,463,430
-	-	-	52,629,169	50,707,523	1,921,646
-	-	-	9,407,597	8,259,374	1,148,223
-	-	-	4,253,765	3,324,665	929,100
-	-	-	13,661,362	11,584,039	2,077,323
4,524,545	4,331,613	192,932	4,524,545	4,331,613	192,932
1,110,282	1,330,780	(220,498)	1,110,282	1,330,780	(220,498)
5,634,827	5,662,393	(27,566)	5,634,827	5,662,393	(27,566)
52,500	110,872	(58,372)	3,894,807	3,016,494	878,313
270,081	345,022	(74,941)	15,574,116	9,682,430	5,891,686
322,581	455,894	(133,313)	19,468,923	13,357,175	6,111,748
653,289	650,113	3,176	2,510,096	1,969,297	540,799
-	-	-	35,377	-	35,377
-	-	-	(17,220)	(21,185)	3,965
-	(41,445)	41,445	(4,329,344)	(1,683,594)	(2,645,750)
-	(338,725)	338,725	-	(338,725)	338,725
(614,101)	(608,564)	(5,537)	(2,956,011)	(1,733,865)	(1,222,146)
75,872	77,837	(1,965)	2,627,430	2,528,288	99,142
(538,229)	(910,897)	372,668	(4,675,145)	(1,249,081)	(3,426,064)
\$ 6,072,468	\$ 5,857,503	\$ 214,965	\$ 89,264,609	\$ 82,031,346	\$ 7,233,263

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LANDSCAPE AND LIGHTING SPECIAL REVENUE FUND

To account for specific revenue sources related to the District Wide Landscape and Lighting Assessment District pursuant to the Landscape and Lighting Act of 1972. The activities of the Assessment Districts are accounted for under the following zones of benefit, which do not represent separate special revenue funds:

- Zone 1 - Laguna
- Zone 2 - Camden
- Zone 3 - Elk Grove/West Vineyard
- Zone 4 - West Laguna
- Zone 5 - Lakeside
- Zone 6 - Central Elk Grove
- Zone 8 - Other Rural Areas
- Zone 9 - Waterman/Park Village
- Zone 10 - Auto Mall
- Zone 11 - East Elk Grove
- Zone 12 - Laguna Stonelake
- Zone 13 - East Franklin
- Zone 14 - Camden Park
- Zone 15 - Vista Creek
- Zone 16 - Fallbrook Park Lane
- Zone 17 - City Landscape
- Zone 18 - Hampton Village
- Zone 19 - Camden Estates/Pointe
- Zone 20 - Perry Ranch
- District Wide

Cosumnes Community Services District
Balance Sheet Schedules by Benefit Zone
Landscaping and Lighting Special Revenue Fund
June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit					
	Zone 1 Laguna	Zone 2 Camden	Zone 3	Zone 4	Zone 5	Zone 6
			Elk Grove/ West Vineyard	West Laguna	Lakeside	Central Elk Grove
ASSETS						
Cash and investments	\$ 4,856,894	\$ 194,241	\$ 654,706	\$ 1,106,173	\$ 1,286,947	\$ 1,142,786
Receivables:						
Accounts	9,350	-	-	-	-	2,793
Interest	13,885	422	1,679	3,126	3,470	-
Intergovernmental	55,340	2,342	12,505	12,250	8,971	8,680
Other	-	-	-	-	-	-
Total assets	\$ 4,935,469	\$ 197,005	\$ 668,890	\$ 1,121,549	\$ 1,299,388	\$ 1,154,259
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenditures	\$ 211,575	\$ 7,592	\$ 52,215	\$ 19,348	\$ 16,902	\$ 17,236
Unearned revenue	2,001	-	-	-	-	-
Total liabilities	213,576	7,592	52,215	19,348	16,902	17,236
Fund Balances:						
Restricted for:						
Specific purpose of the fund	4,721,893	189,413	616,675	1,102,201	1,282,486	1,137,023
Total fund balances	4,721,893	189,413	616,675	1,102,201	1,282,486	1,137,023
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,935,469	\$ 197,005	\$ 668,890	\$ 1,121,549	\$ 1,299,388	\$ 1,154,259

(Continued)

Landscape and Lighting Assessment District - Zones of Benefit

Zone 8 Other Rural Areas	Zone 9 Waterman/ Park Village	Zone 10 Auto Mall	Zone 11 East Elk Grove	Zone 12 Laguna Stonelake	Zone 13 East Franklin	Zone 14 Camden Park	Zone 15 Vista Creek	Zone 16 Fallbrook Park Lane
\$ 2,887,545	\$ 276,465	\$ 314,028	\$ 7,926,853	1,055,382	\$ 18,899,896	\$ 362,241	\$ 133,398	\$ 793,336
-	-	774	-	-	-	-	-	-
7,322	702	-	19,801	2,856	49,087	1,110	350	2,063
12,651	4,550	587	26,208	7,024	48,490	2,120	266	2,054
-	-	-	-	-	-	-	-	-
<u>\$ 2,907,518</u>	<u>\$ 281,717</u>	<u>\$ 315,389</u>	<u>\$ 7,972,862</u>	<u>\$ 1,065,262</u>	<u>\$ 18,997,473</u>	<u>\$ 365,471</u>	<u>\$ 134,014</u>	<u>\$ 797,453</u>
\$ 1,536	\$ 21,422	\$ 3,391	\$ 64,197	\$ 10,438	\$ 88,793	\$ -	\$ -	\$ (79)
-	-	-	-	-	-	-	-	-
<u>1,536</u>	<u>21,422</u>	<u>3,391</u>	<u>64,197</u>	<u>10,438</u>	<u>88,793</u>	<u>-</u>	<u>-</u>	<u>(79)</u>
2,905,982	260,295	311,998	7,908,665	1,054,824	18,908,680	365,471	134,014	797,532
2,905,982	260,295	311,998	7,908,665	1,054,824	18,908,680	365,471	134,014	797,532
<u>\$ 2,907,518</u>	<u>\$ 281,717</u>	<u>\$ 315,389</u>	<u>\$ 7,972,862</u>	<u>\$ 1,065,262</u>	<u>\$ 18,997,473</u>	<u>\$ 365,471</u>	<u>\$ 134,014</u>	<u>\$ 797,453</u>

(Continued)

Cosumnes Community Services District
Balance Sheet Schedules by Benefit Zone
Landscaping and Lighting Special Revenue Fund, Continued
June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit					
	Zone 17	Zone 18	Zone 19	Zone 20	District	Total
	City	Hampton	Camden	Perry Ranch	Wide	
	Landscape	Village	Estates/Pointe			
ASSETS						
Cash and investments	\$ 23,493	\$ 60,367	\$ 31,953	\$ 3,779	\$ 615,119	\$ 42,625,602
Receivables:						
Accounts	-	-	146	117	992	14,172
Interest	-	290	-	-	-	106,163
Intergovernmental	-	999	1,279	440	-	206,756
Other	467,257	-	-	-	-	467,257
Total assets	\$ 490,750	\$ 61,656	\$ 33,378	\$ 4,336	\$ 616,111	\$ 43,419,950
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenditures	\$ 182,545	\$ -	\$ -	\$ -	\$ 285,461	\$ 982,572
Unearned revenue	-	-	-	-	-	2,001
Total liabilities	182,545	-	-	-	285,461	984,573
Fund Balances:						
Restricted for:						
End of year	308,205	61,656	33,378	4,336	330,650	42,435,377
Total fund balances	308,205	61,656	33,378	4,336	330,650	42,435,377
Total liabilities, deferred inflows of resources, and fund balances	\$ 490,750	\$ 61,656	\$ 33,378	\$ 4,336	\$ 616,111	\$ 43,419,950

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Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone
Landscaping and Lighting Special Revenue Fund
For the year ended June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit					
			Zone 3			Zone 6
	Zone 1	Zone 2	Elk Grove/ West Vineyard	Zone 4 West Laguna	Zone 5 Lakeside	Central Elk Grove
	Laguna	Camden				
REVENUES:						
Charges for current services	\$ 4,137,196	\$ 175,101	\$ 934,860	\$ 915,829	\$ 670,655	\$ 648,960
Donations and contributions	-	-	-	-	-	-
Use of money and property	248,306	3,808	46,370	29,357	32,431	23,370
Miscellaneous	350	-	-	-	-	-
Total revenues	4,385,852	178,909	981,230	945,186	703,086	672,330
EXPENDITURES:						
Current:						
Recreation and culture	3,145,944	180,958	737,812	692,537	439,836	202,639
Capital outlay	46,819	-	17,950	10,041	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	3,192,763	180,958	755,762	702,578	439,836	202,639
REVENUES OVER (UNDER)						
EXPENDITURES	1,193,089	(2,049)	225,468	242,608	263,250	469,691
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	500	-	-	-	-
Issuance of long-term liabilities	-	-	-	-	-	-
Insurance recovery	9,350	-	13,950	-	-	-
Transfers in	3,866	92,582	112,382	8,567	800	1,633
Transfers out	(1,191,279)	(90,759)	(255,869)	(260,740)	(171,341)	(82,828)
Total other financing sources (uses)	(1,178,063)	2,323	(129,537)	(252,173)	(170,541)	(81,195)
Net change in fund balances	15,026	274	95,931	(9,565)	92,709	388,496
FUND BALANCES:						
Beginning of year	4,706,867	189,139	520,744	1,111,766	1,189,777	748,527
End of year	\$ 4,721,893	\$ 189,413	\$ 616,675	\$ 1,102,201	\$ 1,282,486	\$ 1,137,023

Landscape and Lighting Assessment District - Zones of Benefit

Zone 8 Other Rural Areas	Zone 9 Waterman/ Park Village	Zone 10 Auto Mall	Zone 11 East Elk Grove	Zone 12 Laguna Stonelake	Zone 13 East Franklin	Zone 14 Camden Park	Zone 15 Vista Creek	Zone 16 Fallbrook Park Lane
\$ 945,003	\$ 340,063	\$ 43,874	\$ 1,959,435	525,095	\$ 3,624,879	\$ 165,690	\$ 24,816	\$ 152,213
-	-	-	-	-	-	-	-	-
66,794	35,215	7,278	186,733	64,636	520,635	10,375	3,359	19,678
-	-	-	-	-	858	-	-	-
1,011,797	375,278	51,152	2,146,168	589,731	4,146,372	176,065	28,175	171,891
83,750	346,748	6,693	921,319	447,232	1,872,935	1,200	1,025	1,025
-	-	-	-	254	71	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
83,750	346,748	6,693	921,319	447,486	1,873,006	1,200	1,025	1,025
928,047	28,530	44,459	1,224,849	142,245	2,273,366	174,865	27,150	170,866
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	2,483	-	-	-	-
133	90,131	-	68,619	1,467	14,057	-	-	-
(206,117)	(124,008)	(1,065)	(287,249)	(150,448)	(1,140,553)	(112,800)	(10,821)	(56,471)
(205,984)	(33,877)	(1,065)	(218,630)	(146,498)	(1,126,496)	(112,800)	(10,821)	(56,471)
722,063	(5,347)	43,394	1,006,219	(4,253)	1,146,870	62,065	16,329	114,395
2,183,919	265,642	268,604	6,902,446	1,059,077	17,761,810	303,406	117,685	683,137
\$ 2,905,982	\$ 260,295	\$ 311,998	\$ 7,908,665	\$ 1,054,824	\$ 18,908,680	\$ 365,471	\$ 134,014	\$ 797,532

