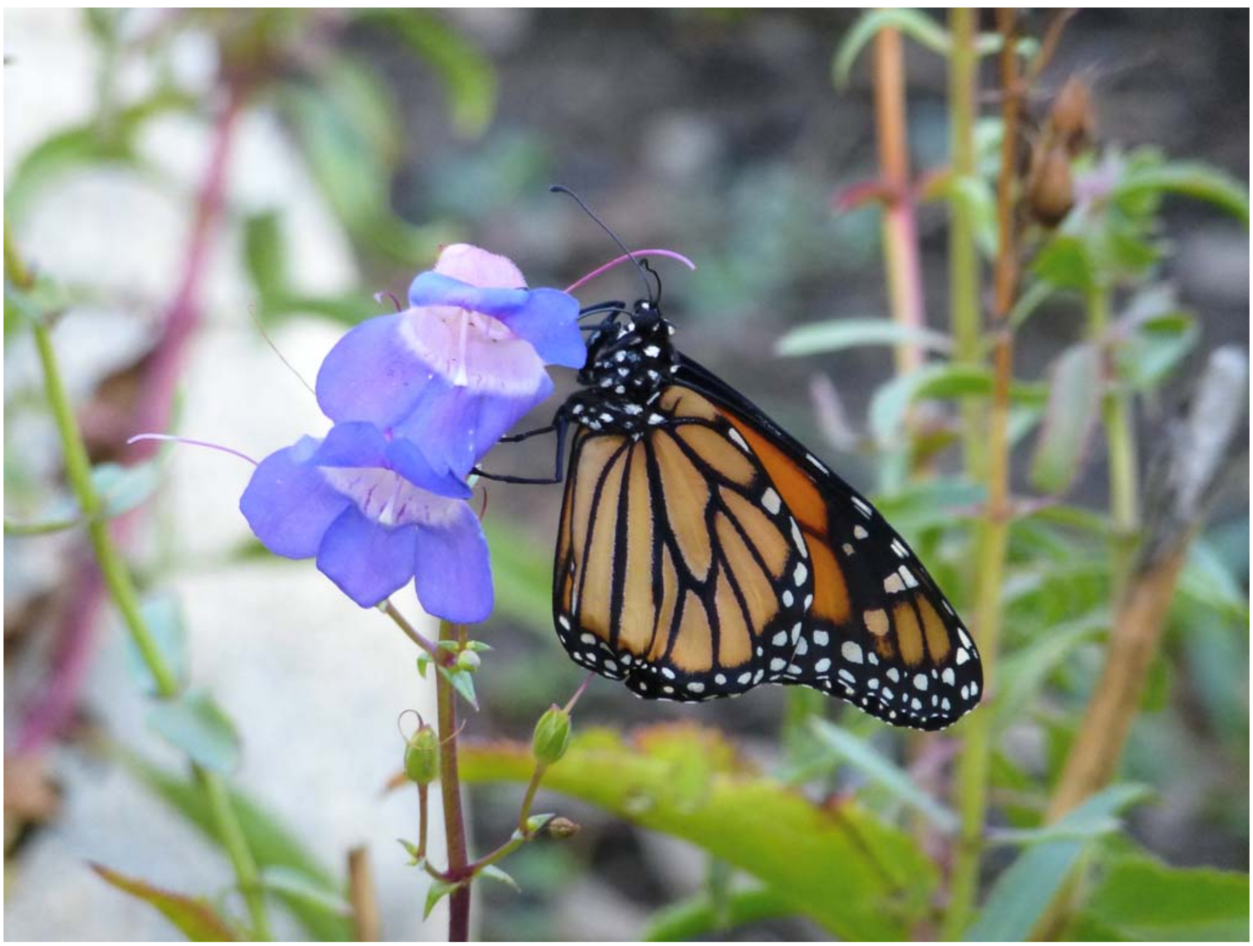
CHINO BASIN
Water Conservation District

Financial Statements

For the Fiscal Year Ended

June 30, 2021



Our Mission Statement

The Chino Basin Water Conservation District is a public agency whose goal is the protection of the Chino Groundwater Basin in order to guarantee that current and future water needs will be met. The Basin is protected by the capture and percolation of water through the District's network of channels, basins and spreading grounds. Water conservation education is provided to the individuals and organizations within the District's service area to further promote the efficient use of our water resources.

