

JAMES MARTA & COMPANY LLP

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

[WWW.JPMCPA.COM](http://WWW.JPMCPA.COM)

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**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**DECEMBER 31, 2019**

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**EXECUTIVE COMMITTEE**

**Joel Bauer**  
President

**Greg Orsini**  
Past President

**Jeff Hodge**  
Vice President

**Ryan Clausnitzer**  
Treasurer

**Elaine Magner**  
Secretary

\* \* \* \*

**Neil McCormick**  
Chief Executive Officer

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**DECEMBER 31, 2019**

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**James Marta & Company LLP**  
**Certified Public Accountants**

*Accounting, Auditing, Consulting, and Tax*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
California Special Districts Association  
Sacramento, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the California Special Districts Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

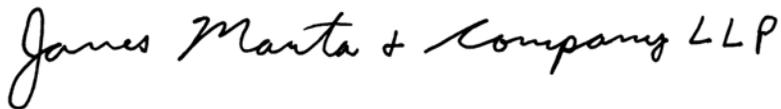
## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Special Districts Association as of December 31, 2019 and 2018, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Funding Progress is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Financial Accounting Standards Board. The Graphical Presentation of Revenues and the Graphical Presentation of Expenses are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
March 27, 2020

## **BASIC FINANCIAL STATEMENTS**

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**STATEMENTS OF FINANCIAL POSITION**

**AS OF DECEMBER 31, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 6,865,119	\$ 6,180,979
Accounts receivable, net	96,385	89,008
Prepaid expenses	60,494	41,574
Total Current Assets	<u>7,021,998</u>	<u>6,311,561</u>
Noncurrent Assets		
Deposits	1,516	1,043
Capital assets, net of accumulated depreciation (Note 5)	104,252	76,806
Total Noncurrent Assets	<u>105,768</u>	<u>77,849</u>
Total Assets	<u>\$ 7,127,766</u>	<u>\$ 6,389,410</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and other liabilities	\$ 141,776	\$ 56,862
Accrued expenses	156,533	150,512
Unearned revenue	3,373,460	3,223,805
Cash held for others	850	-
Total Current Liabilities	<u>3,672,619</u>	<u>3,431,179</u>
Noncurrent Liabilities		
Pension liability (Note 8)	127,861	-
Total Noncurrent Liabilities	<u>127,861</u>	<u>-</u>
Total Liabilities	<u>3,800,480</u>	<u>3,431,179</u>
Net Assets		
Without restrictions (Note 7)	<u>3,327,286</u>	<u>2,958,231</u>
Total Liabilities and Net Assets	<u>\$ 7,127,766</u>	<u>\$ 6,389,410</u>

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Membership dues	\$ 3,628,051	\$ 3,328,635
Nonprofit administration	133,426	175,986
Publications	45,406	34,281
Educational seminars	183,851	154,853
Special Districts Legislative Days	49,010	46,520
Special District Leadership Academy	124,296	124,650
Board Secretary / Clerk Conference	198,825	187,692
General Manager Leadership Summit	148,313	163,117
Annual Conference	455,265	449,975
Magazine advertising	54,250	78,107
Alliance contribution	50,716	50,640
Sponsored programs	209,166	212,314
Interest	159,047	81,035
	<u>5,439,622</u>	<u>5,087,805</u>
<b>EXPENSES</b>		
Salaries and benefits	3,010,887	3,088,755
Change in pension liability	127,861	(266,898)
Professional fees (Note 9)	36,171	55,894
Legislative advocacy	79,196	61,755
Educational seminars	26,220	23,150
Special Districts Legislative Days	36,779	37,813
Special District Leadership Academy	97,009	79,705
Board Secretary / Clerk Conference	102,366	97,653
General Manager Leadership Summit	116,510	103,360
Annual Conference	358,950	335,836
Publications for resale	16,296	19,103
Alliance branding	34,362	35,475
Marketing and recruitment	146,320	160,474
Administration	638,032	555,819
Interest	1,768	1,431
Organization and governance	208,424	146,669
Depreciation	33,416	25,682
	<u>5,070,567</u>	<u>4,561,676</u>
<b>Change in Net Assets</b>	369,055	526,129
Net Assets, Beginning of Year	<u>2,958,231</u>	<u>2,432,102</u>
Net Assets, End of Year	<u>\$ 3,327,286</u>	<u>\$ 2,958,231</u>