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone
Landscaping and Lighting Special Revenue Fund, Continued
For the year ended June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit					
	Zone 17 City Landscape	Zone 18 Hampton Village	Zone 19 Camden Estates/Pointe	Zone 20 Perry Ranch	District Wide	Total
REVENUES:						
Charges for current services	\$ 2,085,931	\$ 77,538	\$ 77,861	\$ 62,410	\$ -	\$ 17,567,409
Donations and contributions	-	-	-	-	1,463	1,463
Use of money and property	232	2,539	719	577	57,473	1,359,885
Miscellaneous	-	-	-	-	4,598	5,806
Total revenues	2,086,163	80,077	78,580	62,987	63,534	18,934,563
EXPENDITURES:						
Current:						
Recreation and culture	2,043,804	1,500	2,391	2,034	2,955,256	14,086,638
Capital outlay	55,066	-	-	-	139,979	270,180
Debt service:						
Principal	-	-	-	-	16,292	16,292
Interest	-	-	-	-	1,430	1,430
Total expenditures	2,098,870	1,500	2,391	2,034	3,112,957	14,374,540
REVENUES OVER (UNDER) EXPENDITURES	(12,707)	78,577	76,189	60,953	(3,049,423)	4,560,023
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	-	-	-	-	500
Issuance of long-term liabilities	-	-	-	-	8,289	8,289
Insurance recovery	-	-	-	-	-	25,783
Transfers in	62,694	-	-	-	3,230,207	3,687,138
Transfers out	(47,611)	(71,709)	(42,811)	(56,617)	(227,209)	(4,588,305)
Total other financing sources (uses)	15,083	(71,709)	(42,811)	(56,617)	3,011,287	(866,595)
Net change in fund balances	2,376	6,868	33,378	4,336	(38,136)	3,693,428
FUND BALANCES:						
Beginning of year	305,829	54,788	-	-	368,786	38,741,949
End of year	\$ 308,205	\$ 61,656	\$ 33,378	\$ 4,336	\$ 330,650	\$ 42,435,377

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Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual
For the year ended June 30, 2020

	<u>Landscape and Lighting Assessment District - Zones of Benefit</u>			
	<u>Zone 1 - Laguna</u>			
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Charges for current services	\$ 4,118,767	\$ 4,118,767	\$ 4,137,196	\$ 18,429
Donations and contributions	-	-	-	-
Use of money and property	156,172	155,822	248,306	92,484
Miscellaneous	-	350	350	-
Total revenues	4,274,939	4,274,939	4,385,852	110,913
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	896,625	901,692	714,437	187,255
Services and supplies	2,440,274	2,430,487	2,431,507	(1,020)
Capital outlay				
Equipment	-	-	-	-
Structures and improvements	45,000	49,500	46,819	2,681
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Contingencies	9,000	9,000	-	9,000
Total expenditures	3,390,899	3,390,679	3,192,763	197,916
REVENUES OVER (UNDER) EXPENDITURES	884,040	884,260	1,193,089	308,829
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term liabilities	-	-	-	-
Insurance recovery	-	-	9,350	9,350
Transfers in	-	-	3,866	3,866
Transfers out	(2,628,348)	(2,628,568)	(1,191,279)	1,437,289
Total other financing sources (uses)	(2,628,348)	(16,637)	(1,178,063)	1,450,505
Net change in fund balances	(1,744,308)	867,623	15,026	1,759,334
FUND BALANCES:				
Beginning of year	4,706,867	4,706,867	4,706,867	-
End of year	\$ 2,962,559	\$ 5,574,490	\$ 4,721,893	\$ 1,759,334

Landscape and Lighting Assessment District - Zones of Benefit

Zone 2 - Camden				Zone 3 - Elk Grove/West Vineyard			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 174,464	\$ 174,464	\$ 175,101	\$ 637	\$ 930,393	\$ 930,393	\$ 934,860	\$ 4,467
-	-	-	-	-	-	-	-
900	900	3,808	2,908	35,704	35,704	46,370	10,666
-	-	-	-	-	-	-	-
175,364	175,364	178,909	3,545	966,097	966,097	981,230	15,133
63,362	62,326	54,686	7,640	207,770	204,263	181,432	22,831
142,357	142,357	126,272	16,085	606,670	657,083	556,380	100,703
-	-	-	-	-	-	-	-
-	-	-	-	-	14,950	17,950	(3,000)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,000	4,523	-	4,523	2,000	1,000	-	1,000
208,719	209,206	180,958	28,248	816,440	877,296	755,762	121,534
(33,355)	(33,842)	(2,049)	31,793	149,657	88,801	225,468	136,667
-	500	500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	13,951	13,950	(1)
138,316	138,316	92,582	(45,734)	113,551	113,551	112,382	(1,169)
(104,961)	(104,974)	(90,759)	14,215	(303,139)	(303,180)	(255,869)	47,311
33,355	33,842	2,323	(31,519)	(189,588)	(175,678)	(129,537)	46,141
-	-	274	274	(39,931)	(86,877)	95,931	182,808
189,139	189,139	189,139	-	520,744	520,744	520,744	-
\$ 189,139	\$ 189,139	\$ 189,413	\$ 274	\$ 480,813	\$ 433,867	\$ 616,675	\$ 182,808

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Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 4 - West Laguna			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 910,984	\$ 910,984	\$ 915,829	\$ 4,845
Donations and contributions	-	-	-	-
Use of money and property	8,000	8,000	29,357	21,357
Miscellaneous	-	-	-	-
Total revenues	918,984	918,984	945,186	26,202
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	185,642	179,393	158,107	21,286
Services and supplies	547,804	540,497	534,430	6,067
Capital outlay				
Equipment	-	-	-	-
Structures and improvements	-	-	10,041	(10,041)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Contingencies	8,500	22,062	-	22,062
Total expenditures	741,946	741,952	702,578	39,374
REVENUES OVER (UNDER)				
EXPENDITURES	177,038	177,032	242,608	65,576
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term liabilities	-	-	-	-
Insurance recovery	-	-	-	-
Transfers in	7,500	7,500	8,567	1,067
Transfers out	(308,689)	(308,683)	(260,740)	47,943
Total other financing sources (uses)	(3)	(301,183)	(252,173)	49,010
Net change in fund balances	177,035	(124,151)	(9,565)	114,586
FUND BALANCES:				
Beginning of year	1,111,766	1,111,766	1,111,766	-
End of year	\$ 1,288,801	\$ 987,615	\$ 1,102,201	\$ 114,586

Landscape and Lighting Assessment District - Zones of Benefit

Zone 5 - Lakeside				Zone 6 - Central Elk Grove			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 667,924	\$ 667,924	\$ 670,655	\$ 2,731	\$ 647,940	\$ 647,940	\$ 648,960	\$ 1,020
-	-	-	-	-	-	-	-
8,500	8,500	32,431	23,931	2,300	2,300	23,370	21,070
-	-	-	-	-	-	-	-
676,424	676,424	703,086	26,662	650,240	650,240	672,330	22,090
123,200	119,107	104,851	14,256	66,527	65,411	56,878	8,533
340,023	339,194	334,985	4,209	149,682	159,363	145,761	13,602
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,998	14,924	-	14,924	338,466	329,888	-	329,888
473,221	473,225	439,836	33,389	554,675	554,662	202,639	352,023
203,203	203,199	263,250	60,051	95,565	95,578	469,691	374,113
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	800	800	1,500	1,500	1,633	133
(203,203)	(203,199)	(171,341)	31,858	(97,065)	(97,078)	(82,828)	14,250
(203,203)	(203,199)	(170,541)	32,658	(95,565)	(95,578)	(81,195)	14,383
-	-	92,709	92,709	-	-	388,496	388,496
1,189,777	1,189,777	1,189,777	-	748,527	748,527	748,527	-
\$ 1,189,777	\$ 1,189,777	\$ 1,282,486	\$ 92,709	\$ 748,527	\$ 748,527	\$ 1,137,023	\$ 388,496

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 8 - Other Rural Areas			Variance
	Original	Final Budget	Actual	Positive (Negative)
REVENUES:				
Charges for current services	\$ 934,541	\$ 934,541	\$ 945,003	\$ 10,462
Donations and contributions	-	-	-	-
Use of money and property	8,000	8,000	66,794	58,794
Miscellaneous	-	-	-	-
Total revenues	942,541	942,541	1,011,797	69,256
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	60,160	60,576	59,707	869
Services and supplies	65,100	57,825	24,043	33,782
Capital outlay				
Equipment	-	-	-	-
Structures and improvements	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Contingencies	487,234	666,945	-	666,945
Total expenditures	612,494	785,346	83,750	701,596
REVENUES OVER (UNDER)				
EXPENDITURES	330,047	157,195	928,047	770,852
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term liabilities	-	-	-	-
Insurance recovery	-	-	-	-
Transfers in	-	-	133	133
Transfers out	(330,047)	(157,195)	(206,117)	(48,922)
Total other financing sources (uses)	(330,047)	(157,195)	(205,984)	(48,789)
Net change in fund balances	-	-	722,063	722,063
FUND BALANCES:				
Beginning of year	2,183,919	2,183,919	2,183,919	-
End of year	<u>\$ 2,183,919</u>	<u>\$ 2,183,919</u>	<u>\$ 2,905,982</u>	<u>\$ 722,063</u>