Board of Directors as of June 30, 2021

Name	Division	Title	Elected/ Appointed	Term
Terence M. King	Division 1	President	Appointed In-Lieu	12/2018 - 12/2022
Margaret Hamilton	Division 3	Vice-President	Elected	12/2018 - 12/2022
Marc Grupposo	Division 2	Treasurer	Elected	12/2020 - 12/2024
Mark Lightenberg	Division 4	Director	Appointed In-Lieu	12/2020 - 12/2024
Gil Aldaco	Division 5	Director	Appointed In-Lieu	12/2020 - 12/2024
Dr. Hanif Gulmahamad	Division 6	Director	Appointed In-Lieu	12/2020 - 12/2024
Ryan Sonnenberg	Division 7	Director	Appointed In-Lieu	12/2018 - 12/2022

Chino Basin Water Conservation District
Elizabeth Skrzat, General Manager
4594 San Bernardino Street
Montclair, California 91763-0900
(909) 626-2711

Chino Basin Water Conservation District

Financial Statements

For the Fiscal Year Ended June 30, 2021

Chino Basin Water Conservation District
Financial Statements
For the Fiscal Year Ended June 30, 2021

Table of Contents

Introductory Section

CHINO BASIN
Water
Conservation
District

December 13, 2021

The Honorable Board of Directors of the
Chino Basin Water Conservation District

It is our pleasure to submit the Annual Financial Report for the Chino Basin Water Conservation District (District) for fiscal year ending June 30, 2021. District staff prepared this financial report following guidelines set forth by the Governmental Accounting Standards Board (GASB). The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe is necessary to enhance your understanding of the District's financial position and activities.

This report is organized into three sections: (1) Introductory, (2) Financial, and (3) Required Supplementary Information. The Financial section includes the Independent Auditors' Report, Management's Discussion and Analysis of the District's financial statements, the District's audited financial statements with accompanying notes, as well as the Independent Auditor's Report on Internal Control over Financial Reporting. The Required Supplementary Information section includes selected financial information generally presented in greater detail than presented in the District's financial statements.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A is located immediately following the Independent Auditors' Report.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Chino Basin Water Conservation District's fiscal policies.

Respectfully submitted,

Elizabeth Skrzat

Elizabeth Skrzat
General Manager

4594 San Bernardino Street
Montclair, CA 91763-2228
(909) 626-2711
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Financial Section

Fedak & Brown LLP
Certified Public Accountants

Charles Z. Fedak, CPA, MBA
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Independent Auditor's Report

Board of Directors
Chino Basin Water Conservation District
Montclair, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Chino Basin Water Conservation District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. 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 District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the required supplementary information on pages 36 through 39 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.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 40 and 41.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
December 13, 2021

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Chino Basin Water Conservation District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2021 (with comparative information for fiscal year ended June 30, 2020). We encourage readers to consider the information presented here in conjunction with the letter of transmittal in the Introductory Section that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- The District's net position increased 2.2% or $539,138 to $25,068,630 as a result of ongoing operations.
- The District's program revenues decreased 81.1% or $18,510 to $4,313.
- The District's general revenues decreased 1.8% or $66,290 to $3,583,159.
- The District's expenses increased 5.3% or $152,578 to $3,048,334.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position – the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

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 governmental funds 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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 35.

Government-wide Financial Analysis

Statement of Net Position

Below is a summary of the statements of net position.

Condensed Statements of Net Position

	2021	2020	Change
Assets:			
Current assets	$ 12,298,085	11,233,563	1,064,522
Non-current assets	13,528,834	13,783,308	(254,474)
Total assets	25,826,919	25,016,871	810,048
Deferred outflows of resources	878,792	224,647	654,145
Liabilities:			
Current liabilities	154,526	195,900	(41,374)
Non-current liability	1,472,056	507,258	964,798
Total liabilities	1,626,582	703,158	923,424
Deferred inflows of resources	10,499	8,868	1,631
Net position:			
Net investment in capital assets	13,528,834	13,783,308	(254,474)
Unrestricted	11,539,796	10,746,184	793,612
Total net position	$ 25,068,630	24,529,492	539,138

Government-wide Financial Analysis, continued

Statement of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $25,068,630 as of June 30, 2021.

A major portion of the District's net position reflects its investment in capital assets (net of accumulated depreciation); less any related debt (if applicable) used to acquire those assets that are still outstanding. The District uses these capital assets to apply and promote water conservation techniques within its service area; consequently, these assets are *not* available for future spending. At the end of fiscal year 2021, the District shows a positive balance in its unrestricted net position of $11,539,796. See Note 7 for the amount of spendable net position that may be utilized in future years.

Statement of Activities

Below is a summary of the statements of activities.

