



CHINO BASIN

Water Conservation District

**Financial Statements
For the Fiscal Year Ended
June 30, 2024**



Our Mission Statement

“Protecting and replenishing our regional groundwater supply since 1949.”

Board of Directors as of June 30, 2024

<u>Name</u>	<u>Division</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Term</u>
Mark Ligtenberg	Division 4	President	Appointed In-Lieu	11/2020 - 11/2024
Kati Parker	Division 1	Vice-President	Elected	12/2022 - 11/2026
Gil Aldaco	Division 5	Treasurer	Appointed In-Lieu	11/2020 - 11/2024
Teri Layton	Division 2	Director	Appointed In-Lieu	12/2022 - 11/2024
Amanda Coker	Division 3	Director	Appointed In-Lieu	12/2022 - 11/2024
Dr. Hanif Gulmahamad	Division 6	Director	Appointed In-Lieu	11/2020 - 11/2024
Ryan Sonnenberg	Division 7	Director	Appointed In-Lieu	12/2022 - 11/2026

**Chino Basin Water Conservation District
Elizabeth Willis, 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, 2024

**Chino Basin Water Conservation District
Financial Statements
For the Fiscal Year Ended June 30, 2024**

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Introductory Section



December 9, 2024

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, 2024. 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,

A handwritten signature in black ink that reads "Elizabeth Willis". The signature is written in a cursive style and is positioned above a horizontal line.

Elizabeth Willis
General Manager

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



C.J. Brown & Company CPAs

An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Chino Basin Water Conservation District
Montclair, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of Chino Basin Water Conservation District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District, as of June 30, 2024, 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.

Basis for Opinion

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's. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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.

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

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 5 through 9 and the required supplementary information on pages 39 through 41 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, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in this report. The other information comprises the introductory section on page 1. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 42 and 43.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs

Cypress, California

December 9, 2024

Chino Basin Water Conservation District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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, 2024 (with comparative information for fiscal year ended June 30, 2023). 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 6.5%, or \$1,755,705, to \$28,631,668 as a result of ongoing operations.
- The District's program revenues decreased 96.1% or \$607,378 to \$24,484.
- The District's general revenues, net of expenses increased 21.5%, or \$976,267, to \$5,526,582.
- The District's expenses increased 17.6%, or \$568,984, to \$3,795,361.

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.

Chino Basin Water Conservation District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2024

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 18 through 38.

Government-wide Financial Analysis

Statement of Net Position

Below is a summary of the statements of net position.

Condensed Statements of Net Position

	2024	2023	Change
Assets:			
Current assets	\$ 15,662,740	13,448,212	2,214,528
Non-current assets	14,267,458	14,321,398	(53,940)
Total assets	29,930,198	27,769,610	2,160,588
Deferred outflows of resources	837,774	1,163,002	(325,228)
Liabilities:			
Current liabilities	540,329	183,745	356,584
Non-current liabilities	789,655	838,652	(48,997)
Total liabilities	1,329,984	1,022,397	307,587
Deferred inflows of resources	806,320	1,034,252	(227,932)
Net position:			
Net investment in capital assets	14,248,660	14,295,705	(47,045)
Unrestricted	14,383,008	12,580,258	1,802,750
Total net position	\$ 28,631,668	26,875,963	1,755,705

Chino Basin Water Conservation District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2024

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 \$28,631,668 as of June 30, 2024.

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 2024, the District shows a positive balance in its unrestricted net position of \$14,383,008. See Note 9 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

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Expenses:			
Water conservation:			
Salaries and benefits	\$ 2,176,644	1,879,277	297,367
Basin and garden maintenance	249,934	175,296	74,638
Public education	126,620	131,595	(4,975)
Materials and services	800,499	642,613	157,886
Depreciation and amortization	441,664	397,596	44,068
Total expenses	<u>3,795,361</u>	<u>3,226,377</u>	<u>568,984</u>
Program revenues:			
Charges for services	19,344	6,512	12,832
Grants and contributions	5,140	625,350	(620,210)
Total program revenues	<u>24,484</u>	<u>631,862</u>	<u>(607,378)</u>
Net program expenses	<u>3,770,877</u>	<u>2,594,515</u>	<u>1,176,362</u>
General revenues (expense):			
Property taxes	4,755,406	4,300,168	455,238
Investment returns, net of fair value	753,639	257,144	496,495
Interest expense – lease	(676)	(384)	(292)
Loss on disposal on assets	-	(25,315)	25,315
Other	18,213	18,702	(489)
Total general revenues, net	<u>5,526,582</u>	<u>4,550,315</u>	<u>976,267</u>
Change in net position	<u>1,755,705</u>	<u>1,955,800</u>	<u>(200,095)</u>
Net position – beginning of period	<u>26,875,963</u>	<u>24,920,163</u>	<u>1,955,800</u>
Net position – end of period	<u>\$ 28,631,668</u>	<u>26,875,963</u>	<u>1,755,705</u>

Chino Basin Water Conservation District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2024

Government-wide Financial Analysis, continued

Statement of Activities, continued

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 6.5%, or \$1,765,705, to \$28,631,668 as a result of ongoing operations.