Landscape and Lighting Assessment District - Zones of Benefit

Zone 9 - Waterman/Park Village				Zone 10 - Auto Mall			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 338,566	\$ 338,566	\$ 340,063	\$ 1,497	\$ 43,714	\$ 43,714	\$ 43,874	\$ 160
-	-	-	-	-	-	-	-
30,760	30,760	35,215	4,455	400	400	7,278	6,878
16,000	16,000	-	(16,000)	-	-	-	-
385,326	385,326	375,278	(10,048)	44,114	44,114	51,152	7,038
103,982	102,347	90,291	12,056	660	668	439	229
279,891	280,476	256,457	24,019	7,209	7,209	6,254	955
-	-	-	-	-	-	-	-
15,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	-	5,000	35,002	34,994	-	34,994
404,373	387,823	346,748	41,075	42,871	42,871	6,693	36,178
(19,047)	(2,497)	28,530	31,027	1,243	1,243	44,459	43,216
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
149,291	133,791	90,131	(43,660)	-	-	-	-
(145,804)	(145,825)	(124,008)	21,817	(1,243)	(1,243)	(1,065)	178
3,487	(12,034)	(33,877)	(21,843)	(1,243)	(1,243)	(1,065)	178
(15,560)	(14,531)	(5,347)	9,184	-	-	43,394	43,394
265,642	265,642	265,642	-	268,604	268,604	268,604	-
\$ 250,082	\$ 251,111	\$ 260,295	\$ 9,184	\$ 268,604	\$ 268,604	\$ 311,998	\$ 43,394

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 11 - East Elk Grove			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 1,949,152	\$ 1,943,691	\$ 1,959,435	\$ 15,744
Donations and contributions	-	-	-	-
Use of money and property	44,000	44,000	186,733	142,733
Miscellaneous	-	-	-	-
Total revenues	1,993,152	1,987,691	2,146,168	158,477
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	256,275	244,235	210,843	33,392
Services and supplies	715,339	757,840	710,476	47,364
Capital outlay				
Equipment	-	-	-	-
Structures and improvements	9,400	9,400	-	9,400
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Contingencies	748,716	712,777	-	712,777
Total expenditures	1,729,730	1,724,252	921,319	802,933
REVENUES OVER (UNDER)				
EXPENDITURES	263,422	263,439	1,224,849	961,410
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term liabilities	-	-	-	-
Insurance recovery	-	-	-	-
Transfers in	67,019	67,019	68,619	1,600
Transfers out	(330,441)	(330,458)	(287,249)	43,209
Total other financing sources (uses)	(263,422)	(263,439)	(218,630)	44,809
Net change in fund balances	-	-	1,006,219	1,006,219
FUND BALANCES:				
Beginning of year	6,902,446	6,902,446	6,902,446	-
End of year	<u>\$ 6,902,446</u>	<u>\$ 6,902,446</u>	<u>\$ 7,908,665</u>	<u>\$ 1,006,219</u>

Landscape and Lighting Assessment District - Zones of Benefit

Zone 12 - Laguna Stonelake				Zone 13 - East Franklin			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 522,684	\$ 522,684	\$ 525,095	\$ 2,411	\$ 3,616,602	\$ 3,616,602	\$ 3,624,879	\$ 8,277
-	-	-	-	-	-	-	-
44,144	44,144	64,636	20,492	155,248	154,318	520,635	366,317
-	-	-	-	-	858	858	-
566,828	566,828	589,731	22,903	3,771,850	3,771,778	4,146,372	374,594
111,520	108,012	95,438	12,574	567,522	543,398	457,525	85,873
398,188	385,582	351,794	33,788	1,599,668	1,603,759	1,415,410	188,349
-	300	254	46	-	72	71	1
-	-	-	-	15,000	15,000	-	15,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	20,817	-	20,817	342,257	362,245	-	362,245
514,708	514,711	447,486	67,225	2,524,447	2,524,474	1,873,006	651,468
52,120	52,117	142,245	90,128	1,247,403	1,247,304	2,273,366	1,026,062
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,483	2,483	-	-	-	-
-	-	1,467	1,467	8,519	8,591	14,057	5,466
(178,583)	(178,580)	(150,448)	28,132	(1,255,922)	(1,255,895)	(1,140,553)	115,342
(178,583)	(178,580)	(146,498)	32,082	(1,247,403)	(1,247,304)	(1,126,496)	120,808
(126,463)	(126,463)	(4,253)	122,210	-	-	1,146,870	1,146,870
1,059,077	1,059,077	1,059,077	-	17,761,810	17,761,810	17,761,810	-
\$ 932,614	\$ 932,614	\$ 1,054,824	\$ 122,210	\$ 17,761,810	\$ 17,761,810	\$ 18,908,680	\$ 1,146,870

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 14 - Camden Park			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 165,994	\$ 165,994	\$ 165,690	\$ (304)
Donations and contributions	-	-	-	-
Use of money and property	1,000	1,000	10,375	9,375
Miscellaneous	-	-	-	-
Total revenues	166,994	166,994	176,065	9,071
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	-	-	-	-
Services and supplies	2,051	2,051	1,200	851
Capital outlay				
Equipment	-	-	-	-
Structures and improvements	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Contingencies	-	-	-	-
Total expenditures	2,051	2,051	1,200	851
REVENUES OVER (UNDER)				
EXPENDITURES	164,943	164,943	174,865	9,922
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term liabilities	-	-	-	-
Insurance recovery	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(168,950)	(168,950)	(112,800)	56,150
Total other financing sources (uses)	(168,950)	(168,950)	(112,800)	56,150
Net change in fund balances	(4,007)	(4,007)	62,065	66,072
FUND BALANCES:				
Beginning of year	303,406	303,406	303,406	-
End of year	\$ 299,399	\$ 299,399	\$ 365,471	\$ 66,072

Landscape and Lighting Assessment District - Zones of Benefit

Zone 15 - Vista Creek				Zone 16 - Fallbrook Park Lane			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 24,866	\$ 24,866	\$ 24,816	\$ (50)	\$ 152,002	\$ 152,002	\$ 152,213	\$ 211
-	-	-	-	-	-	-	-
400	400	3,359	2,959	2,000	2,000	19,678	17,678
-	-	-	-	-	-	-	-
25,266	25,266	28,175	2,909	154,002	154,002	171,891	17,889
-	-	-	-	-	-	-	-
674	674	1,025	(351)	2,194	2,194	1,025	1,169
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,771	13,771	-	13,771	50,945	66,445	-	66,445
14,445	14,445	1,025	13,420	53,139	68,639	1,025	67,614
10,821	10,821	27,150	16,329	100,863	85,363	170,866	85,503
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(10,821)	(10,821)	(10,821)	-	(100,863)	(85,363)	(56,471)	28,892
(10,821)	(10,821)	(10,821)	-	(100,863)	(85,363)	(56,471)	28,892
-	-	16,329	16,329	-	-	114,395	114,395
117,685	117,685	117,685	-	683,137	683,137	683,137	-
\$ 117,685	\$ 117,685	\$ 134,014	\$ 16,329	\$ 683,137	\$ 683,137	\$ 797,532	\$ 114,395

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 17 - City Landscape			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 2,443,231	\$ 2,443,231	\$ 2,085,931	\$ (357,300)
Donations and contributions	-	-	-	-
Use of money and property	-	100	232	132
Miscellaneous	-	-	-	-
Total revenues	2,443,231	2,443,331	2,086,163	(357,168)
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	663,454	527,773	487,544	40,229
Services and supplies	1,801,759	1,804,243	1,556,260	247,983
Capital outlay				
Equipment	92,700	54,160	55,066	(906)
Structures and improvements	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Contingencies	19,400	19,400	-	19,400
Total expenditures	2,577,313	2,405,576	2,098,870	306,706
REVENUES OVER (UNDER)				
EXPENDITURES	(134,082)	37,755	(12,707)	(50,462)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term liabilities	-	-	-	-
Insurance recovery	-	-	-	-
Transfers in	192,968	20,100	62,694	42,594
Transfers out	(58,886)	(57,855)	(47,611)	10,244
Total other financing sources (uses)	134,082	(37,755)	15,083	52,838
Net change in fund balances	-	-	2,376	2,376
FUND BALANCES:				
Beginning of year	305,829	305,829	305,829	-
End of year	\$ 305,829	\$ 305,829	\$ 308,205	\$ 2,376

Landscape and Lighting Assessment District - Zones of Benefit

Zone 18 - Hampton Village				Zone 19 - Camden Estates/Pointe			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 77,631	\$ 77,631	\$ 77,538	\$ (93)	\$ 77,482	\$ 77,482	\$ 77,861	\$ 379
-	-	-	-	-	-	-	-
600	600	2,539	1,939	-	-	719	719
-	-	-	-	-	-	-	-
<u>78,231</u>	<u>78,231</u>	<u>80,077</u>	<u>1,846</u>	<u>77,482</u>	<u>77,482</u>	<u>78,580</u>	<u>1,098</u>
-	-	-	-	-	-	-	-
1,927	1,927	1,500	427	1,927	2,819	2,391	428
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	31,442	30,550	-	30,550
<u>1,927</u>	<u>1,927</u>	<u>1,500</u>	<u>427</u>	<u>33,369</u>	<u>33,369</u>	<u>2,391</u>	<u>30,978</u>
<u>76,304</u>	<u>76,304</u>	<u>78,577</u>	<u>2,273</u>	<u>44,113</u>	<u>44,113</u>	<u>76,189</u>	<u>32,076</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,289	8,289
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(77,794)</u>	<u>(77,794)</u>	<u>(71,709)</u>	<u>6,085</u>	<u>(44,113)</u>	<u>(44,113)</u>	<u>(42,811)</u>	<u>1,302</u>
<u>(77,794)</u>	<u>(77,794)</u>	<u>(71,709)</u>	<u>6,085</u>	<u>(44,113)</u>	<u>(44,113)</u>	<u>(34,522)</u>	<u>9,591</u>
(1,490)	(1,490)	6,868	8,358	-	-	41,667	41,667
54,788	54,788	54,788	-	-	-	-	-
<u>\$ 53,298</u>	<u>\$ 53,298</u>	<u>\$ 61,656</u>	<u>\$ 8,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,667</u>	<u>\$ 41,667</u>

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2020

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 20 - Perry Ranch			Variance
	Original	Final Budget	Actual	Positive (Negative)
REVENUES:				
Charges for current services	\$ 62,977	\$ 62,977	\$ 62,410	\$ (567)
Donations and contributions	-	-	-	-
Use of money and property	-	-	577	577
Miscellaneous	-	-	-	-
Total revenues	<u>62,977</u>	<u>62,977</u>	<u>62,987</u>	<u>10</u>
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	-	-	-	-
Services and supplies	1,927	2,462	2,034	428
Capital outlay				
Equipment	-	-	-	-
Structures and improvements	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Contingencies	4,433	3,898	-	3,898
Total expenditures	<u>6,360</u>	<u>6,360</u>	<u>2,034</u>	<u>4,326</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>56,617</u>	<u>56,617</u>	<u>60,953</u>	<u>4,336</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term liabilities	-	-	-	-
Insurance recovery	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(56,617)	(56,617)	(56,617)	-
Total other financing sources (uses)	<u>(56,617)</u>	<u>(56,617)</u>	<u>(56,617)</u>	<u>-</u>
Net change in fund balances	-	-	4,336	4,336
FUND BALANCES:				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,336</u>	<u>\$ 4,336</u>