Condensed Statements of Activities

	2021	2020	Change
Expenses:			
Water conservation:			
Salaries and benefits	$ 1,923,842	1,650,752	273,090
Basin and garden maintenance	227,796	284,560	(56,764)
Public education	37,681	95,953	(58,272)
Materials and services	470,399	498,729	(28,330)
Depreciation	388,616	365,762	22,854
Total expenses	3,048,334	2,895,756	152,578
Program revenues:			
Charges for services:			
Landscape evaluation audits	4,313	22,407	(18,094)
Operating grants and contributions	-	416	(416)
Total program revenues	4,313	22,823	(18,510)
Net program expenses	3,044,021	2,872,933	171,088
General revenues:			
Property taxes	3,532,401	3,364,385	168,016
Investment earnings	12,620	252,713	(240,093)
Gain on disposal of assets	21,100	-	21,100
Other	17,038	32,351	(15,313)
Total general revenues	3,583,159	3,649,449	(66,290)
Change in net position	539,138	776,516	(237,378)
Net position – beginning of period	24,529,492	23,752,976	776,516
Net position – end of period	$ 25,068,630	24,529,492	539,138

The statement of activities shows how the government's net position changes during the fiscal year. In the case of the District, net position increased 2.2% or $539,138 to $25,068,630 as a result of ongoing operations.

Government-wide Financial Analysis, continued

Statement of Activities, continued

Total program revenues decreased 81.1% or $18,510 to $4,313, primarily due to a decrease of $18,094 in services from landscape evaluation audits.

Total general revenues decreased 1.8% or $66,290 to $3,583,159, primarily due to a decrease of $240,093 in investment earnings; which was offset by an increase of $168,016 in property taxes.

Total expenses increased 5.3% or $152,578 to $3,048,334, primarily due to increases of $273,090 in salaries and benefit and $22,854 in depreciation expense; which were offset by decreases of $58,272 in public education, $56,764 in basin and garden maintenance, and $28,330 in materials and services related to engineering and legal.

Governmental Funds Financial Analysis

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, *unrestricted fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2021, the District's General Fund reported a fund balance of $12,210,931. An amount of $3,951,724 constitutes the District's *unassigned fund balance,* which is available for spending or designation at the District's discretion. The remainder of the fund balance is considered non-spendable, committed, or assigned to indicate that it is not available for general spending because it has already been committed to a specific purpose. See Note 8 in the Notes to the Basic Financial Statements for further information.

General Fund Budgetary Highlights

For the General Fund, actual expenditures were less than the anticipated budget by $1,061,175. Actual revenues were more than the anticipated budget by $86,572. (See Budgetary Comparison Schedule for General Fund under Required Supplementary Information on page 36)

Capital Asset Administration

The change in capital asset amounts for 2021 was as follows:

		Balance 2020	Additions	Deletions/ Transfers	Balance 2021
Capital assets:					
Non-depreciable assets	$	6,051,002	112,997	(84,008)	6,079,991
Depreciable assets		10,836,368	105,153	(55,149)	10,886,372
Accumulated depreciation		(3,104,062)	(388,616)	55,149	(3,437,529)
Total capital assets, net	$	13,783,308	(170,466)	(84,008)	13,528,834

At the end of fiscal year 2021, the District's investment in capital assets amounted to $13,528,834 (net of accumulated depreciation). This investment in capital assets includes land, percolation facilities, buildings, equipment, vehicles, and construction-in-process. The capital assets of the District are more fully analyzed in Note 4 to the basic financial statements.

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions that could have a significant impact on the District's current financial position, net position, or operating results based on past, present, and future events.

Requests for Information

The financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager, Elizabeth Skrzat, at Chino Basin Water Conservation District, 4594 San Bernardino Street, Montclair, California, 91763-2228 or (909) 626-2711.

Basic Financial Statements

Chino Basin Water Conservation District
Statement of Net Position
June 30, 2021
(With Comparative Amounts for June 30, 2020)