Total program revenues decreased 96.1% or \$607,378 to \$24,484 primarily due to a decrease of \$620,210 in capital and non-government grants and contributions related to the cost of construction of the Montclair #2 Spillway in the prior year.

Total general revenues, net of expenses increased 21.5%, or \$976,267, to \$5,526,582, primarily due to increases of \$496,495 in investment returns net of fair value, \$455,238 in property taxes, and a decrease of \$25,315 from loss on disposal of assets in the prior year.

Total expenses increased 17.6%, or \$568,984, to \$3,795,361, primarily due to increases of \$297,367 in salaries and benefits, \$157,886 in materials and services, \$74,638 in basin and garden maintenance, and \$44,068 in depreciation and amortization related to new depreciation on \$1.7 million in asset additions in the prior year.

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, 2024, the District's General Fund reported a fund balance of \$15,210,067. An amount of \$8,991,849 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 10 for further information.

General Fund Budgetary Highlights

For the General Fund, actual expenditures were less than budgeted by \$429,189. Actual revenues were more than the anticipated budget by \$962,542. (See Budgetary Comparison Schedule for General Fund under Required Supplementary Information on page 39)

Capital Asset Administration

The change in capital asset amounts for 2024 was as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Capital assets:				
Non-depreciable assets	\$ 6,002,829	306,674	(23,254)	6,286,249
Depreciable and amortizable assets	12,510,113	104,304	-	12,614,417
Accumulated depreciation and amortization	<u>(4,191,544)</u>	<u>(441,664)</u>	<u>-</u>	<u>(4,633,208)</u>
Total capital assets, net	<u>\$ 14,321,398</u>	<u>(30,686)</u>	<u>(23,254)</u>	<u>14,267,458</u>

Chino Basin Water Conservation District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2024

Capital Asset Administration, continued

At the end of fiscal year 2024, the District's investment in capital assets amounted to \$14,267,458 (net of accumulated depreciation and amortization). This investment in capital assets includes land, percolation facilities, buildings, equipment, vehicles, leased equipment, 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

Management is unaware of any 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 Willis, 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, 2024
(With Comparative Amounts for June 30, 2023)

	2024	2023
Current assets:		
Cash and cash equivalents (note 2)	\$ 15,339,920	13,158,499
Cash and cash equivalents – restricted (note 2 and 8)	77,973	73,629
Accrued interest receivable	92,158	80,873
Accounts receivable	-	6,081
Property taxes receivable	92,984	78,880
Prepaid expenses (note 3)	59,705	50,250
Total current assets	15,662,740	13,448,212
Non-current assets:		
Capital assets, net (note 4)	14,267,458	14,321,398
Total non-current assets	14,267,458	14,321,398
Total assets	29,930,198	27,769,610
Deferred outflows of resources:		
Deferred pension outflows (note 7)	837,774	1,163,002
Total deferred outflows of resources	\$ 837,774	1,163,002

Continued on next page.

See accompanying notes to the basic financial statements.

Chino Basin Water Conservation District
Statement of Net Position, continued
June 30, 2024
(With Comparative Amounts for June 30, 2023)

	2024	2023
Current liabilities:		
Accounts payable and accrued expenses	\$ 358,820	45,128
Accrued wages	77,518	62,548
Customer deposit – rental property	1,400	1,400
Retention payable	14,935	-
Compensated absences (note 5)	80,551	67,774
Long term liability – due in less than one year:		
Lease payable (note 6)	7,105	6,895
Total current liabilities	540,329	183,745
Non-current liabilities:		
Long term liability – due in more than one year:		
Lease payable (note 6)	11,693	18,798
Net pension liability (note 7)	777,962	819,854
Total non-current liabilities	789,655	838,652
Total liabilities	1,329,984	1,022,397
Deferred inflows of resources:		
Deferred pension inflows (note 7)	806,320	1,034,252
Total deferred inflows of resources	806,320	1,034,252
Net position:		
Net investment in capital assets	14,248,660	14,295,705
Unrestricted (note 9)	14,383,008	12,580,258
Total net position	\$ 28,631,668	26,875,963

See accompanying notes to the basic financial statements.