Landscape and Lighting Assessment District - Zones of Benefit

District Wide				Totals			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 17,859,914	\$ 17,854,453	17,567,409	\$ (287,044)
-	-	1,463	1,463	-	-	1,463	1,463
27,600	27,600	57,473	29,873	525,728	524,548	1,359,885	835,337
28,488	28,771	4,598	(24,173)	44,488	45,979	5,806	(40,173)
56,088	56,371	63,534	7,163	18,430,130	18,424,980	18,934,563	509,583
1,390,323	1,546,693	1,354,793	191,900	4,697,022	4,665,894	4,026,971	638,923
2,159,779	2,156,990	1,600,463	556,527	11,264,443	11,335,032	10,059,667	1,275,365
85,200	70,498	58,591	11,907	177,900	125,030	113,982	11,048
41,200	65,280	81,388	(16,108)	126,100	154,130	156,198	(2,068)
13,842	13,842	16,292	(2,450)	13,842	13,842	16,292	(2,450)
894	894	1,430	(536)	894	894	1,430	(536)
16,823	16,823	-	16,823	2,130,987	2,335,062	-	2,335,062
3,708,061	3,871,020	3,112,957	758,063	18,411,188	18,629,884	14,374,540	4,255,344
(3,651,973)	(3,814,649)	(3,049,423)	765,226	18,942	(204,904)	4,560,023	4,764,927
-	-	-	-	-	500	500	-
-	-	8,289	8,289	-	-	8,289	8,289
-	-	-	-	-	13,951	25,783	11,832
3,810,224	3,810,224	3,230,207	(580,017)	4,488,888	4,300,592	3,687,138	(613,454)
(212,270)	(211,000)	(227,209)	(16,209)	(6,617,759)	(6,427,391)	(4,588,305)	1,839,086
3,597,954	3,599,224	3,011,287	(587,937)	(2,128,871)	(2,112,348)	(866,595)	1,245,753
(54,019)	(215,425)	(38,136)	177,289	(2,109,929)	(2,317,252)	3,693,428	6,010,680
368,786	368,786	368,786	-	38,741,949	38,741,949	38,741,949	-
\$ 314,767	\$ 153,361	\$ 330,650	\$ 177,289	\$ 36,632,020	\$ 36,424,697	\$ 42,435,377	\$ 6,010,680

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STATISTICAL SECTION

This part of the Cosumnes Community Services District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain financial trend information for assessing the District's financial performance and well-being over time.

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules present revenue capacity information to assess the District's ability to generate revenues. Property taxes, charges for services and developer fees and contributions are the District's most significant revenue sources.

1. Direct and Overlapping Property Tax Rates
2. Principal Property Taxpayers
3. Property Tax Levies and Collections
4. Assessed Value of Taxable Property

Debt Capacity

These schedules present information to assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt.

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Debt Margin Information
4. Debt Pledged Revenue Coverage

Demographic and Economic Information

These schedules provide information on the demographic and economic environment in which the District conducts business.

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules provide information on the District's service infrastructure to assist the reader in understanding how the information in the District's financial report relates to the services the District provides and the activities it performs.

1. Full-Time District Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports of the relevant years.

**Cosumnes Community Services District
Net Position by Component
(accrual basis of accounting)**

	Fiscal Year			
	2020	2019	2018	2017
Governmental activities				
Net investment in capital assets	\$ 209,717,941	200,173,933	191,275,989	179,250,894
Restricted	70,724,935	63,838,846	57,280,447	52,954,081
Unrestricted	<u>(75,394,287)</u>	<u>(72,493,773)</u>	<u>(65,389,716)</u>	<u>(51,766,076)</u>
Total governmental activities net position	<u>\$ 205,048,589</u>	<u>191,519,006</u>	<u>183,166,720</u>	<u>180,438,899</u>
Primary government				
Net investment in capital assets	\$ 209,717,941	200,173,933	191,275,989	179,250,894
Restricted	70,724,935	63,838,846	57,280,447	52,954,081
Unrestricted	<u>(75,394,287)</u>	<u>(72,493,773)</u>	<u>(65,389,716)</u>	<u>(51,766,076)</u>
Total primary government net position	<u>\$ 205,048,589</u>	<u>191,519,006</u>	<u>183,166,720</u>	<u>180,438,899</u>

Note: The Cosumnes Community Services District implemented GASB 34 during the year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: Cosumnes CSD Administrative Services Department

(1) The District recorded prior period adjustments to record the beginning balance of the net pension liability, and to record employer contributions made for pension in fiscal year 2014 as a deferred outflow of resources.

Fiscal Year					
2016	2015	2014 (1)	2013	2012	2011
185,351,179	184,981,570	183,997,497	184,141,637	183,173,511	179,698,464
48,762,603	44,349,631	42,341,817	37,217,297	34,461,962	35,770,912
<u>(50,108,183)</u>	<u>(54,478,223)</u>	<u>(62,177,389)</u>	<u>(8,241,726)</u>	<u>1,100,458</u>	<u>9,685,628</u>
<u><u>184,005,599</u></u>	<u><u>174,852,978</u></u>	<u><u>164,161,925</u></u>	<u><u>213,117,208</u></u>	<u><u>218,735,931</u></u>	<u><u>225,155,004</u></u>
185,351,179	184,981,570	183,997,497	184,141,637	183,173,511	179,698,464
48,762,603	44,349,631	42,341,817	37,217,297	34,461,962	35,770,912
<u>(50,108,183)</u>	<u>(54,478,223)</u>	<u>(62,177,389)</u>	<u>(8,241,726)</u>	<u>1,100,458</u>	<u>9,685,628</u>
<u><u>184,005,599</u></u>	<u><u>174,852,978</u></u>	<u><u>164,161,925</u></u>	<u><u>213,117,208</u></u>	<u><u>218,735,931</u></u>	<u><u>225,155,004</u></u>

**Cosumnes Community Services District
Changes in Net Position
(accrual basis of accounting)**

	Fiscal Year			
	2020	2019	2018	2017
Expenses				
Governmental activities:				
Public protection	\$ 56,326,241	56,182,068	53,558,990	44,947,335
Recreation and culture	29,742,626	29,591,083	28,010,357	26,110,030
General Government	7,267,429	6,437,201	6,850,160	6,057,493
Interest on long-term debt	872,528	1,112,061	1,049,287	1,456,115
Total governmental activities expenses	<u>94,208,824</u>	<u>93,322,413</u>	<u>89,468,794</u>	<u>78,570,973</u>
Total primary government expenses	<u>94,208,824</u>	<u>93,322,413</u>	<u>89,468,794</u>	<u>78,570,973</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Public protection	13,583,739	11,150,645	12,577,480	9,929,689
Recreation and culture	22,498,466	22,776,846	21,604,713	20,878,015
General Government	2,526,344	5,519,156	2,853,733	3,301,028
Operating grants and contributions	127,851	134,483	94,093	89,340
Capital grants and contributions	6,892,130	9,029,697	9,232,552	11,640,159
Total governmental activities program revenues	<u>45,628,530</u>	<u>48,610,827</u>	<u>46,362,571</u>	<u>45,838,231</u>
Total primary government program revenues	<u>45,628,530</u>	<u>48,610,827</u>	<u>46,362,571</u>	<u>45,838,231</u>
Net revenues (expenses):				
Governmental activities	<u>(48,580,294)</u>	<u>(44,711,586)</u>	<u>(43,106,223)</u>	<u>(32,732,742)</u>
Total net revenues (expenses)	<u>(48,580,294)</u>	<u>(44,711,586)</u>	<u>(43,106,223)</u>	<u>(32,732,742)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes				
Property Taxes	48,761,970	46,477,721	43,868,694	41,024,168
Other taxes				
Investment earnings	2,752,241	2,258,766	1,094,388	938,460
Miscellaneous	5,860,861	4,327,385	870,962	1,019,777
Total governmental activities	<u>57,375,072</u>	<u>53,063,872</u>	<u>45,834,044</u>	<u>42,982,405</u>
Total primary government	<u>57,375,072</u>	<u>53,063,872</u>	<u>45,834,044</u>	<u>42,982,405</u>
Changes in net position				
Governmental activities	<u>8,794,778</u>	<u>8,352,286</u>	<u>2,727,821</u>	<u>10,249,663</u>
Total primary government	<u>\$ 8,794,778</u>	<u>8,352,286</u>	<u>2,727,821</u>	<u>10,249,663</u>

Source: Cosumnes CSD Administrative Services Department

Fiscal Year					
2016	2015	2014	2013	2012	2011
39,709,149	30,991,966	36,958,524	39,550,114	39,708,302	39,892,892
23,461,242	24,421,081	21,697,297	22,221,093	22,920,702	23,053,144
7,844,015	4,262,813	3,424,446	3,672,163	3,680,267	4,147,243
1,436,266	773,229	820,905	1,151,692	1,339,252	3,190,945
<u>72,450,672</u>	<u>60,449,089</u>	<u>62,901,172</u>	<u>66,595,062</u>	<u>67,648,523</u>	<u>70,284,224</u>
<u>72,450,672</u>	<u>60,449,089</u>	<u>62,901,172</u>	<u>66,595,062</u>	<u>67,648,523</u>	<u>70,284,224</u>
6,916,448	8,152,295	7,181,029	5,428,004	5,612,920	3,589,834
20,585,430	20,399,714	19,711,526	19,673,718	20,049,112	6,497,058
7,799,770	1,883,787	1,677,351	1,974,385	1,523,950	14,488,849
160,132	113,666	121,646	109,774	191,286	258,509
<u>5,075,796</u>	<u>3,650,142</u>	<u>4,239,631</u>	<u>3,673,497</u>	<u>2,078,404</u>	<u>2,891,068</u>
<u>40,537,576</u>	<u>34,199,604</u>	<u>32,931,183</u>	<u>30,859,378</u>	<u>29,455,672</u>	<u>27,725,318</u>
<u>40,537,576</u>	<u>34,199,604</u>	<u>32,931,183</u>	<u>30,859,378</u>	<u>29,455,672</u>	<u>27,725,318</u>
<u>(31,913,096)</u>	<u>(26,249,485)</u>	<u>(29,969,989)</u>	<u>(35,735,684)</u>	<u>(38,192,851)</u>	<u>(42,558,906)</u>
<u>(31,913,096)</u>	<u>(26,249,485)</u>	<u>(29,969,989)</u>	<u>(35,735,684)</u>	<u>(38,192,851)</u>	<u>(42,558,906)</u>
36,173,988	32,626,823	29,456,296	31,186,985	32,253,420	33,603,024
431,763	479,497	559,940	407,021	361,833	633,265
334,787	332,351	100,725	179,772	162,470	336,775
<u>36,940,538</u>	<u>33,438,671</u>	<u>30,116,961</u>	<u>31,773,778</u>	<u>32,777,723</u>	<u>34,573,064</u>
<u>36,940,538</u>	<u>33,438,671</u>	<u>30,116,961</u>	<u>31,773,778</u>	<u>32,777,723</u>	<u>34,573,064</u>
<u>5,027,442</u>	<u>7,189,186</u>	<u>146,972</u>	<u>(3,961,906)</u>	<u>(5,415,128)</u>	<u>(7,985,842)</u>
<u>5,027,442</u>	<u>7,189,186</u>	<u>146,972</u>	<u>(3,961,906)</u>	<u>(5,415,128)</u>	<u>(7,985,842)</u>