		2021	2020
Current assets:			
Cash and cash equivalents (note 2)	$	12,189,635	11,115,971
Accrued interest receivable		7,695	30,622
Accounts receivable		1,108	1,960
Property taxes receivable		46,638	45,363
Prepaids (note 3)		53,009	39,647
Total current assets		12,298,085	11,233,563
Non-current assets:			
Capital assets, net (note 4)		13,528,834	13,783,308
Total non-current assets		13,528,834	13,783,308
Total assets		25,826,919	25,016,871
Deferred outflows of resources:			
Deferred pension outflows (note 6)		878,792	224,647
Total deferred outflows of resources		878,792	224,647
Current liabilities:			
Accounts payable and accrued expenses		46,915	134,940
Accrued wages		38,839	34,039
Customer deposit – rental property		1,400	1,400
Compensated absences (note 5)		67,372	25,521
Total current liabilities		154,526	195,900
Non-current liability:			
Long term liability – due in more than one year:			
Net pension liability (note 6)		1,472,056	507,258
Total non-current liability		1,472,056	507,258
Total liabilities		1,626,582	703,158
Deferred inflows of resources:			
Deferred pension inflows (note 6)		10,499	8,868
Total deferred inflows of resources		10,499	8,868
Net position:			
Net Investment in capital assets		13,528,834	13,783,308
Unrestricted (note 7)		11,539,796	10,746,184
Total net position	$	25,068,630	24,529,492

See accompanying notes to the basic financial statements

Chino Basin Water Conservation District
Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Amounts for June 30, 2020)

		2021	2020
Expenses:			
Water conservation:			
Salaries and benefits	$	1,923,842	1,650,752
Basin and garden maintenance		227,796	284,560
Public education		37,681	95,953
Materials and services		470,399	498,729
Depreciation		388,616	365,762
Total expenses		3,048,334	2,895,756
Program revenues:			
Charges for services:			
Landscape evaluation audits		4,313	22,407
Operating grants and contributions		-	416
Total program revenues		4,313	22,823
Net program expenses		3,044,021	2,872,933
General revenues:			
Property taxes		3,532,401	3,364,385
Investment earnings		12,620	252,713
Gain on disposal on assets		21,100	-
Other		17,038	32,351
Total general revenues		3,583,159	3,649,449
Change in net position		539,138	776,516
Net position, beginning of period		24,529,492	23,752,976
Net position, end of period	$	25,068,630	24,529,492

See accompanying notes to the basic financial statements

Chino Basin Water Conservation District
Reconciliation of the Balance Sheet of Governmental Type Funds to the Statement of Net Position
June 30, 2021

	General Fund	Reclassifications & Eliminations	Statement of Net Position
Current assets:			
Cash and cash equivalents	$ 12,189,635	-	12,189,635
Accrued interest receivable	7,695	-	7,695
Accounts receivable	1,108	-	1,108
Property taxes receivable	46,638	-	46,638
Prepaids	53,009	-	53,009
Total current assets	12,298,085	-	12,298,085
Non-current assets:			
Capital assets, net	-	13,528,834	13,528,834
Total non-current assets	-	13,528,834	13,528,834
Total assets	12,298,085	13,528,834	25,826,919
Deferred outflows of resources:			
Deferred pension outflows	-	878,792	878,792
Total deferred outflows of resources	-	878,792	878,792
Current liabilities:			
Accounts payable and accrued expenses	46,915	-	46,915
Accrued wages	38,839	-	38,839
Customer deposit – rental property	1,400	-	1,400
Compensated absences	-	67,372	67,372
Total current liabilities	87,154	67,372	154,526
Non-current liabilities:			
Long term liability – due in more than one year:			
Net pension liability	-	1,472,056	1,472,056
Total non-current liabilities	-	1,472,056	1,472,056
Total liabilities	87,154	1,539,428	1,626,582
Deferred inflows of resources:			
Deferred pension inflows	-	10,499	10,499
Total deferred inflows of resources	-	10,499	10,499
Fund balance (note 8)**:**			
Non-spendable	53,009	(53,009)	-
Committed	3,666,770	(3,666,770)	-
Assigned	4,539,428	(4,539,428)	-
Unassigned	3,951,724	(3,951,724)	-
Total fund balance	12,210,931	(12,210,931)	-
Total liabilities and fund balance	$ 12,298,085		
Net position:			
Net Investment in capital assets		13,528,834	13,528,834
Unrestricted		11,539,796	11,539,796
Total net position		25,068,630	25,068,630

Continued on next page

See accompanying notes to the basic financial statements

Chino Basin Water Conservation District
Reconciliation of the Balance Sheet of Governmental Type Funds to the Statement of Net Position, continued
June 30, 2021

Reconciliation:

Fund balance of governmental funds	$	12,210,931
Amounts reported for governmental activities in the statement of net position are different because:		
Non-current assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet. However, the statement of net position includes those non-current assets among the assets of the District as a whole.		
Capital assets, net		13,528,834
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet. However, the statement of net position includes those deferred outflows of resources.		878,792
Long-term liabilities applicable to the District are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities both current and long-term, are reported in the statement of net position as follows:		
Compensated absences		(67,372)
Net pension liability		(1,472,056)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet. However, the statement of net position includes those deferred inflows of resources.		(10,499)
Net position of governmental activities	$	25,068,630