The accompanying notes are an integral part of this financial statement

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from members	\$ 5,238,238	\$ 5,801,079
Cash received from administrative services	184,142	226,626
Cash received from other sources	850	0
Cash paid for goods and services	(1,858,036)	(1,643,826)
Cash paid for salaries and benefits	(2,977,471)	(3,063,073)
Interest income received	159,047	81,035
Interest paid	(1,768)	(1,431)
Net Cash Flows Provided (Used) by Operating Activities	<u>745,002</u>	<u>1,400,410</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of capital assets	(60,862)	(11,605)
Net Cash Flows Provided (Used) by Investing Activities	<u>(60,862)</u>	<u>(11,605)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	684,140	1,388,805
Beginning Cash and Cash Equivalents	<u>6,180,979</u>	<u>4,792,174</u>
Ending Cash and Cash Equivalents	<u>\$ 6,865,119</u>	<u>\$ 6,180,979</u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities</b>		
Change in Net Assets	\$ 369,055	\$ 526,129
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	33,416	25,682
(Increase) Decrease in:		
Accounts receivable	(7,377)	(8,329)
Prepaid expenses	(18,920)	52,869
Deposits	(473)	-
Increase (Decrease) in:		
Accounts payable and other liabilities	84,914	11,361
Accrued expenses	6,021	30,332
Cash held for others	850	-
Deferred revenue	149,655	1,029,264
Pension liability	127,861	(266,898)
Net Cash Provided (Used) by Operating Activities	<u>\$ 745,002</u>	<u>\$ 1,400,410</u>

# CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. ORGANIZATION

California Special Districts Association (CSDA) is a statewide nonprofit organization whose purpose is to initiate, sponsor, promote and carry out plans, policies, and activities in furtherance of subjects relating to special districts in California. CSDA's membership consisted of approximately 1,230 and 1,202 special districts and professional members throughout California as of December 31, 2019 and 2018, respectively. CSDA provides legislative advocacy regarding matters concerning member interests. CSDA also provides conferences, seminars, workshops, and a forum for an interchange of ideas concerning matters relating to districts.

##### B. BASIS OF ACCOUNTING

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and the related liabilities are recognized when the obligation is incurred.

##### C. INCOME TAXES

CSDA is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and section 23701(e) of the California Revenue and Taxation Code. Accordingly, the accompanying financial statements include no provision for income taxes.

##### D. CASH AND CASH EQUIVALENTS

CSDA considers all highly liquid temporary investments with maturities of three months or less, investment in the Local Agency Investment Fund and investment in CalTRUST to be cash equivalents for the purpose of the statements of financial position and cash flows.

##### E. ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of amounts due from the related affiliates. CSDA considers the remaining accounts receivable balance to be fully collectible.

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**F. CAPITAL ASSETS**

CSDA's capital assets are recorded at acquisition cost. Depreciation on CSDA's capital assets is computed using the straight-line method with lives ranging from 3-7 years. Maintenance and repair costs are expensed as incurred and expenditures for additions and improvements over \$500 are capitalized. Upon retirement or other disposition of capital assets, any gain or loss is included in earnings. Impairment tests on long-lived assets are made when conditions indicate a possible loss. Such impairment tests are based on a comparison of undiscounted cash flows to the recorded value of the asset. If an impairment is indicated, the asset value is written down to its fair market value.

**G. DEFERRED REVENUES**

Deferred revenues consist of membership dues and seminar registration fees received during the year for the subsequent year. The dues and fees will be used to support the general activities of CSDA.

**H. REVENUES**

Revenues are principally from membership dues, administrative fees, and program activities, which consist of conferences, seminars and workshop fees. Dues are based on each member's operating budget and are assessed to agency members for the unrestricted general activities of CSDA. Fees for attendance at conferences, seminars, and workshops produced by CSDA are reported at the gross amount received.

**I. ADMINISTRATIVE FEES**

CSDA provides administrative services for various affiliated parties. The administrative fees are based on pre-set annual amounts and on a pro rata share of administrative overhead expenses, as well as a percentage of personnel costs and premiums paid by its members.