**Cosumnes Community Services District
Fund Balances of Governmental Funds
(modified accrual basis of accounting)**

	Fiscal Year			
	2020	2019	2018	2017
General fund:				
Nonspendable	\$ 1,494,483	778,662	963,525	1,967,160
Restricted	28,128,307	24,939,657	19,957,662	17,856,548
Assigned	23,278,561	25,747,350	25,639,993	32,218,113
Total general fund	<u>\$ 52,901,351</u>	<u>51,465,669</u>	<u>46,561,180</u>	<u>52,041,821</u>
All other governmental funds:				
Restricted	\$ 42,596,628	38,899,189	37,322,785	35,097,533
Assigned, reported in:				
Special revenue fund	0	0	0	0
Total all other governmental funds	<u>\$ 42,596,628</u>	<u>38,899,189</u>	<u>37,322,785</u>	<u>35,097,533</u>

Source: Cosumnes CSD Administrative Services Department

Fiscal Year

2016	2015	2014	2013	2012	2011
984,526	423,969	739,238	107,338	20,770	16,207
16,792,913	16,031,122	16,145,077	14,238,705	14,720,152	17,954,979
29,194,656	26,108,555	16,466,784	15,204,930	19,487,133	23,234,797
<u>46,972,095</u>	<u>42,563,646</u>	<u>33,351,099</u>	<u>29,550,973</u>	<u>34,228,055</u>	<u>41,205,983</u>
31,969,690	28,318,509	26,196,740	22,978,592	19,741,810	17,815,933
0	0	0	0	0	0
<u>31,969,690</u>	<u>28,318,509</u>	<u>26,196,740</u>	<u>22,978,592</u>	<u>19,741,810</u>	<u>17,815,933</u>

Cosumnes Community Services District
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	Fiscal Year			
	2020	2019	2018	2017
Revenues:				
Taxes	\$ 48,761,970	46,477,721	43,868,694	41,024,168
Charges for services	37,063,260	34,831,824	35,055,970	32,494,151
Developer fees and contributions	4,525,151	4,752,534	5,141,896	2,004,448
Intergovernmental	2,366,979	4,277,163	4,090,656	2,644,117
Donations and contributions	127,851	134,483	94,093	89,340
Use of money and property	3,701,629	3,456,645	2,211,653	2,067,792
Miscellaneous	5,860,861	4,327,385	870,962	1,019,777
Total revenues	102,407,701	98,257,755	91,333,924	81,343,793
Expenditures:				
Current:				
Public protection	50,707,523	48,456,075	47,452,087	43,262,133
Recreation and culture	25,672,120	25,942,538	24,675,929	22,462,027
General government	5,662,393	5,651,139	5,987,865	6,006,798
Capital outlay	13,627,355	11,668,702	14,997,275	6,294,857
Debt service:				
Principal	2,765,078	2,769,048	2,586,599	1,883,696
Interest	918,187	1,156,192	1,093,374	970,887
Cost of Issuance				529,832
Total expenditures	99,352,656	95,643,694	96,793,129	81,410,230
Excess of revenues over expenditures	3,055,045	2,614,061	(5,459,205)	(66,437)
Other financing sources (uses):				
Proceeds from sale of capital assets	21,685	22,700	22,909	210
Issuance of long-term liabilities	1,691,883	447,658	1,310,000	15,720,282
Payment to escrow for refunding				(9,230,447)
Original issue premium				896,282
Original issue discount				(224,451)
Insurance recoveries	364,508	3,396,474	870,907	1,102,130
Transfers in	7,120,451	8,549,653	9,353,101	5,441,174
Transfers out	(7,120,451)	(8,549,653)	(9,353,101)	(5,441,174)
Total other financing sources (uses)	2,078,076	3,866,832	2,203,816	8,264,006
Net change in fund balances	\$ 5,133,121	6,480,893	(3,255,389)	8,197,569
Debt service as a percentage of noncapital expenditures				
	4.3%	4.7%	4.5%	3.8%

Source: Cosumnes CSD Administrative Services Department

Fiscal Year					
2016	2015	2014	2013	2012	2011
38,678,041	36,173,988	32,626,823	29,456,296	31,186,985	32,253,420
28,526,257	29,519,898	27,835,872	25,669,576	25,833,814	25,077,392
1,669,000	1,500,655	2,832,285	1,747,613	1,458,624	1,993,759
3,406,796	2,149,487	1,407,346	1,925,884	619,780	897,309
160,132	113,666	121,646	109,774	191,286	258,509
2,048,806	1,516,902	1,486,062	1,504,489	1,367,064	1,521,106
1,458,664	334,787	332,351	404,965	179,772	162,470
<u>75,947,696</u>	<u>71,309,383</u>	<u>66,642,385</u>	<u>60,818,597</u>	<u>60,837,325</u>	<u>62,163,965</u>
38,600,228	36,077,297	33,362,739	34,372,236	33,478,192	33,893,997
20,606,032	21,147,714	18,737,965	18,571,201	19,767,882	20,342,559
7,881,271	4,209,127	3,115,442	3,117,972	3,224,873	3,577,708
3,491,208	4,355,382	2,412,214	2,462,853	4,478,538	3,823,032
2,409,130	2,060,546	2,678,562	3,021,871	4,344,153	6,865,298
1,158,549	776,928	875,905	1,201,336	1,367,625	3,386,607
272,852					
<u>74,419,270</u>	<u>68,626,994</u>	<u>61,182,827</u>	<u>62,747,469</u>	<u>66,661,263</u>	<u>71,889,201</u>
<u>1,528,426</u>	<u>2,682,389</u>	<u>5,459,558</u>	<u>(1,928,872)</u>	<u>(5,823,938)</u>	<u>(9,725,236)</u>
6,150	133,147	16,311	162,586	156,250	299,216
10,420,172	1,276,969	1,436,953	325,986	122,386	388,747
(283,460)					
4,937,030	7,241,811	105,452		493,251	505,836
5,506,912	5,720,119	4,625,190	4,273,702	5,544,330	5,539,122
<u>(5,506,912)</u>	<u>(5,720,119)</u>	<u>(4,625,190)</u>	<u>(4,273,702)</u>	<u>(5,544,330)</u>	<u>(5,539,122)</u>
<u>15,079,892</u>	<u>8,651,927</u>	<u>1,558,716</u>	<u>488,572</u>	<u>771,887</u>	<u>1,193,799</u>
<u>16,608,318</u>	<u>11,334,316</u>	<u>7,018,274</u>	<u>(1,440,300)</u>	<u>(5,052,051)</u>	<u>(8,531,437)</u>
5.0%	4.4%	6.0%	7.0%	9.2%	15.1%

Cosumnes Community Services District
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Rate	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137
Overlapping Rates:										
County of Sacramento	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606
County Library	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037
Elk Grove Unified School District	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487
Elk Grove-Cosumnes Cemetery District	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275
City of Elk Grove	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738
Los Rios Community College	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641
Sacramento-Yolo Mosquito Abatement District	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866
Other	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213
Regional Sanitation District Bonds	0.00550	0.00550	0.00550	0.00550	0.00550	0.00550	0.00550	0.00550	0.00550	0.00550
Los Rios Community College GO Bonds	<u>0.00720</u>	<u>0.00720</u>	<u>0.00720</u>	<u>0.00720</u>	<u>0.00720</u>	<u>0.00720</u>	<u>0.00720</u>	<u>0.00720</u>	<u>0.00720</u>	<u>0.00720</u>
Total Direct Rate	1.01270	1.01270	1.01270	1.01270	1.01270	1.01270	1.01270	1.01270	1.01270	1.01270

Notes:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Regional Sanitation District bonds and Los Rios Community College General Obligation bonds.

Rates are within the City of Elk Grove boundaries. No data is available for areas outside City boundaries.

Source: HdL Coren & Cone

Cosumnes Community Services District
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020		2011	
	Taxable Assessed Value (1)	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Percentage of Total District Taxable Assessed Value
Apple Computer, Inc	\$234,575,597	0.97%		
Pappas Laguna 2 Limited Partnership	134,577,145	0.56%		
Laguna Springs Corporation Center	97,800,715	0.40%		
Oakmont Properties II LP	74,900,743	0.31%		
DS Properties 18 LP	71,054,759	0.29%		
MG Somerfield at Lakeside Apartments	64,000,000	0.26%		
Elk Grove Owner LP (Kohls)	59,971,142	0.25%		
MG Bella Vista Apartments EKG LLC	59,000,000	0.24%		
9130 Nolan Street LLC	52,560,705	0.22%		
WSI Poppy Ridge LLC	50,839,447	0.21%		
ACI Real Properties			73,119,463	0.44%
Donahue Schriber Realty Group			64,234,383	0.38%
Williametter Industries, Inc.			29,048,912	0.17%
JVC America Inc.			26,106,618	0.16%
DS Marketplace 99 LLC			24,853,063	0.15%
Somerfield at Lakeside LLC			23,437,906	0.14%
Citrus Grove Apartments			22,770,831	0.14%
Laguna Oaks Apartments			19,788,000	0.12%
Khoury Family Investors, LLC			15,456,000	0.09%
Lennar Renaissance Inc.			14,911,834	0.09%
Total	\$ 899,280,253	3.72%	313,727,010	1.87%

Notes:

(1) Amounts represent assessed values within the City of Elk Grove boundaries.