Chino Basin Water Conservation District
Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Amounts for June 30, 2023)

	2024	2023
Expenses:		
Water conservation:		
Salaries and benefits	\$ 2,176,644	1,879,277
Basin and garden maintenance	249,934	175,296
Public education	126,620	131,595
Materials and services	800,499	642,613
Depreciation and amortization	441,664	397,596
Total expenses	3,795,361	3,226,377
Program revenues:		
Charges for services	19,344	6,512
Grants and contributions	5,140	625,350
Total program revenues	24,484	631,862
Net program expenses	3,770,877	2,594,515
General revenues (expense):		
Property taxes	4,755,406	4,300,168
Investment returns, net of fair value	753,639	257,144
Interest expense – lease	(676)	(384)
Loss on disposal on assets	-	(25,315)
Other	18,213	18,702
Total general revenues, net	5,526,582	4,550,315
Change in net position	1,755,705	1,955,800
Net position, beginning of period	26,875,963	24,920,163
Net position, end of period	\$ 28,631,668	26,875,963

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, 2024

	General Fund	Reclassifications & Eliminations	Statement of Net Position
Current assets:			
Cash and cash equivalents	\$ 15,339,920	-	15,339,920
Cash and cash equivalents – restricted	77,973	-	77,973
Accrued interest receivable	92,158	-	92,158
Property taxes receivable	92,984	-	92,984
Prepaid expenses	59,705	-	59,705
Total current assets	15,662,740	-	15,662,740
Non-current assets:			
Capital assets, net	-	14,267,458	14,267,458
Total non-current assets	-	14,267,458	14,267,458
Total assets	15,662,740	14,267,458	29,930,198
Deferred outflows of resources:			
Deferred pension outflows	-	837,774	837,774
Total deferred outflows of resources	\$ -	837,774	837,774

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, 2024

	<u>General Fund</u>	<u>Re classifications & Eliminations</u>	<u>Statement of Net Position</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 358,820	-	358,820
Accrued wages	77,518	-	77,518
Customer deposit – rental property	1,400	-	1,400
Retention payable	14,935	-	14,935
Lease payable	-	7,105	7,105
Compensated absences	-	80,551	80,551
Total current liabilities	<u>452,673</u>	<u>87,656</u>	<u>540,329</u>
Non-current liabilities:			
Long term liabilities – due in more than one year:			
Lease payable	-	11,693	11,693
Net pension liability	-	777,962	777,962
Total non-current liabilities	<u>-</u>	<u>789,655</u>	<u>789,655</u>
Total liabilities	<u>452,673</u>	<u>877,311</u>	<u>1,329,984</u>
Deferred inflows of resources:			
Deferred pension inflows	-	806,320	806,320
Total deferred inflows of resources	<u>-</u>	<u>806,320</u>	<u>806,320</u>
Fund balance (note 10):			
Non-spendable	59,705	(59,705)	-
Assigned	6,158,513	(6,158,513)	-
Unassigned	8,991,849	(8,991,849)	-
Total fund balance	<u>15,210,067</u>	<u>(15,210,067)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 15,662,740</u>		
Net position:			
Net investment in capital assets		14,248,660	14,248,660
Unrestricted		14,383,008	14,383,008
Total net position		<u>28,631,668</u>	<u>28,631,668</u>

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, 2024**

Reconciliation:

Fund balance of governmental funds	\$	15,210,067
Amounts reported for governmental activities in the statement of net position are different because:		
<p>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.</p>		
Capital assets, net		14,267,458
<p>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.</p>		
		837,774
<p>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:</p>		
Compensated absences		(80,551)
Lease payable		(18,798)
Net pension liability		(777,962)
<p>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.</p>		
		<u>(806,320)</u>
Net position of governmental activities	\$	<u><u>28,631,668</u></u>