**J. 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 amount of assets, liabilities, revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

# CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

#### 2. AFFILIATED PARTIES

CSDA provides administrative and marketing services for California Special Districts Association Finance Corporation (CSDAFC) and Special District Leadership Foundation (SDLF). CSDAFC made payments of \$0 to CSDA in 2019. CSDAFC made payments of \$49,427 to CSDA in 2018. SDLF paid \$10,000 to CSDA in 2019 and 2018.

CSDA provides marketing products, services and sponsorships to the Special District Risk Management Authority (SDRMA). SDRMA paid \$137,000 to CSDA in 2019 and 2018, of which \$50,000 went to SDLF each year.

CSDA is a co-sponsor of Institute for Local Government (ILG) and receives workshop tools, articles, and training to CSDA. CSDA paid \$80,000 to ILG in 2019 and 2018.

#### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2019 and 2018 consisted of the following:

<u>Account</u>	<u>2019</u>	<u>2018</u>
Petty Cash	\$ 300	\$ 300
Wells Fargo Bank	1,045,360	861,751
Local Agency Investment Fund	260,877	254,490
CSDA Advocacy Fund	313,368	303,433
CaTRUST	5,245,214	4,761,005
Total	<u>\$ 6,865,119</u>	<u>\$ 6,180,979</u>

##### Cash in Bank

Cash balances held in banks were insured up to \$250,000 during 2019 and 2018 by the Federal Depository Insurance Corporation (FDIC). As of December 31, 2019 and 2018, CSDA's bank balances were \$684,793 and \$862,079, respectively. Of these balances, \$250,000 in each year were insured and the remaining \$434,793 and \$612,079 were uninsured, respectively.

##### Local Agency Investment Fund

The CSDA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Foundation's investment pool is reported in the accompanying financial statements at amounts based upon the Foundation's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. At December 31, 2019 and 2018, the interest rate for the LAIF account was 2.29% and 2.4%, respectively, and there was no significant difference between the fair market value and the carrying amount.

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**3. CASH AND CASH EQUIVALENTS - CONTINUED**

CalTRUST

CalTRUST is a Joint Powers Authority created by public agencies to provide a convenient method for agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. Following the investment policy direction established by the Board of Trustees, the primary objective of the investment manager is to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the participants and the final objective shall be to maximize the yield in a manner consistent with the first two objectives. The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that participants are willing to assume in obtaining such return. CSDA invests in the CalTRUST Medium and Short Term Funds. The average annual interest yield for the Medium Term Fund was approximately 2.24% and 2.03% and the weighted average maturity was 1.99 years and 1.75 years at December 31, 2019 and 2018, respectively. The average annual interest yield for the Short Term Fund was approximately 2.45% and 1.71% and the weighted average maturity was 0.82 years at December 31, 2019 and 2018.

**4. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following represents CSDA's financial assets at December 31, 2019:

Cash and cash equivalents	\$ 6,865,119
Accounts receivable	<u>96,385</u>
Total financial assets	<u>6,961,504</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 6,961,504</u>

CSDA's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1.27M). As part of this liquidity plan, excess cash is sometimes invested in short-term and medium-term investments.

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

**5. CAPITAL ASSETS**

Capital assets as of December 31, 2019 and 2018 consisted of the following:

	<u>Equipment</u>	<u>Leasehold Improvements</u>	<u>Total Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Balance</u>
Balance - December 31, 2017	\$ 373,100	\$ 158,252	\$ 531,352	\$ (440,469)	\$ 90,883
Additions	11,605	-	11,605	(25,682)	(14,078)
Deletions	-	-	-	-	-
Balance - December 31, 2018	<u>\$ 384,705</u>	<u>\$ 158,252</u>	<u>\$ 542,957</u>	<u>\$ (466,151)</u>	<u>\$ 76,806</u>
Additions	36,960	23,902	60,862	(33,416)	27,446
Deletions	(3,849)	-	(3,849)	3,849	-
Balance - December 31, 2019	<u><u>\$ 417,816</u></u>	<u><u>\$ 182,154</u></u>	<u><u>\$ 599,970</u></u>	<u><u>\$ (495,718)</u></u>	<u><u>\$ 104,252</u></u>

**6. OPERATING LEASE**

CSDA leases office space under a non-cancelable operating lease which was originally set to expire in February 2019. In August 2011, due to market conditions, CSDA renegotiated their lease. The renegotiated lease expires in 2021. On November 27, 2013 CSDA added addendum #1 to the lease. The addendum adds suite 250 (across the hall from CSDA's current office space) for a period of five years beginning April 1, 2014 through March 31, 2019. On March 22, 2017, CSDA added amendment #1 to the lease, extending the lease period for suite 250 until December 31, 2021.