Source: County of Sacramento Assessor's Office and HdL Coren & Cone

**Cosumnes Community Services District
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	32,950,787	31,301,110	94.99%	952,310	32,253,420	97.05%
2012	31,299,748	31,053,637	99.21%	133,348	31,186,985	99.57%
2013	31,299,748	29,456,296	94.11%	476,125	29,932,421	98.41%
2014	33,605,628	32,626,823	97.09%	435,454	33,062,277	98.68%
2015	36,976,606	36,173,988	97.83%	401,309	36,575,297	98.90%
2016	39,476,493	38,678,041	97.98%	399,226	39,077,267	98.98%
2017	41,924,688	41,024,168	97.85%	450,260	41,474,428	98.91%
2018	44,766,582	43,868,694	97.99%	448,944	44,317,638	98.99%
2019	47,407,275	46,477,721	98.04%	533,871	47,011,592	98.86%
2020	49,532,085	48,377,548	97.67%	384,422	48,761,970	99.21%

Sources: Sacramento County Auditor-Controller and Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)**

<u>Fiscal Year Ended June 30</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2011	16,410,866	340,933	16,751,799	0.22137
2012	15,691,279	326,105	16,017,384	0.22137
2013	14,907,283	324,293	15,231,576	0.22137
2014	16,202,973	299,789	16,502,762	0.22137
2015	17,922,473	311,625	18,234,098	0.22137
2016	18,888,266	310,101	19,198,367	0.22137
2017	20,141,942	301,965	20,443,907	0.22137
2018	21,347,233	306,951	21,654,184	0.22137
2019	22,625,913	322,966	22,948,879	0.22137
2020	23,825,609	375,378	24,200,987	0.22137

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Sacramento County Auditor-Controller and Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities	Percentage of Assessed Valuation	Debt Per Capita
	Certificates of Participation (1)	Loans	Capital Leases			
2011	\$ 1,341,000	\$3,302,285	\$ 23,564,327	\$ 28,207,612	0.17%	154.25
2012	1,191,700	2,281,623	20,512,651	23,985,974	0.15%	130.83
2013	1,022,900	1,217,925	19,049,265	21,290,090	0.14%	116.17
2014	847,200	98,219	19,103,063	20,048,482	0.12%	109.36
2015	664,100	84,606	18,512,732	19,261,438	0.11%	104.36
2016	9,221,378	73,913	17,705,066	27,000,357	0.14%	141.60
2017	23,935,000	66,111	8,801,650	32,802,761	0.16%	170.66
2018	23,156,804	54,242	8,616,918	31,827,964	0.15%	162.91
2019	21,870,000	41,728	7,293,041	29,204,769	0.13%	148.22
2020	21,103,140	28,545	7,203,032	28,334,717	0.12%	142.15

Notes:

(1) The Certificate of participation for the 2015 refinancing project is netted with the original issue discount.

Source: Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Direct and Overlapping Debt
June 30, 2020**

District Assessed Valuation (in thousands)		\$	<u>24,200,987</u>
	Estimated Percentage Applicable ⁽¹⁾	Outstanding Debt 6/30/20	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes and Assessments:			
Los Rios Community College District	10.398%	\$ 455,515,000	47,364,450
San Joaquin Delta Community College District	3.268%	199,370,000	6,515,412
Elk Grove Unified School District	56.285%	182,550,000	102,748,268
River Delta Joint Unified School District			
School Facilities Improvement District No. 1	0.1950%	6,669,378	13,005
Sacramento Unified School District	0.1580%	482,492,966	762,339
	61.506% &		
Galt Joint Union High School District and School District	88.272%	80,023,684	55,411,329
Elk Grove Community Facilities District	100.00%	212,690,000	212,690,000
Elk Grove Unified School District Community Facilities District No. 1	56.285%	191,731,133	107,915,868
Galt Schools Joint Powers Authority Community Facilities District No. 1	98.698%	4,320,000	4,263,754
Sacramento County Community Facilities Districts	100.00%	9,774,475	9,774,475
California Statewide Community Development Authority 915 Act Bonds	100.00%	14,885,955	14,885,955
City of Galt 1915 Act Bonds	100.00%	586,000	586,000
Total overlapping debt repaid with property taxes and assessments		<u>1,840,608,591</u>	<u>562,930,855</u>
Overlapping Other Debt:			
Sacramento County General Fund Obligations	14.227%	\$ 159,847,468	22,741,499
Sacramento County Pension Obligations	14.227%	791,614,052	112,622,931
Sacramento County Board of Education Certificates of Participation	14.227%	3,545,000	504,347
Elk Grove Unified School District Certificates of Participation	56.285%	12,195,000	6,863,956
Sacramento Unified School District Certificates of Participation	0.1580%	60,550,000	95,669
Galt Joint Union High School District and School District	61.506% & 88.272%	8,565,000	5,764,231
City of Elk Grove General Fund Obligations	100.00%	40,310,000	40,310,000
Cosumnes Community Services District	100.00%	22,434,000	22,434,000
Total overlapping other debt		<u>1,099,060,520</u>	<u>211,336,633</u>
Total overlapping debt		<u>\$ 2,939,669,111</u>	<u>774,267,488</u>
District direct debt			<u>20,900,000</u>
Total direct and overlapping debt			<u>\$ 795,167,488</u>

Notes:

- (1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the District's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cosumnes Community Services District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

Source: California Municipal Statistics, Inc.

**Cosumnes Community Services District
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed valuation	\$ 16,751,799	16,017,384	15,231,576	16,502,762	18,234,098	19,198,367	20,443,907	21,654,184	22,948,879	24,200,987
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	\$ 4,187,950	4,004,346	3,807,894	4,125,691	4,558,525	4,799,592	5,110,977	5,413,546	5,737,220	6,050,247
Debt limit percentage	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Debt limit	209,397	200,217	190,395	206,285	227,926	239,980	255,549	270,677	286,861	302,512
Total net debt applicable to limit:										
General obligation bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	\$ <u>209,397</u>	<u>200,217</u>	<u>190,395</u>	<u>206,285</u>	<u>227,926</u>	<u>239,980</u>	<u>255,549</u>	<u>270,677</u>	<u>286,861</u>	<u>302,512</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: The Government Code of the State of California provides for a legal debt limit of 5% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Cosumnes CSD Administrative Services Department and Sacramento County Assessor's Office

**Cosumnes Community Services District
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Special Assessment Debt					
	Special Assessment Collections	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 14,295,157	9,862,791	4,432,366	376,439	93,784	9.43
2012	13,953,831	9,847,285	4,106,546	785,729	99,627	4.64
2013	14,213,219	9,624,008	4,589,211	822,796	65,448	5.17
2014	14,415,446	9,415,366	5,000,080	852,806	29,514	5.67
2015	14,708,161	11,323,523	3,384,638	25,703	1,632	123.82
2016	14,942,112	10,644,956	4,297,156	21,304	1,401	189.26
2017	15,362,009	11,823,913	3,538,096	22,747	2,813	138.42
2018	15,752,692	13,168,453	2,584,239	15,064	2,077	150.76
2019	16,567,632	14,923,362	1,644,270	15,029	1,518	99.37
2020	17,567,409	14,356,818	3,210,591	16,292	1,430	181.16

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements. Special assessments pledged for the loan payable are reported in the Landscape and Lighting Special Revenue Fund and related debt service expenditures are reported in the Debt Service Fund. Operating expenses do not include debt service or capital outlay expenditures.

Source: Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>District Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Sacramento County Unemployment Rate (3)</u>
2011	182,870	N/A	12.7%
2012	183,333	N/A	11.0%
2013	183,259	N/A	8.7%
2014	183,333	N/A	6.9%
2015	184,564	N/A	6.0%
2016	190,680	N/A	5.8%
2017	192,216	N/A	5.0%
2018	195,376	N/A	4.2%
2019	197,042	N/A	3.9%
2020	199,326	N/A	12.8%

N/A Information is not available.

- Sources:
- 1 Cosumnes Community Services District
 - 2 US Department of Commerce, Bureau of Economic Analysis (data shown is for Sacramento County)
 - 3 State of California Employment Development Department (data shown is for Sacramento County)

**Cosumnes Community Services District
Principal Employers
Last Ten Calendar Years**

<u>Employer</u>	<u>2020</u>		<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Apple Computer	5000	6.03%	500	(1)
Elk Grove Unified School District	3,884	4.69%	3,414	(1)
CA Correctional Health Care Services	1,371	1.65%		
Wal Mart	596	0.72%	227	(1)
Kaiser Permanente Med Ctr	530	0.64%		
Bel Air/Raleys Supermarkets	442	0.53%	500	(1)
City of Elk Grove	375	0.45%	274	(1)
Cosumnes Community Services District	333	0.40%	266	(1)
Alldata	300	0.36%	320	(1)
Safeway	265	0.32%		
Bimbo Bakeries			265	(1)
Home Depot			175	(1)
Decorative Specialties			105	(1)

Source: Cosumnes Community Services District and MuniServices LLC

(1) Information is not available.

**Cosumnes Community Services District
Full-time District Employees by Function
Last Ten Fiscal Years**

	Full-time District Employees as of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Function</u>										
General government	23	22	21	21	21	21	24	24	27	49
Public safety	167	168	167	167	166	165	184	189	189	204
Recreation and culture	76	71	65	65	69	69	74	79	89	80
Total	266	261	253	253	256	255	282	292	305	333

Source: Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018 (2)	2019	2020
Fire										
Emergency responses	14,011	14,374	14,679	15,170	16,613	17,189	18,592	19,775	19,790	20,791
Field Inspections	1,602	1,687	2,290	2,165	2,742	2,852	2,187	2,300	2,299	2,725
Plan checks	629	808	989	1,093	1,110	1,106	973	1,100	446	574
Resubmitted Plan Checks	(1)	(1)	(1)	222	207	190	241	200	219	296
Weed Abatement	480	584	599	488	128	114	145	194	188	156
Fire Investigations	82	69	50	41	19	21	17	40	41	43
Code Enforcement	18	32	31	11	18	29	79	90	107	57
Parks and recreation										
Number of recreation programs	579	550	548	509	487	524	629	3,311	4,560	3,570

Source: Various District departments

(1) Information is not available.

(2) New registration software (Active Net) calculates recreation programs differently.

**Cosumnes Community Services District
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire										
Fire stations	8	8	8	8	8	8	8	8	8	8
Training facility	1	1	1	1	1	1	1	1	1	1
Fire engines	27	26	24	24	26	27	27	29	29	30
Other Fire vehicles	74	76	76	74	77	82	87	88	94	96
Parks and recreation										
Parks	90	91	92	94	94	95	96	97	98	98
Acreage	966	978	981	985	985	994	996	1,007	1,001	1,266
Playgrounds	115	116	119	120	123	127	128	130	132	134
Baseball/softball diamonds	50	50	50	50	50	50	51	49	49	49
Soccer/football fields	41	41	42	42	42	42	43	42	42	43
Community centers	2	2	2	2	2	2	2	7	7	7
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	31	33	33	33	33	35	35	33	33	35
Skate board park	1	1	1	1	1	1	2	2	2	2
Bike Park	-	-	1	1	1	1	1	1	1	1

Sources: Various District departments

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Cosumnes Community Services District

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Site and Facilities Lease, the Lease Agreement, and the Trust Agreement relating to the Certificates. Such summary is not intended to be definitive. Reference is made to the complete documents and investors are encouraged to read the complete documents for the complete terms thereof.