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, 2024

	<u>General Fund</u>	<u>Reclassifications & Eliminations</u>	<u>Statement of Activities</u>
Expenditures/Expenses:			
Water conservation:			
Salaries and benefits	\$ 2,122,929	53,715	2,176,644
Basin and garden maintenance	249,934	-	249,934
Public education	126,620	-	126,620
Materials and services	800,499	-	800,499
Capital outlay	387,724	(387,724)	-
Depreciation and amortization	-	441,664	441,664
Debt service:			
Debt service – lease	(6,895)	6,895	-
Total expenditures/expenses	<u>3,680,811</u>	<u>114,550</u>	<u>3,795,361</u>
Program revenues:			
Charges for services	19,344	-	19,344
Grants and contributions	5,140	-	5,140
Total program revenues	<u>24,484</u>	<u>-</u>	<u>24,484</u>
Net program expense			<u>3,770,877</u>
General revenues (expense):			
Property taxes	4,755,406	-	4,755,406
Investment expense, net of fair value	753,639	-	753,639
Interest paid – lease	-	(676)	(676)
Other	18,213	-	18,213
Total general revenues, net	<u>5,527,258</u>	<u>(676)</u>	<u>5,526,582</u>
Total revenues	<u>5,551,742</u>	<u>(676)</u>	
Excess of revenues over expenditures	1,870,931	(1,870,931)	-
Changes in net position	-	1,755,705	1,755,705
Fund balance/Net position – beginning of year	<u>13,339,136</u>	<u>-</u>	<u>26,875,963</u>
Fund balance/Net position – end of year	<u>\$ 15,210,067</u>	<u>(1,352)</u>	<u>28,631,668</u>

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, 2024

Reconciliation:

Net change in fund balance of governmental fund	\$	1,870,931
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		387,724
Depreciation expense		(441,664)
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		(12,777)
Net change in leases payable for the current period		(6,639)
Net change in pension obligations for the current period		(41,870)
		(101,286)
Changes in net position of governmental activities	\$	1,755,705

See accompanying notes to the basic financial statements.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements
June 30, 2024

(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 and has five feet of conservation space in the Grove Basin, which is owned by the San Bernardino County Flood Control District. 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 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.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(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 April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

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

C. Financial Reporting, continued

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

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 the disclosures of contingent assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

2. 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.

3. 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
- California Cooperative Liquid Assets Securities System (CLASS)
- State of California Local Agency Investment Fund (LAIF)
- California Employer's Pension Prefunding Trust

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.

4. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as capital projects, debt service, or on behalf of employee benefits (Section 115 Trust). These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

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

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

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 – 10 to 75 years
- Demonstration garden – 12 to 30 years
- Equipment and furniture – 3 to 20 years
- Vehicles – 5 to 10 years

Equipment leases are amortized on a straight-line basis over the life of the lease.

7. Deferred Outflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5-year period.
- Deferred outflow for the net difference in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

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

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

8. Compensated Absences

The District's policy is to permit employees to accumulate earned but unused vacation pay benefits up to a maximum of two hundred (200) hours for full-time staff and four hundred (400) hours for the General Manager.

9. Lease Payable

Lease payables are measured at the present value of payments expected to be received during the lease term.

10. 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, 2022
- Measurement date: June 30, 2023
- Measurement period: July 1, 2022 to June 30, 2023

11. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following pension related item that qualifies for reporting in this category:

- Deferred inflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

12. 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.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

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

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

12. Net Position, continued

- **Unrestricted** – consists of net position that does not meet the definition of *restricted* or *net investment in capital assets* components of net position.

13. Fund Balance

The financial statements for 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.
- **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 establishes, 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.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

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

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

14. 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 Office 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, are classified in the accompanying financial statements as follows:

	2024
Cash and cash equivalents	\$ 15,339,920
Cash and cash equivalents – restricted	77,973
Total cash and cash equivalents	\$ 15,417,893

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

	2024
Cash on hand	\$ 1,001
Deposits held with financial institutions	78,256
Deposits held with California Cooperative Liquid Assets Securities System (CLASS)	6,740,230
Deposits held with California Local Agency Investment Fund (LAIF)	8,520,433
Deposits held with California Employer's Pension Prefunding Trust (CEPPT)	77,973
Total cash and cash equivalents	\$ 15,417,893

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

	2024
Deposits held with California Cooperative Liquid Assets Securities System (CLASS)	75 days
Deposits held with California Local Agency Investment Fund (LAIF)	217 days

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(2) Cash and Cash Equivalents, continued

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)(3) 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. Amounts held with LAIF are highly liquid, as deposits can be converted to cash within a twenty-four hour period without loss of accrued interest. Credit and market risk is unknown. LAIF detail may be obtained from the State of California Treasurer's website at www.treasurer.ca.gov/pmia-laif/index.asp.