The annual lease payments related to the office space were \$185,604 and \$179,755 for the years ended December 31, 2019 and 2018, respectively.

The future minimum lease payments are as follows:

<u>Year</u>	<u>Payments</u>
2020	\$ 189,991
2021	192,430
Total	<u><u>\$ 747,780</u></u>

CSDA leases 10 parking spaces from Special Districts Risk Management Authority (SDRMA). The lease is a month to month agreement. The payments for parking spaces were \$14,640 in 2019 and 2018.

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**7. NET ASSETS WITHOUT RESTRICTIONS**

The Board has designated amounts of net assets without restrictions to provide for the future needs of CSDA. The following designations have been identified:

<b>Designated for:</b>	<b>Minimum Target Balance</b>	<b>Balance December 31, 2019</b>	<b>Balance December 31, 2018</b>
Operating Reserves Fund	\$ 2,469,209	\$ 1,420,855	\$ 1,395,855
Capital Replacement Fund	50,000	53,897	53,897
Capital Technology Fund	50,000	54,369	54,369
Special Projects Fund	200,000	309,377	309,377
Building Fund	200,000	91,196	86,196
CSDA Advocacy Fund	1,000,000	267,352	267,352
Retiree Health Reimbursement Fund	500,000	495,358	-
Dues Stabilization Fund	352,400	265,829	255,829
<b>Total</b>	<b>\$ 4,821,609</b>	<b>\$ 2,958,233</b>	<b>\$ 2,422,875</b>

The Board designated balances above for 2019 do not include \$369,055 of net assets without restrictions that will be subject to allocation by the Board at a future meeting.

*Advocacy Fund*

Per Policy 5.15, CSDA is required to maintain an Advocacy Fund. No revenue that is considered public funds shall be deposited into or be a part of this fund. The sole source of the Advocacy Fund shall be from private income received from all revenues considered to be private such as those received for administrative services, advertising, sponsorships and dues from business affiliates.

**8. EMPLOYEE RETIREMENT PLAN**

**A. PLAN DESCRIPTION**

CSDA's defined benefit pension plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. CSDA's retirement plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating agencies within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. CSDA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. All regular full-time employees are eligible to participate upon their hire date. Part-time employees are eligible once they have worked a minimum of 1,000 hours. Employees vest after five years in the plan and there is no partial vesting. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**B. FUNDING POLICY**

CSDA is required to contribute the actuarially determined amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions used are those by the CalPERS Board of Administration. The required employer contribution rate for January 2019 through June 2019 was 7.6%, and for July 2019 through December 2019 was 8.081% for most employees. CSDA also contributes the employee's share which was 7% for both 2019 and 2018. However, 13 employees participate in the Public Employees' Pension Reform Act (PEPRA) and the employees are required to contribute 6.75%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**C. ANNUAL PENSION COST**

For 2019, CSDA's annual required contribution was \$168,380 and they also paid the employees share of \$89,518 for a total pension expense of \$257,898. For 2018, CSDA's annual required contribution was \$151,129 and they also paid the employees share of \$87,007 for a total pension expense of \$238,136. The required contribution for 2019 was determined as part of the June 30, 2018 actuarial valuation. A summary of principle assumptions and methods used to determine the annual required contribution is shown on the following page.

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**8. EMPLOYEE RETIREMENT PLAN - CONTINUED**

**Annual Required Contribution**

For Classic and PEPRA \*

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Level Percent of Payroll
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Inflation Rate:	2.5%
Discount Rate:	7.0%
Projected Salary Increases:	Varies by Entry Age and Service
Investment Rate of Return**:	7.0%
Mortality:	Derived using CalPERS' Membership Data for all Funds

\* both Classic and PEPRA use the same actuarial assumptions

\*\* Net of pension plan investment expenses, including inflation

**Three Year Trend Information - CSDA Retirement Plan**

Year Ended	Annual Pension		Net Pension
	Cost (APC)	% of APC Contributed	Obligation
12/31/2017	\$ 132,241	100%	\$ 266,898
12/31/2018	\$ 151,129	100%	\$ -
12/31/2019	\$ 168,380	100%	\$ 127,861