CERTAIN DEFINITIONS

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

“Additional Rental Payments” means those payments set forth in the Lease labeled as such.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are not closed for corporate trust business.

“Certificate Year” means each twelve-month period extending from November 2 in one calendar year to November 1 of the succeeding calendar year, both dates inclusive; except that the first Certificate Year commences on the Closing Date and extends to and includes November 1, 2021.

“Closing Date” means the date of original execution and delivery of the Certificates.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Certificates or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of execution and delivery of the Certificates, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Completion Date” means the date on which the District files a certificate with the Trustee stating that the acquisition and construction of the Project have been completed in accordance with all requirements of the District.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of execution and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporation” means the Public Property Financing Corporation of California, a nonprofit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California.

“Corporation Representative” means the President, Vice President, Treasurer or Secretary of the Corporation, or any other person authorized to act on behalf of the Corporation

under or with respect to the Trust Agreement by resolution of the Board of Directors of the Corporation delivered to the Trustee.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the execution and delivery of the Lease or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (which shall include legal fees and the first annual administration fee of the Trustee), financing discounts, legal fees and charges, insurance fees and charges (including fees for certificate insurance and/or a reserve fund surety), financial advisor and other professional consultant fees, appraisals, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

“District Representative” means the Chair of the Board, Vice-Chair of the Board, General Manager, Chief Administrative Officer, District Clerk, or any other person authorized to act on behalf of the District under or with respect to the Trust Agreement by resolution of the Board of Directors of the District delivered to the Trustee.

“Event of Default” means any of the events of default defined as such in the Lease.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means:

(a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”),

(b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America,

(c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or

(d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real property in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Fiscal Year” means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period by the District as its fiscal year pursuant to written notice filed with the Trustee.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have any substantial interest, direct or indirect, in the District; and
- (3) is not connected with the District as a member, officer or employee of the District, but who may be regularly retained to make annual or other reports to the District.

“Lease Payment Date” means, with respect to any Interest Payment Date, the 5th Business Day immediately preceding such Interest Payment Date.

“Lease Payments” means the amounts payable by the District pursuant to the Lease, including any prepayment thereof and including any amounts payable upon a delinquency in the payment thereof.

“Net Proceeds” means an insurance proceeds or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Site and Facilities, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Moody’s” means Moody’s Investors Service, or its successors and assigns.

“Outstanding”, when used as of any particular time with respect to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee except:

(a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or prepayment of which funds or Federal Securities in a sufficient amount have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment has been given as provided in the Trust Agreement or provision satisfactory to the Trustee has been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates have been executed and delivered by the Trustee.

“Owner”, when used with respect to a Certificate, means the person in whose name the ownership of such Certificate is registered on the Registration Books.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Encumbrances” means, as of any time:

(a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid;

(b) the Site and Facilities Lease, this Lease, the Assignment Agreement, and any other agreement or document contemplated hereunder to be recorded against the Site and Facilities;

(c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law;

(d) the exceptions disclosed in the title insurance policy with respect to the Site and Facilities issued as of the Closing Date by Stewart Title Company of California, Inc. (or its affiliate); and

(e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Site and Facilities for its intended purposes.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein; the Trustee is entitled to conclusively rely upon investment direction by the District as a certification such investment is a legal investment:

(a) Federal Securities;

(b) obligations of any federal agency which either (a) represent full faith and credit of the United States of America, or (b) are rated “AA” or better by S&P;

(c) U.S. dollar denominated deposit accounts federal funds and banker’s acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of “A” or better by S&P, maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank or such deposits are collateralized by Permitted Investments described in clauses (a) or (b) above for amounts above FDIC insurance;

- (d) commercial paper which is rated at the time of purchase in the single highest classification, "A" or better by S&P, and which matures not more than 270 calendar days after the date of purchase;
- (e) investments in a money market fund, including those of an affiliate of the Trustee, rated in the highest short-term rating category by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services but excluding such funds with a floating net asset value;
- (f) investment agreements with financial institutions whose long-term general credit rating is A or better from S&P, by the terms of which the Trustee may withdraw funds if such rating falls below "A"; and
- (g) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee; and
- (h) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Asset Management Program (CAMP).

"Project Costs" means all costs of acquiring, constructing, improving and equipping the Project which are paid from moneys on deposit in the Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction, improvement or equipping of the Project;
- (b) obligations incurred for labor and materials in connection with the acquisition, construction, improvement or equipping of the Project;
- (c) the cost of performance or other Certificates and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction, improvement or equipping of the Project;
- (d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction, improvement or equipping of the Project;
- (e) any sums required to reimburse the Corporation or the District for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction, improvement or equipping of the Project;

(f) all financing costs incurred in connection with such acquisition, construction, improvement or equipping, including but not limited to Costs of Issuance and other costs incurred in connection with the execution and delivery of the Certificates, this Trust Agreement, the Lease, the Site and Facilities Lease and the Assignment Agreement; and

(g) the interest components of the Lease Payments during the period of such acquisition, construction, improvement or equipping, to the extent not otherwise paid.

“Project Fund” means the fund by that name established and held by the Trustee.

“Record Date” means the close of business on the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day.

“Registration Books” means the records maintained by the Trustee for registration of the ownership and transfer of ownership of the Certificates.

“Site and Facilities” means the real property described as the Site and Facilities in Exhibit A to the Lease, including all buildings and improvements thereon as of the Closing Date, as the Site and Facilities may be substituted or modified from time to time in accordance with the Lease.

“Site and Facilities Lease Payment” means the payment which is due and payable under the Site and Facilities Lease as the upfront rental for the Site and Facilities.

“S&P” means S&P Global Ratings, and its successors and assigns.

“Term of this Lease” means the time during which this Lease is in effect.

SITE AND FACILITIES LEASE

Under the Site and Facilities Lease, the District leases the Site and Facilities to the Corporation in consideration of an upfront rental payment. The Site and Facilities Lease is for a term commencing on the Closing Date and extending to the date on which no Certificates remain outstanding under the Trust Agreement. In the event of any release or substitution of property under the Lease Agreement as described below, the description of the property leased under the Site and Facilities Lease will be modified accordingly.

LEASE AGREEMENT

Lease of Site and Facilities; Term

Under the Lease Agreement, the Corporation leases the Site and Facilities to the District, in consideration of the agreement by the District to pay the Lease Payments. The Lease Agreement is for a term commencing on the Closing Date and extending to the date on which no Certificates remain outstanding under the Trust Agreement.

Maintenance, Utilities, Taxes and Modifications

Throughout the Term of this Lease, as part of the consideration for the rental of the Site and Facilities, all improvement, repair and maintenance of the Site and Facilities shall be the responsibility of the District, and the District shall pay for or otherwise arrange for the payment of all utility services supplied to the Site and Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Site and Facilities resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Site and Facilities, as hereinbefore more specifically set forth. The District waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver shall not limit any of the rights of the District under the terms of this Lease.

The District shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Site and Facilities or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when they become due.

The District may, at the District's expense and in its name, upon notice to the Corporation and the Trustee, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation notifies the District that, in its reasonable opinion, by nonpayment of any such items the interest of the Corporation in the Site and Facilities will be materially endangered or the Site and Facilities or any part thereof will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation and the Trustee.

Modification of Site and Facilities

The District has the right (at its own expense) to remodel the Site and Facilities, or to make additions, modifications and improvements thereto. All additions, modifications and improvements to the Site and Facilities shall thereafter comprise part thereof and be subject to the provisions of this Lease.

Such additions, modifications and improvements shall not in any way damage the Site and Facilities, or cause the Site and Facilities to be used for purposes other than those authorized under the provisions of state and federal law; and the Site and Facilities, upon completion of any additions, modifications and improvements made thereto, shall be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

The District will not permit any mechanic's or other lien to be established or remain against the Site and Facilities for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the District; provided that if any such lien is established and the District first notifies or causes to be notified

the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Site and Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District.

Assignment; Subleases

The Corporation has assigned certain of its rights under the Lease Agreement to the Trustee under the Assignment Agreement. The District may not assign any of its rights in the Lease Agreement. The District may sublease all or a portion of the Property, but only under the conditions contained in the Lease Agreement, including the condition that such sublease not cause interest on the Certificates to become subject to federal or State of California personal income taxes.

Amendment of Lease Agreement

The Corporation and the District may at any time amend or modify any of the provisions of the Lease, without the consent of the Trustee or any of the Certificate Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the District contained in this Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District, or

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Corporation and the District may deem necessary or desirable, provided that, in the opinion of Special Counsel, such modifications or amendments shall not materially adversely affect the interests of the Owners of the Certificates;

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by the Certificates under the Code, in the opinion of Special Counsel;

(iv) to amend the description of the Site and Facilities to reflect accurately the property originally intended to be included therein, or in connection with any substitution; or

(v) to obligate the District to pay additional amounts of rental hereunder for the use and occupancy of the Site and Facilities, provided that:

(A) such additional amounts of rental do not cause the total rental payments made by the District hereunder to exceed the fair rental value of the Site and Facilities, as set forth in a certificate of a District Representative filed with the Trustee and the Corporation,

(B) the District obtains and files with the Trustee and the Corporation a certificate of a District Representative which states that the estimated fair market value of the Site and Facilities is not less than the aggregate unpaid principal components of the Lease Payments and the aggregate principal components of such additional amounts of rental, and

(C) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the construction or acquisition of land, facilities or other improvements which the District is authorized to construct or acquire.

Events of Default

Any one or more of the following events shall constitute an Event of Default under the Lease:

(a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder or under the Trust Agreement, at the time specified herein.

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clause (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Trustee; *provided, however*, that if the failure stated in the notice can be corrected, but not within such 30 day period, the Corporation and the Trustee shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

Remedies on Default

Upon the occurrence and continuance of any Event of Default, the Corporation has the right to terminate the Lease Agreement or, with or without such termination, re-enter, take possession of and re-let the Site and Facilities. When the Corporation does not elect to terminate the Lease Agreement, the District remains liable to pay all Lease Payments as they come due and liable for damages resulting from such Event of Default. Any amounts collected by the Corporation from the re-letting of the Site and Facilities will be credited towards the unpaid Lease Payments. Any net proceeds of re-leasing or other disposition of the Site and Facilities are required to be applied as set forth in the Trust Agreement. Under the Assignment Agreement, the Corporation assigns all of its rights with respect to remedies in an Event of Default to the Trustee, so that all such remedies will be exercised by the Trustee and the Certificate Owner as provided in the Trust Agreement.