LAIF is an unrated, external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Investment in California Cooperative Liquid Assets Securities System (CLASS)

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (CLASS) that is regulated by the California Government Code Section 16429 and is a Joint Powers Authority investment pool that provides the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law with the primary objectives of offering Participants safety, daily, and next day liquidity, and optimized returns.

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 CLASS for the entire CLASS portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the CLASS, which are recorded on an amortized cost basis. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District's deposits with the bank in accordance with the Code.

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).

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

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. Presented below is the minimum rating required by the California Government Code (where applicable), the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Rating as of year-end</u>	
			<u>AAA</u>	<u>Not rated</u>
Local Agency Investment Fund	\$ 8,520,433	N/A	-	8,520,433
California CLASS	<u>6,740,230</u>	AAA	<u>6,740,230</u>	<u>-</u>
	<u>\$ 15,260,663</u>		<u>6,740,230</u>	<u>8,520,433</u>

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, 2024, 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) Prepaid Expenses

At June 30, 2024, prepaid expenses amounted to \$59,705. Of the balance, \$36,843 is related to insurance premiums, \$12,006 is related to annual dues, and \$10,856 is related to other prepaid items.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(4) Capital Assets

The change in capital assets for 2024 was as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land	\$ 5,986,121	-	-	5,986,121
Construction-in-process	16,708	306,674	(23,254)	300,128
Total non-depreciable assets	<u>6,002,829</u>	<u>306,674</u>	<u>(23,254)</u>	<u>6,286,249</u>
Depreciable and amortizable assets:				
Buildings and improvements	10,561,572	27,814	-	10,589,386
Demonstration garden	1,546,394	-	-	1,546,394
Equipment and furniture	158,243	10,408	-	168,651
Vehicles	214,768	66,082	-	280,850
Leased equipment	29,136	-	-	29,136
Total depreciable and amortizable assets	<u>12,510,113</u>	<u>104,304</u>	<u>-</u>	<u>12,614,417</u>
Accumulated depreciation and amortization:				
Buildings and improvements	(2,767,324)	(277,842)	-	(3,045,166)
Demonstration garden	(1,241,257)	(128,482)	-	(1,369,739)
Office equipment and furniture	(52,546)	(13,534)	-	(66,080)
Vehicles	(127,382)	(14,522)	-	(141,904)
Leased equipment	(3,035)	(7,284)	-	(10,319)
Total accumulated depreciation and amortization	<u>(4,191,544)</u>	<u>(441,664)</u>	<u>-</u>	<u>(4,633,208)</u>
Total depreciable and amortizable assets, net	<u>8,318,569</u>	<u>(337,360)</u>	<u>-</u>	<u>7,981,209</u>
Total capital assets, net	<u>\$ 14,321,398</u>			<u>14,267,458</u>

Depreciable asset additions during fiscal year 2024 included \$27,814 to buildings and improvements, \$10,408 to equipment and furniture, and \$66,082 to vehicles. There were no depreciable asset deletions during the fiscal year.

(5) Compensated Absences

Compensated absences for the District only comprise of unpaid vacation leave. The District's liability for compensated absences is determined annually.

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

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2024</u>
\$	<u>67,774</u>	<u>87,462</u>	<u>(74,685)</u>	<u>80,551</u>

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(6) Lease Payable

Changes in long-term debt for the year ended June 30, 2024 are as follows:

	Balance		Balance
	2023	Additions	2024
Lease payable:			
Equipment lease	\$ 25,693	-	18,798
Total lease payable	25,693	-	18,798
Less: current portion due	(6,895)		(7,105)
Long-term portion due	\$ 18,798		11,693

Equipment Lease Payable

On January 26, 2023, the District entered into an agreement with Advanced Office Solutions (Advanced), to lease copier equipment for use in the District’s administrative office. Terms of the agreement commenced on February 15, 2023, for a period of 48 months, with rent due monthly at \$630.94 per month for the entire lease term.

Following the guidelines set forth by *GASB Statement No. 87*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.00%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Year	Principal	Interest	Total
2025	\$ 7,105	467	7,572
2026	7,320	251	7,571
2027	4,373	44	4,417
Total	18,798	762	19,560
Less: current	(7,105)		
Long-term	\$ 11,693		

(7) 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.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(7) Defined Benefit Pension Plan, continued

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, 2024, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	Tier 2
	Prior to	On or after
	January 1,	January 1,
Hire date	2013	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	7.00%	7.75%
Required employer contribution rates	10.66%	7.68%

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.