See accompanying notes to the basic financial statements

Chino Basin Water Conservation District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Type Funds to the Statement of Activities
For the Year Ended June 30, 2021

	General Fund	Reclassifications & Eliminations	Statement of Activities
Expenditures/Expenses:			
Water conservation:			
Salaries and benefits	$ 1,569,707	354,135	1,923,842
Basin and garden maintenance	227,796	-	227,796
Public education	37,681	-	37,681
Materials and services	470,399	-	470,399
Capital outlay	134,142	(134,142)	-
Depreciation	-	388,616	388,616
Total expenditures/expenses	2,439,725	608,609	3,048,334
Program revenues:			
Charges for services –			
Landscape evaluation audits	4,313	-	4,313
Total program revenues	4,313	-	4,313
Net program expense			3,044,021
General revenues:			
Property taxes	3,532,401	-	3,532,401
Investment earnings	12,620	-	12,620
Gain on disposal of assets	21,100	-	21,100
Other	17,038	-	17,038
Total general revenues	3,583,159	-	3,583,159
Total revenues	3,587,472	-	
Excess of revenues over expenditures	1,147,747	(1,147,747)	-
Changes in net position	-	539,138	539,138
Fund balance/Net position – beginning of year	11,063,184	-	24,529,492
Fund balance/Net position – end of year	$ 12,210,931	-	25,068,630

Continued on next page

See accompanying notes to the basic financial statements

Chino Basin Water Conservation District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Type Funds to the Statement of Activities, continued
For the Year Ended June 30, 2021

Reconciliation:

Net change in fund balance of governmental fund	$	1,147,747
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay		134,142
Depreciation expense		(388,616)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds as follows:		
Net change in compensated absences for the current period		(41,851)
Net change in pension obligations for the current period		(312,284)
Changes in net position of governmental activities	$	539,138

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Chino Basin Water Conservation District (District) was established in 1949 to protect the Chino Groundwater Basin to ensure that current and future water needs will be met. The District's service area includes the cities of Chino, Chino Hills, Montclair, Ontario, Rancho Cucamonga and Upland. The District provides services to these cities in water conservation education, workforce development, research, concentrating on water-efficient landscaping and water conserving behavior at both the residential, commercial, and institutional levels. The District also owns and manages eight percolation basins to assist in recharging the Chino Groundwater Basin. Administration and operation of the District is guided by a duly elected and/or appointed seven-member Board of Directors.

B. Basis of Accounting and Measurement Focus

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-like activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as, unbilled but utilized utility services are recorded at year end. The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes, operating grants and other items not properly included among operating revenues are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide Financial Statements.

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 liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, 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 sources susceptible to accrual for the District are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Funds are organized into a single major category: governmental. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

a) Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures/expenses of that individual governmental is at least 10 percent of the corresponding total for all funds of that category or type; and

b) Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures/expenses of the individual governmental fund is at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

c) The entity has determined that a fund is important to the financial statement user.

The funds of the financial reporting entity are described below:

Governmental Fund

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another Fund.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year:

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosures of contingent assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported changes in District equity during the reporting period. Actual results could differ from those estimates.

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the District and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

4. Investments and Investment Policy

The District has adopted an investment policy to deposit funds in financial institutions. Investments are to be made in the following areas:

- Securities of the U.S. Government or its agencies
- Certificates-of-deposit
- CalTRUST
- State of California Local Agency Investment Fund (LAIF)

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

5. Prepaids

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

6. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, buildings and improvements, equipment and furniture, vehicles, and construction-in-process. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings and building improvements – 20 to 75 years
- Demonstration garden – 12 years
- Equipment and furniture – 3 to 20 years
- Vehicles – 5 years

7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

8. Compensated Absences

It is the District's policy to allow vacation pay between ten (10) and twenty (20) working days per year of employment. Vacation time may be accumulated from year to year. Employees are allowed to accumulate and carry forward a maximum of two hundred (200) hours. Sick leave is granted at a rate of ten days per calendar year and may be used for sickness, injury, or disability. Sick leave is accumulated beyond the year in which it is earned up to a maximum of one hundred seventy-six (176) hours.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued

9. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction 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.