The Trustee has no right to accelerate Lease Payments and, due to the governmental nature of the Site and Facilities, it is uncertain whether a court would permit the exercise of the remedies of re-entry, repossession or re-letting.

TRUST AGREEMENT

The Trustee

The Trustee accepts the trusts imposed upon it by the Trust Agreement, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement. In case an Event of Default has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Trust Agreement, and shall use the same degree of care and skill in their exercise, as a reasonable man would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provision in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(c) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through affiliates, attorneys, agents, or receivers and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney, agent or receiver appointed with due care. The Trustee shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder and shall be protected in any action taken or suffered by it hereunder in reliance on such advice.

(d) The Trustee shall not be responsible for any recital herein, or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Corporation or the District under the Lease. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Trust Agreement.

(e) The Trustee shall not be accountable for the use of any Certificates delivered hereunder. The Trustee may become the Owner of Certificates secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners,

whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Certificates then Outstanding.

(f) In the absence of negligence or willful misconduct on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates executed and delivered in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee.

(g) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by a Corporation Representative or a District Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, as provided in the Trust Agreement, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of a Corporation Representative or a District Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation or the District, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

(h) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or intentional misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(i) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the District to make any of the Lease Payments to the Trustee required to be made by the District pursuant to the Lease or failure by the Corporation or the District to file with the Trustee any document required by this Trust Agreement or the Lease to be so filed subsequent to the delivery of the Certificates, unless a Responsible Officer of the Trustee shall have actual knowledge thereof, or shall be specifically notified in writing of such default by the Corporation, the District or the Owners of at least 25% in aggregate principal amount of Certificates then Outstanding. All notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right (but not any duty) fully to inspect the Site and Facilities, including all books, papers and records of the Corporation or the District pertaining to the Site and Facilities and the Certificates, and to take such memoranda from and with regard thereto as may be desired.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything elsewhere in this Trust Agreement with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Trust Agreement, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, which may be deemed desirable by the Trustee for the purpose of establishing the right of the Corporation or the District to the execution of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action referred to above, at the direction of the Owners of the Certificates, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners of the Outstanding Certificates, or any of them, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(n) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon, other than interest derived from investments made or required to be made pursuant to the Trust Agreement.

(o) The Trustee shall not be responsible for the sufficiency of the Lease, its right to receive moneys pursuant to the Lease, or the value of or title to the Site and Facilities.

(p) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

(q) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the

performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Site and Facilities, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(r) The Trustee agrees to accept and act upon facsimile or electronic transmission of written instructions and/or directions pursuant to this Trust Agreement provided, however, that: (a) such executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (b) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

(s) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the execution and delivery of the Certificates.

Investment of Funds; Determination of Value of Investments

All moneys in any of the funds or accounts held by the Trustee under the Trust Agreement will be invested by the Trustee solely in Permitted Investments. In the absence of any such directions, the Trustee shall hold such funds uninvested. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account.

Amendment of Trust Agreement

The Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified, has been filed with the Trustee. No such modification or amendment may:

(a) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate represented thereby or extending the time of payment of interest, or reducing the amount of principal represented thereby or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or

(b) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification hereof, or

(c) modify any of the rights or obligations of the Trustee without its written assent thereto.

Any such supplemental agreement shall become effective as provided therein.

This Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Corporation or the District, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, (c) in regard to questions arising hereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of Special Counsel, materially adversely affect the interests of the Owners of the Certificates, (d) for the purpose of conforming to or accommodating any amendment to the Lease which is made in accordance herewith, (e) to facilitate any amendment to the Lease which is permitted to be made thereto pursuant thereto, or (f) if and to the extent permitted in the opinion of Special Counsel filed with the Trustee, the District and the Corporation, to delete or modify any of the provisions hereof or thereof relating to the exclusion from gross income of interest represented by the Certificates for federal income tax purposes. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto. Copies of any modification or amendment to the Trust Agreement, the Lease, the Site Lease or the Assignment Agreement shall be sent to any rating agency then rating the Certificates at least 10 days prior to the effective date thereof.

Events of Default

Pursuant to the Assignment Agreement the Corporation has transferred, assigned and set over to the Trustee certain of the Corporation's rights and duties in and to the Lease, including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation pursuant to the Lease as may be necessary or convenient (a) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (b) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Owners in an Event of Default.

If an Event of Default occurs, then and in each and every such case during the continuance of such Event of Default, the Trustee may, with the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding upon being indemnified to its satisfaction shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease; *provided, however*, that notwithstanding anything herein or in the Lease to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Discharge of Trust Agreement

If and when the obligations represented by any or all Outstanding Certificates are paid and discharged in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) represented by such Certificates Outstanding selected for prepayment as and when the same become due and payable; or

(b) by depositing with the Trustee or escrow agent, under an escrow agreement, security for the payment of Lease Payments relating to such Certificates selected for prepayment as more particularly described in the Lease, said security to be held by the Trustee or escrow agent on behalf of the District to be applied by the Trustee or to pay or prepay such Lease Payments as the same become due, pursuant to the Lease -

and if such Certificates selected for prepayment are to be prepaid prior to the maturity thereof notice of such prepayment has been mailed or provision satisfactory to the Trustee has been made for the mailing of such notice, then, notwithstanding that such Certificates may not have been surrendered for payment, all rights hereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the District with respect to such Certificates shall cease and terminate, except only the obligations of the Trustee, and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the District from funds deposited pursuant to paragraph (b), to the Owners of such Certificates not so surrendered and paid all sums represented thereby when due and in the event of deposits pursuant to paragraph (b), such Certificates shall continue to represent direct, undivided fractional interests of the Owners thereof in the Lease Payments.

Any funds held by the Trustee, at the time of discharge of the obligations represented by all Outstanding Certificates as a result of one of the events described in paragraphs (a) or (b), which are not required for the payment to be made to Owners, shall, upon payment in full of all fees and expenses of the Trustee (including attorneys' fees) then due, be paid over to the District.

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APPENDIX D

BOOK-ENTRY SYSTEM

The information in this Appendix D concerning DTC and its book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

General

The Depository Trust Company (“DTC”) will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P Global Ratings rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.org. The information on such website is not incorporated by reference herein.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in

Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Prepayment notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

APPENDIX E
FORM OF SPECIAL COUNSEL OPINION

[Closing Date]

Board of Directors
Cosumnes Community Services District
8820 Elk Grove Boulevard
Elk Grove, California 95624

OPINION: \$ _____ Cosumnes Community Services District 2021 Lease
Revenue Certificates of Participation

Members of the Board of Directors:

We have acted as special counsel to the Cosumnes Community Services District (the "District"), in connection with the delivery by the District of a Lease Agreement, dated as of October 1, 2021 (the "Lease Agreement") between the Public Property Financing Corporation of California (the "Corporation"), as lessor, and the District, as lessee. Under the Trust Agreement dated as of October 1, 2021 (the "Trust Agreement") among the District, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), the Trustee has executed and delivered the above-captioned certificates of participation on the date hereof (the "Certificates"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Certificates evidence the direct, undivided fractional interests of the owners thereof in Lease Payments to be made by the District under the Lease Agreement (the "Lease Payments"), which have been assigned by the Corporation to the Trustee. The District authorized execution and delivery of the Lease Agreement, the Trust Agreement and the Certificates pursuant to a resolution of the Board of Directors of the District, adopted on September 15, 2021 (the "Resolution").

Regarding questions of fact material to our opinion, we have relied on representations of the District contained in the Lease Agreement and the Trust Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The District is a duly created and validly existing community services district organized and existing under the law of the State of California, with the power to adopt the Resolution, enter into the Lease Agreement and the Trust Agreement, and perform the agreements on its part contained therein.

2. The Lease Agreement and the Trust Agreement have been duly authorized, executed and delivered by the District, and constitute the valid and binding obligations of the District, enforceable against the District.

3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made by the Corporation, the owners of the Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of delivery of the Lease Agreement.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Lease Agreement or the Certificates.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement and the Trust Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
Cosumnes Community Services District
2021 Lease Revenue Certificates of Participation

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Cosumnes Community Services District (the “District”) in connection with the execution and delivery of the above-referenced certificates of participation (the “Certificates”) under the Trust Agreement dated as of October 1, 2021 (the “Trust Agreement”) among the District, the Public Property Financing Corporation of California, and U.S. Bank National Association, as trustee (the “Trustee”).

The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Dissemination Agent” means Urban Futures, Inc., or any successor dissemination agent designated by the District.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the District.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board.

“Official Statement” means the Official Statement relating to the Certificates.

“Participating Underwriter” means the original purchaser(s) of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than each March 31 after the end of each Fiscal Year (presently such Fiscal Year ends June 30) or the next succeeding business day if that day is not business day, commencing with the report for the fiscal year ending June 30, 2021, which shall be due March 31, 2022, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send, in a timely manner, a notice to the MSRB in the form prescribed by the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the:

(a) *Financial Statements.* The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited financial statements of the District, the Annual Report shall also include financial and operating data with respect to the District for the preceding fiscal year, as follows:

- Table 4 – GENERAL FUND REVENUES BY SOURCE

- Table 5 – ASSESSED VALUE OF TAXABLE PROPERTY
- Table 6 – TOP TEN LOCAL SECURED TAXPAYERS

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) *Reportable Events.* The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to the rights of Certificateholders, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the District;
- (13) Consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) *Time to Disclose.* If a Listed Event occurs, the District shall provide, in a timely manner and in no event in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event with the MSRB.

(c) *Bankruptcy Events.* For purposes of this Disclosure Certificate, the Listed Event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior optional prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a different Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Certificates or the Participating Underwriter shall be an action to compel

performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement. No Certificateholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, suit, claim, cost, damages, judgment, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. The Dissemination Agent shall be afforded the same rights, protections and immunities hereunder afforded to it as Trustee under the Trust Agreement.

It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Certificate, and has no liability to any person, including any holder of Certificates, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the District.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule taking into account any subsequent change in or official interpretation of the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the same manner as for a Listed Event under Section 5(b). The District shall obtain the consent of the Dissemination Agent for any amendment of the Disclosure Certificate that affects the duties, rights, protections or obligations of the Dissemination Agent.

SECTION 12. Transmission of Notices, Documents and Information.

(a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial

Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. The provisions of this Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of California.

Dated: _____, 2021

COSUMNES COMMUNITY SERVICES
DISTRICT

By _____
Authorized Officer

ACKNOWLEDGED:

URBAN FUTURES, INC., as Dissemination
Agent

By _____
Authorized Officer