As of the fiscal year ended June 30, 2024, the contributions for the District were as follows:

	2024
Contributions – employer	\$ 155,319
Contributions – employee (paid by employer)	13,347
Total employer paid contributions	\$ 168,666

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(7) Defined Benefit Pension Plan, continued

At June 30, 2024, employer required and supplemental contributions by the District for the Plan of \$155,319 are reported in deferred pension outflows as part of current year recognition of GASB 68. At June 30, 2024, employee contributions paid by the District of \$13,347 were expensed as these costs provide a benefit to the employee, but do not affect the District’s share of net pension liability.

Net Pension Liability

As of the fiscal year ended June 30, 2024, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>2024</u>
Proportionate share of net pension liability \$	<u>777,962</u>

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, 2024, the net pension liability of the Plan is measured as of June 30, 2023 (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, 2022 (the valuation date) rolled forward to June 30, 2023, 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, 2023, was as follows:

<u>Proportion at Measurement Date</u>	<u>Proportionate Share</u>
Proportion – June 30, 2023	0.00710%
Proportion – June 30, 2024	<u>0.00624%</u>
Change – Increase (Decrease)	<u>-0.00086%</u>

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(7) Defined Benefit Pension Plan, continued

Deferred Pension Outflows(Inflows) of Resources

For the year ended June 30, 2024, the District recognized pension expense of \$210,723. As of the fiscal year ended June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 155,319	-
Net difference between actual and expected experience	33,578	-
Net changes in assumptions	46,969	-
Net difference between projected and actual earnings on plan investments	125,960	-
Net difference between actual contribution and proportionate share of contribution	475,948	-
Net adjustment due to differences in proportions of net pension liability	-	(806,320)
Total	<u>\$ 837,774</u>	<u>(806,320)</u>

For the year ended June 30, 2024, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled \$155,319. Pension contributions subsequent to the measurement date for the year ended June 30, 2024, will be recognized as a reduction of the net pension liability for the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2025	\$ (169,412)
2026	(161,257)
2027	218,325
2028	(11,521)

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(7) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2022, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68

Actuarial assumptions:

Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	6.90 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% 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, 2023 for the PERF C was 6.90%. 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.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(7) Defined Benefit Pension Plan, 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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1–10*</u>
Global Equity - cap-weighted	30.0%	4.45%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgaged-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

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, 2024, 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:

	<u>Discount - 1% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount + 1% (7.90%)</u>
District's net pension liability	\$ <u>1,403,152</u>	<u>777,962</u>	<u>263,376</u>

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 40 and 41 for the Required Supplementary Information.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(8) Section 115 Trust

In fiscal year ended June 30, 2022, the District’s Board approved the creation of a Section 115 Trust Agreement with the CalPERS California Employer’s Pension Prefunding Trust (CEPPT), Trustee and Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the District’s pension plan obligation. Contributions to the Section 115 Trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the District. The purpose of the creation of the Section 115 Trust was to address the District’s pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the District rather than pension plan assets.

Accordingly, the Section 115 Trust’s assets are recorded as restricted for pension benefits in the District’s fund net position rather than assets of the pension plan during the measurement date of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan. On June 30, 2024, the Trust account balance on amounted to \$77,973.

(9) Unrestricted Net Position

Unrestricted net position is comprised of the following:

	2024
Non-spendable net position:	
Prepaid expenses	\$ <u>59,705</u>
Total non-spendable net position	<u>59,705</u>
 Spendable net position:	
Recharge improvements	2,650,000
Major structural failure reserve	2,350,000
Facilities	300,000
Compensated absences	80,551
Net pension liability	777,962
Operating reserve	<u>8,164,790</u>
Total spendable net position – designated	<u>14,323,303</u>
Total unrestricted net position	<u><u>\$ 14,383,008</u></u>

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(10) 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, 2024, is as follows:

Description	2024
Non-spendable:	
Prepaid expenses	\$ 59,705
Total non-spendable	59,705
Assigned:	
Recharge improvements	2,650,000
Major structural failure reserve	2,350,000
Facilities	300,000
Compensated absences	80,551
Net pension liability	777,962
Total assigned	6,158,513
Unassigned	8,991,849
Total fund balance	\$ 15,210,067

(11) 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, 2024, 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.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(11) Risk Management, continued

Joint Powers Insurance Authority, continued

- 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 excess coverage for an additional \$2,000,000 limit.
- Cyber Liability: Including Cyber Security up to \$5,000,000 aggregate limit. Cyber liability deductible varies from \$50,000 to \$100,000 depending on District total insured values.