GASB 68 requires 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, 2020
- Measurement period: July 1, 2019 to June 30, 2020

10. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

11. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets –** consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt (if applicable) against the acquisition, construction or improvement of those assets.
- **Restricted** – consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – consists of net position that does not meet the definition of *restricted* or *net investment in capital assets* components of net position.

12. Fund Balance

The financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Non-spendable –** amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

12. Fund Balance, continued

- **Committed** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.
- **Unassigned** – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

13. Property Taxes

The County of San Bernardino Assessor's Office assesses all real and personal property within the County each year. The County of San Bernardino Tax Collector's Offices bills and collects the District's share of property taxes and assessments. The County of San Bernardino Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property tax revenue at year-end is related to property taxes collected by the County of San Bernardino, which have not been transferred to the District as of June 30 of each year.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30 consist of the following:

		2021
Cash on hand	$	1,001
Deposits held with financial institutions		262,240
Deposits held with Cal Trust		2,336,715
Deposits held with California Local Agency Investment Fund (LAIF)		9,589,679
Total cash and cash equivalents	$	12,189,635

As of June 30, the District's authorized deposits had the following maturities:

	2021
Deposits held with Cal Trust – Short Term Fund	318 days
Deposits held with California Local Agency Investment Fund (LAIF)	291 days

Authorized Deposits and Investments

Under provisions of the District's investment policy, and in accordance with Section 53601 of the California Government Code, the District may invest in certain types of investments as listed in Note 1(D)(4) to the financial statements.

Investment in the California State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of $5,000, in increments of $1,000.
- Withdrawals of $10 million or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

Investment in CalTrust

CalTRUST Short-Term account invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601 and 53635, and leveraging within the Trust's portfolio is prohibited. The Board of Trustees may adopt investment guidelines to further restrict the type of investments held by the accounts. CalTRUST Short-Term account consists of funds from all participants which are pooled in each of the accounts. The District receives units in the Trust and designated shares for its investment accounts.

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of 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 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 Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy does 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 public agencies. Of the bank balance, up to $250,000 is federally insured. The remaining balance is to be collateralized by the bank.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

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; however, LAIF and CalTrust are not rated.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2021, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and/or external investment pools) that represents 5% or more of total District investments.

(3) Prepaids

The District entered into an advance dues deposit agreement with the Association of California Water Agencies to enable the Association to fund the purchase of its administrative facility. Interest of 2.25% per annum, on the initial advance deposit of $7,267 will be applied to the annual dues. At June 30, 2021, prepaids amounted to $53,009. Of the balance, $23,568 is related to health premiums, $9,645 is the unamortized remaining balance for the initial advance deposit related to the general liability insurance, and $6,868 is related to other prepaid items.

(4) Capital Assets

The change in capital assets for 2021 was as follows:

	Balance 2020	Additions	Deletions/ Transfers	Balance 2021
Non-depreciable assets:				
Land	$ 5,986,121			5,986,121
Construction-in-process	64,881	112,997	(84,008)	93,870
Total non-depreciable assets	6,051,002	112,997	(84,008)	6,079,991
Depreciable assets:				
Buildings and improvements	9,016,807	13,345	-	9,030,152
Demonstration garden	1,546,394	-	-	1,546,394
Equipment and furniture	103,225	7,800	-	111,025
Vehicles	169,942	84,008	(55,149)	198,801
Total depreciable assets	10,836,368	105,153	(55,149)	10,886,372
Accumulated depreciation:				
Buildings and improvements	(2,069,307)	(234,377)	-	(2,303,684)
Demonstration garden	(855,813)	(128,481)	-	(984,294)
Office equipment and furniture	(44,889)	(10,388)	-	(55,277)
Vehicles	(134,053)	(15,370)	55,149	(94,274)
Total accumulated depreciation	(3,104,062)	(388,616)	55,149	(3,437,529)
Total depreciable assets, net	7,732,306	(283,463)	-	7,448,843
Total capital assets, net	$ 13,783,308			13,528,834

Major capital asset additions during fiscal year 2021 included $28,989 in construction-in-process for costs related to replace the spillway. Major depreciable asset additions included $13,345 to buildings and improvements $7,800 to equipment and furniture, and $84,008 to vehicles for the purchase of a new tractor.

(5) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave, and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually.

The change in compensated absences for the year ended June 30 was as follows:

Balance 2020	Additions	Deletions	Balance 2021
$ 25,521	55,157	(13,306)	67,372

(6) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 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. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect as of June 30, 2021, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 60	52 - 62
Monthly benefits, as a % of eligible compensation	1.5% to 2.4%	1.0% to 2.5%
Required employee contribution rates	6.918%	6.750%
Required employer contribution rates	9.281%	7.732%

(6) Defined Benefit Pension Plans, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of a change in rate. Funding contribution for the Plan is determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, District contributions totaled $119,595.