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**9. PROFESSIONAL FEES**

Professional fees for the year ended December 31 consisted of the following:

	<u>2019</u>	<u>2018</u>
Audit fees	\$ 14,900	\$ 13,200
Legal fees	<u>21,271</u>	<u>42,694</u>
Total	<u>\$ 36,171</u>	<u>\$ 55,894</u>

**10. RETIREE HEALTH REIMBURSEMENT FUND**

CSDA established a new Retiree Health Reimbursement Arrangement in the current year. This is a defined contribution plan that would provide the retiree with \$250/month retroactive to their first month of employment to use towards qualified health expenses. The Board of Directors approved Personnel Policy 5.03 – Retiree Health Reimbursement Arrangement, and a prefunding target of \$500,000 in April 2019, which would be held in an interest-bearing account to support additional retirees. This benefit is provided only after employees meet the eligibility requirements outlined in Policy 5.03. A separate fund is created for this purpose in order to prevent comingling of funds. At December 31, 2019, the fund had a designated balance of \$495,358.

**11. SUBSEQUENT EVENTS**

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended December 31, 2019 through March 27, 2020, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements other than what is disclosed.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**SCHEDULE OF FUNDING PROGRESS**

**DECEMBER 31, 2019**

The schedule below is funding progress for CalPERS in conjunction with footnote 7.

**Classic**

Valuation Date	Accrued Liability	Actuarial Asset Value	Under/(Over) Funded Liability	Funded Ratio	Covered Payroll	Under(Over) Funded Liability as % of payroll
6/30/2016	\$ 2,443,241	\$ 2,110,260	\$ 332,981	86.4%	\$ 1,181,134	28.2%
6/30/2017	\$ 2,936,123	\$ 2,729,684	\$ 206,439	93.0%	\$ 1,252,424	16.5%
6/30/2018	\$ 3,421,464	\$ 3,097,680	\$ 323,784	90.5%	\$ 1,207,862	26.8%

**PEPRA**

Valuation Date	Accrued Liability	Actuarial Asset Value	Under/(Over) Funded Liability	Funded Ratio	Covered Payroll	Under(Over) Funded Liability as % of payroll
6/30/2016	\$ 77,580	\$ 69,036	\$ 8,544	89.0%	\$ 417,099	2.0%
6/30/2017	\$ 138,953	\$ 130,249	\$ 8,704	93.7%	\$ 592,143	1.5%
6/30/2018	\$ 262,772	\$ 239,620	\$ 23,152	91.2%	\$ 848,857	2.7%