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, 2024, 2023, and 2022. 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, 2024, 2023, and 2022, 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.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2024, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

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

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – Certain Risk Disclosures. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – Financial Reporting Model Improvements. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(13) Contingencies

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such an 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.

Chino Basin Water Conservation District
Notes to the Basic Financial Statements, continued
June 30, 2024

(13) Contingencies, continued

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.

(14) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of December 9, 2024, 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.

Required Supplementary Information

**Chino Basin Water Conservation District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2024**

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:					
Water conservation:					
Salaries and benefits	\$ 2,268,900	(62,300)	2,206,600	2,122,929	83,671
Basin and garden maintenance	366,700	(16,700)	350,000	249,934	100,066
Public education	206,300	(22,200)	184,100	126,620	57,480
Materials and services	774,400	59,800	834,200	800,499	33,701
Capital outlay	541,200	(5,600)	535,600	387,724	147,876
Total expenditures/expenses	4,157,500	(47,000)	4,110,500	3,680,811	429,689
Program revenues:					
Charges for services	17,500	(14,500)	3,000	19,344	16,344
Capital grants and contributions	4,000	1,200	5,200	5,140	(60)
Total program revenues	21,500	(13,300)	8,200	24,484	16,284
General revenues (expense):					
Property taxes	4,070,500	94,500	4,165,000	4,755,406	590,406
Investment returns, net of fair value	221,700	178,300	400,000	753,639	353,639
Other	14,000	2,500	16,500	18,213	1,713
Total general revenues, net	4,306,200	275,300	4,581,500	5,527,258	945,758
Total revenues	4,327,700	262,000	4,589,700	5,551,742	962,042
Excess of revenues over expenditures	170,200	309,000	479,200	1,870,931	1,391,731
Fund balance – beginning of period	13,339,136		13,339,136	13,339,136	
Fund balance – end of period	\$ 13,509,336		13,818,336	15,210,067	

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, 2024.

Chino Basin Water Conservation District
Schedules of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024
Last Ten Years

Description	Measurement Dates									
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.00624%	0.00710%	0.02244%	0.01353%	0.00495%	0.00454%	0.00455%	0.00419%	0.00351%	0.00458%
District's proportionate share of the net pension liability	\$ 777,962	819,854	1,213,543	1,472,056	507,258	437,892	451,196	362,322	240,899	285,096
District's covered payroll	\$ 1,002,611	1,078,851	982,898	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	77.59%	75.99%	123.47%	144.61%	43.15%	44.36%	49.59%	53.65%	35.07%	53.78%
District's fiduciary net position as a percentage of the District's total pension liability	81.68%	69.68%	61.33%	60.60%	81.76%	83.07%	80.67%	81.33%	86.37%	83.03%

Notes to schedule:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%

The inflation rate was reduced from 2.50% to 2.30%

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

Chino Basin Water Conservation District
Schedules of Pension Plan Contributions
As of June 30, 2024
Last Ten Years

Schedule of Pension Plan Contributions	Fiscal Years Ended									
	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 223,180	226,066	204,425	119,595	114,040	95,794	67,099	64,240	47,983	49,440
Contributions in relation to the actuarially determined contribution	(223,180)	(226,066)	(1,255,746)	(119,595)	(114,040)	(95,794)	(67,099)	(64,240)	(47,983)	(49,440)
Contribution deficiency (excess)	\$ -	-	(1,051,321)	-	-	-	-	-	-	-
Covered payroll	\$ 1,002,611	1,078,851	982,898	1,175,443	987,036	909,855	675,399	686,873	530,082	530,082
Contribution's as a percentage of covered payroll	22.26%	20.95%	127.76%	10.17%	11.55%	10.53%	9.93%	9.35%	9.05%	9.33%
Notes to schedule										
Valuation dates	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 year Smoothed Market Method
Inflation	2.30%	2.30%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	7.15% (3)	7.15% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level of percentage payroll, closed.
(2) Depending on age, service, and type of employment.
(3) Net of pension plan investment expense, including inflation.
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @62.
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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Report on Internal Controls and Compliance



C.J. Brown & Company CPAs

An Accountancy Corporation

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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, 2024, 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 9, 2024.

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.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
December 9, 2024

Chino Basin Water Conservation District

Management Report

June 30, 2024



C.J. Brown & Company CPAs
An Accountancy Corporation

Chino Basin Water Conservation District

Management Report

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CONFIDENTIAL

Board of Directors
Chino Basin Water Conservation District
Montclair, California

Dear Members of the Board:

In planning and performing our audit of the 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, 2024, in accordance with 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. However, in many cases audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries and have entered them into the general ledger of the District as of year end.