Net Pension Liability

As of the fiscal year ended June 30, 2021, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2021
Proportionate share of net pension liability	$ 1,472,056

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2021, the net pension liability of the Plan is measured as of June 30, 2020 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 (the valuation date) rolled forward to June 30, 2020, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's changes in the proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement date June 30, 2020, was as follows:

	Proportionate Share
Proportion – June 30, 2019	0.00495%
Proportion – June 30, 2020	0.01353%
Change – Increase (Decrease)	0.00858%

(6) Defined Benefit Pension Plans, continued

Deferred Pension Outflows(Inflows) of Resources

For the year ended June 30, 2021, the District recognized pension expense of $320,769. As of the fiscal year ended June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 119,595	-
Net difference between actual and expected experience	75,859	-
Changes in assumptions	-	(10,499)
Net difference between projected and actual earnings on plan investments	43,730	-
Net difference between actual contribution and proportionate share of contribution	7,583	-
Net adjustment due to differences in proportions of net pension liability	632,025	-
Total	$ 878,792	(10,499)

For the year ended June 30, 2021, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled $119,595. Pension contributions subsequent to the measurement date for the year ended June 30, 2021, will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. 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:	Deferred Outflows/ (Inflows) of Resources
2022	$ 255,937
2023	265,642
2024	206,145
2025	20,974

(6) Defined Benefit Pension Plans, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2019, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2019
Measurement dates	June 30, 2020
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

* The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2020, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

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

(6) Defined Benefit Pension Plans, continued

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

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
	100.00 %		

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

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

As of June 30, 2021, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher are as follows:

	Discount - 1% (6.15%)	Current Discount Rate (7.15%)	Discount + 1% (6.15%)
District's net pension liability	$ 1,978,648	1,472,056	1,053,477

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 37 and 39 for the Required Supplementary Information.

(7) Unrestricted Net Position

Unrestricted net position is comprised of the following:

		2021
Non-spendable net position:		
Prepaids	$	53,009
Total non-spendable net position		53,009
Spendable net position:		
Major structural failures		1,500,000
Recycled water conservation contribution program		3,666,770
Operating reserve		6,320,017
Total spendable net position – designated		11,486,787
Total unrestricted net position	$	11,539,796

(8) Fund Balance

Fund balance is presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned. A detailed schedule of fund balance and their funding composition at June 30, 2021, is as follows:

Description		2021
Non-spendable:		
Prepaids	$	53,009
Total non-spendable		53,009
Committed:		
Recycled water programs		3,666,770
Total committed		3,666,770
Assigned:		
Recharge improvements		1,500,000
Major structural failure reserve		1,500,000
Compensated absences		67,372
Net pension liability		1,472,056
Total assigned		4,539,428
Unassigned		3,951,724
Total fund balance	$	12,210,931

(9) Risk Management

Joint Powers Insurance Authority

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. As of June 30, 2021, the District participated in the ACWA/JPIA pooled programs for liability, property, and workers' compensation programs as follows:

- General and auto liability, public officials and employees' errors and omissions: The ACWA/JPIAs total risk financing self-insurance limits of $5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: $55 million for general, auto, and public officials liability, which increases the limits on the insurance coverage noted above.
- Crime coverage up to $100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, and computer and funds transfer fraud coverage, subject to $1,000 deductible per loss.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss; otherwise, paid on an actual cash value basis, to a combined total of $500 million per loss, subject to a $1,000 deductible per loss. Mobile equipment and vehicles on file are paid on replacement cost value basis at time of loss and subject to a $1,000 deductible per loss for mobile equipment and a $500 deductible per loss for vehicles.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to various deductibles depending on the type of equipment on file.
- Workers' compensation coverage up to California statutory limits for all work-related injuries/illnesses covered by California law; a pooled self-insured limit of $2,000,000.
- ACWA JPIA purchased excessed coverage for an additional $2,000,000 limit.
- Cyber Liability: Including Cyber Security up to $3,000,000 per occurrence and $5,000,000 aggregate limit. Cyber liability deductible varies from $10,000 to $50,000 depending on District revenue.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2021, 2020, and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021, 2020, and 2019, respectively.