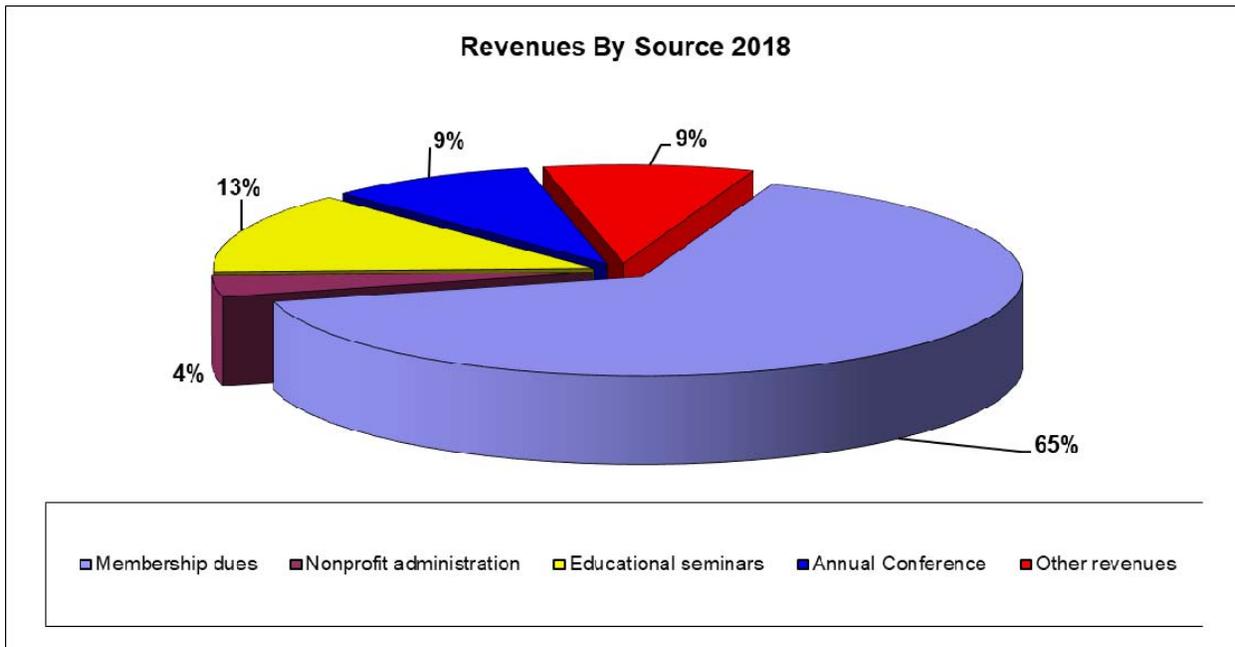
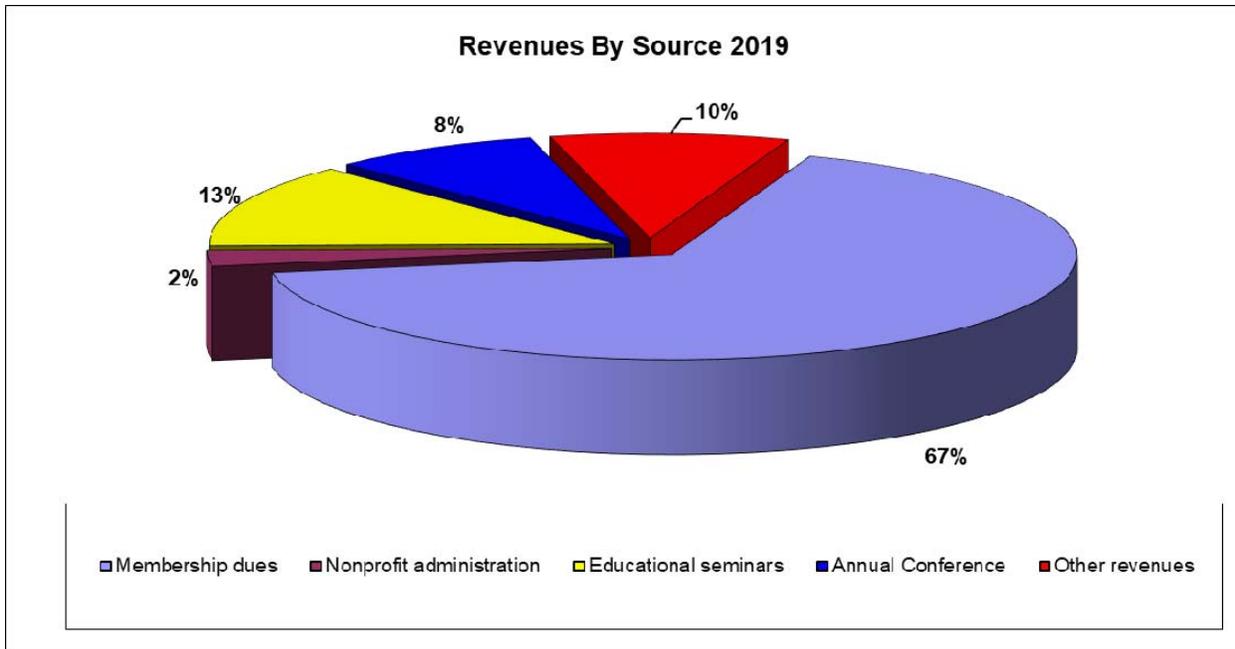
\* Note: The Under/(Over) Funded Liability does match the net pension obligation amount for 12/31/19, due to a \$250,000 payment to CalPERS on June 14, 2018.

## **SUPPLEMENTARY INFORMATION**

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**GRAPHICAL PRESENTATION OF REVENUES**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**



**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**GRAPHICAL PRESENTATION OF EXPENSES**

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