Prior Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. However, in many cases audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have prepared and the auditor has reviewed adjusting entries and reclassifications to close the District's accounting records as of fiscal year end.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.



C.J. Brown & Company, CPAs
Cypress, California
December 9, 2024

APPENDIX

Chino Basin Water Conservation District

Audit/Finance Committee Letter

June 30, 2024



C.J. Brown & Company CPAs

An Accountancy Corporation

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Board of Directors
Chino Basin Water Conservation District
Montclair, California

We have audited the financial statements of the governmental activities and each major fund of the Chino Basin Water Conservation District (District) for the year ended June 30, 2024, and have issued our report thereon dated December 9, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 17, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 9, 2024.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the District, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

Management’s estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the defined benefit pension plan’s deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods, and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

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

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

Qualitative Aspects of the Entity's Significant Accounting Practices, continued

Significant Accounting Estimates, continued

The disclosure of the District's defined benefit pension plan in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management.

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on page 5 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

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

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 9, 2024.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual, Schedules of District's Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Letter of Transmittal, which accompany the financial statements but are not RSI. Such information 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 on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended to us by Elizabeth Willis, General Manager, Alicia Fernandez, Assistant General Manager, the District's administrative staff, and Kristi Even of Eide Bailly, in the performance of our audit testwork. We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
December 9, 2024

*Chino Basin Water Conservation District
Schedule of Audit Adjusting Journal Entries
June 30, 2024*

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
GASB 68 Entry #1 - To reclassify 2023 contributions to NPL at June 30, 2024.			
29001	Net Pension Liability	132,647.00	
14601	DOR - Pension Contributions		132,647.00
Total		<u>132,647.00</u>	<u>132,647.00</u>
Adjusting Journal Entries JE # 2			
GASB 68 Entry #2 - To reclassify 2024 contributions to Deferred Outflows of Resources at June 30, 2024.			
14601	DOR - Pension Contributions	155,319.00	
50333	GASB 68 Contra (Rev)/Exp		155,319.00
Total		<u>155,319.00</u>	<u>155,319.00</u>
Adjusting Journal Entries JE # 3			
GASB 68 Entry #3 - To record changes in pension liability during FY22/23 at June 30, 2024. Note: DOR & DIR entries are summarized.			
50333	GASB 68 Contra (Rev)/Exp	180,615.00	
14602	DOR - Pension Related		21,929.00
29001	Net Pension Liability		90,755.00
29002	DIR - Pension Related		67,931.00
Total		<u>180,615.00</u>	<u>180,615.00</u>
Adjusting Journal Entries JE # 4			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY22/23 at June 30, 2024. Note: DOR & DIR entries are summarized.			
29002	DIR - Pension Related	295,863.00	
50333	GASB 68 Contra (Rev)/Exp	30,108.00	
14602	DOR - Pension Related		325,971.00
Total		<u>325,971.00</u>	<u>325,971.00</u>
Adjusting Journal Entries JE # 5			
AJE - To accrue check 21500 to vendor 19Six Architects in the amount \$23,498.75 for work performed in June noted during our Search for Unrecorded Liabilities Testing at June 30, 2024.			
12000	Construction in Process	23,498.75	
58000	Capital Clearing Account	23,498.75	
24000	Accrued Expenses		23,498.75
58000	Capital Clearing Account		23,498.75
Total		<u>46,997.50</u>	<u>46,997.50</u>
Total Adjusting Journal Entries		<u>841,549.50</u>	<u>841,549.50</u>

*Chino Basin Water Conservation District
 Schedule of Audit Adjusting Journal Entries
 June 30, 2024*

Account	Description	Debit	Credit
Proposed Journal Entries			
Proposed Journal Entries JE # 100			
PAJE - To accrue Covid grant received subsequent to fiscal year end related to period March 2020 - April 2022. No PPA.			
11500	Grant Receivables	5,566.84	
44000	Grant Income		5,566.84
Total		<u><u>5,566.84</u></u>	<u><u>5,566.84</u></u>
	Total Proposed Journal Entries	<u><u>5,566.84</u></u>	<u><u>5,566.84</u></u>
	Total All Journal Entries	<u><u>847,116.34</u></u>	<u><u>847,116.34</u></u>

Legend:

AJE	Audit Adjusting Entry
PAJE	Audit Proposed Journal Entry, Not Posted To Books
GASB 68 Entry	Audit Adjusting Entry for GASB 68 Pension Balances