The District is a participating member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). ACWA/JPIA is a self-insured association of independent water agencies. Association members have pooled funds to be self-insured for liabilities up to $1,000,000 per occurrence. The ACWA/JPIA also purchases excess insurance to cover each member for liabilities to $59 million per occurrence. The accounts and records of ACWA/JPIA are audited by an independent certified public accounting firm and can be obtained at ACWA/JPIA's main office located at 5620 Birdcage St., #200, Citrus Heights, CA 95610.

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior year end, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

(11) Contingencies

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes there are no other matters which will materially affect its financial condition.

(12) Subsequent Events

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of December 13, 2021, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

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Required Supplementary Information

Chino Basin Water Conservation District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:					
Water conservation:					
Salaries and benefits	$ 1,753,400	(3,200)	1,750,200	1,569,707	180,493
Basin and garden maintenance	295,100	(2,600)	292,500	227,796	64,704
Public education	158,320	(76,700)	81,620	37,681	43,939
Materials and services	792,580	51,700	844,280	470,399	373,881
Capital outlay	500,000	30,800	530,800	134,142	396,658
Other	1,500	-	1,500	-	1,500
Total expenditures/expenses	3,500,900	-	3,500,900	2,439,725	1,061,175
Program revenues:					
Charges for services:					
Landscape evaluation audits	20,200	-	20,200	4,313	(15,887)
Total program revenues	20,200	-	20,200	4,313	(15,887)
General revenues:					
Property taxes	3,295,200	-	3,295,200	3,532,401	237,201
Investment earnings	170,900	-	170,900	12,620	(158,280)
Gain of disposal of assets	-	-	-	21,100	21,100
Other	14,600	-	14,600	17,038	2,438
Total general revenues	3,480,700	-	3,480,700	3,583,159	102,459
Total revenues	3,500,900	-	3,500,900	3,587,472	86,572
Excess of revenues over expenditures	-	-	-	1,147,747	1,147,747
Fund balance – beginning of period	11,063,184		11,063,184	11,063,184	
Fund balance – end of period	$ 11,063,184		11,063,184	12,210,931	

Notes to Required Supplementary Information

(1) Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. The District's General Manager prepares and submits an operating budget to the Board of Directors for the General Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts. The District's annual budget is adopted for the General Fund at the detailed expenditure-type level.

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget adjusted for Board approved supplemental appropriations. The budgeted revenue amounts represent the adopted budget as originally approved. There were no Board approved supplemental appropriations of revenues over expenditures during the year ended June 30, 2021.

Chino Basin Water Conservation District
Schedules of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021
Last Ten Years*

Description		Measurement Date 6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
District's proportion of the net pension liability		0.01353%	0.00495%	0.00454%	0.00455%	0.00419%	0.00351%	0.00458%
District's proportionate share of the net pension liability	$	1,472,056	507,258	437,892	451,196	362,322	240,899	285,096
District's covered payroll	$	1,017,962	1,175,443	987,036	909,855	675,399	686,873	530,082
District's proportionate share of the net pension liability as a percentage of its covered payroll		144.61%	43.15%	44.36%	49.59%	53.65%	35.07%	53.78%
Plan's fiduciary net position as a percentage of the Plan's total pension liability		60.60%	81.76%	83.07%	80.67%	81.33%	86.37%	83.03%

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability, continued

Change of Assumptions and Methods, continued

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period and remained adjusted for administrative expenses.

* The District has presented information for those years for which information is available until a full 10- year trend is compiled.

Chino Basin Water Conservation District
Schedules of Pension Plan Contributions
As of June 30, 2021
Last Ten Years*

Schedule of Pension Plan Contributions		Fiscal Year 6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Actuarially determined contribution	$	119,595	114,040	95,794	67,099	64,240	47,983	49,440
Contributions in relation to the actuarially determined contribution		(119,595)	(111,114)	(96,087)	(89,774)	(80,152)	(64,418)	(49,440)
Contribution deficiency (excess)	$	-	2,926	(293)	(22,675)	(15,912)	(16,435)	-
Covered payroll	$	1,017,962	1,175,443	987,036	909,855	675,399	686,873	530,082
Contribution's as a percentage of covered payroll		11.75%	9.45%	9.73%	9.87%	11.87%	9.38%	9.33%

Notes to the Schedules of Pension Plan Contributions

* The District has presented information for those years for which information is available until a full 10- year trend is compiled.

Report on Internal Controls and Compliance

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Board of Directors of the
Chino Basin Water Conservation District
Montclair, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Chino Basin Water Conservation District (District), as of and for the year June 30, 2021, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 13, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Independent Auditor's Report on Internal Controls Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards,* continued

Purpose of this Report

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

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
December 13, 2021