Crestline Sanitation District

(A California Special District)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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Year Ended June 30, 2019 (with comparative data for 2018)

List of Elected and Appointed Officials
June 30, 2019

Elected Officials

Board of Directors

Title	Director	Term Expires
Chair	Matthew Philippe	October, 2020
Vice-Chair	Penny Shubnell	October, 2020
Secretary	Ken Nelsen	October, 2022
Director	Sherri Fairbanks	October, 2020
Director	Jack Winsten	October, 2022

Appointed Official

General Manager Rick Dever

Crestline Sanitation District
24516 Lake Drive
PO Box 3395
Crestline, CA 92325-3395

Smith Marion & Co. · Certified Public Accountants
Redlands Office · 1940 Orange Tree Lane, Suite 100 · Redlands, CA 92374 · (909) 307-2323

Board of Directors
Crestline Sanitation District
Crestline, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities of the Crestline Sanitation District as of and for the years ended June 30, 2019 and 2018, and the related notes to the financials, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of Crestline Sanitation District as of June 30, 2019 and 2018, and the respective change in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Comparative Information
We have previously audited the District's 2018 financial statements, and we expressed an unmodified opinion in our report dated November 14, 2018. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, the Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date, the Schedule of Plan Contributions, Schedule of Changes in the Net OPEB Liability and Related Ratios and the Notes to Required Supplementary Information, as listed in the table of contents, 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.

Our discussion and analysis of Crestline Sanitation District's (District) financial performance provides an overview of the District's financial activities for the fiscal years ended June 30, 2019 and 2018. Please read it in conjunction with the District's basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 and 2018 by $17,543,695 and $16,575,669 (as restated) respectively, which is reported as net position.
- The Sewer enterprise of the District is a business-type activity that is intended to recover all or a significant portion of its costs through user fees and charges. The sewer rates increased 8% in November 2018 over the prior year.
- The District's long-term debt in the form of a loan from the State Water Resources Control Board decreased by $106,151 in 2018. The debt was paid in full during the year ended June 30, 2018.
- At June 30, 2019 and 2018, the District was carrying accounts receivable in the amount of $1,076,519 and $1,128,681 respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The ***Statement of Net Position*** presents information on all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The ***Statement of Revenues, Expenses and Changes in Net Position*** reports the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for some items that will result in cash flows in the subsequent years.

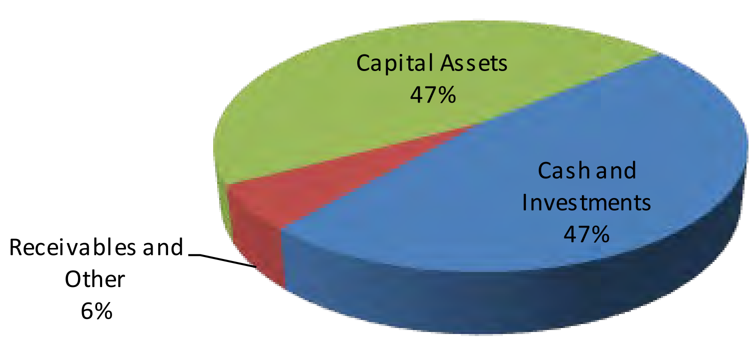
The ***Statement of Cash Flows****,* as the name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Financial Summary and Analysis

Condensed Statements of Net Position

	2019	2018	2017	Change from 2018 to 2019
ASSETS				
Current assets	$ 10,587,449	$ 9,513,944	$ 9,033,678	$ 1,073,505
Capital assets, net	9,262,711	9,422,028	9,120,861	(159,317)
Total assets	19,850,160	18,935,972	18,154,539	914,188
DEFERRED OUTFLOWS OF RESOURCES	853,023	1,083,179	1,169,206	(230,156)
LIABILITIES				
Current liabilities	396,697	425,604	292,520	(28,907)
Long-term liabilities	2,380,568	2,636,792	2,575,557	(256,224)
Total liabilities	2,777,265	3,062,396	2,868,077	(285,131)
DEFERRED INFLOWS OF RESOURCES	382,223	381,086	392,180	1,137
NET POSITION				
Net investment in capital assets	9,222,993	9,422,028	9,014,710	(199,035)
Unrestricted	8,320,702	7,153,641	7,048,778	1,167,061
Total net position	$ 17,543,695	$ 16,575,669	$ 16,063,488	$ 968,026

Total Assets
June 30, 2019



Financial Summary and Analysis (continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2019	2018	2017	Change from 2018 to 2019
Operating revenue	$ 3,308,019	$ 3,200,235	$ 2,900,095	$ 107,784
Operating expenses	(3,786,119)	(3,682,027)	(3,811,369)	(104,092)
Loss from operations	(478,100)	(481,792)	(911,274)	3,692
Nonoperating revenues	1,518,535	1,194,625	1,107,353	323,910
Nonoperating expenses	(72,409)	(69,614)	(76,227)	(2,795)
Total nonoperating revenues (expenses)	1,446,126	1,125,011	1,031,126	321,115
Change in net position	968,026	643,219	119,852	324,807
Net position - beginning of year, as previously stated	16,575,669	16,063,488	15,943,636	512,181
Prior year restatement	-	(131,038)	-	131,038
Net position - beginning of year, as restated	16,575,669	15,932,450	15,943,636	643,219
Net position - end of the year	$ 17,543,695	$ 16,575,669	$ 16,063,488	$ 968,026

Capital Assets

The District's investment in capital assets includes land, buildings, distribution systems and furniture and equipment (see Note 3 for additional information). Analysis of capital assets is as follows:

	2019	2018	2017	Change from 2018 to 2019
Capital assets:				
Land	$ 226,124	$ 226,124	$ 213,308	$ -
Construction in progress	207,651	644,877	200,488	(437,226)
Improvements to land	17,441,905	17,441,905	17,441,905	-
Structures and improvements	11,108,922	10,570,472	10,375,402	538,450
Vehicles	1,305,745	1,324,226	1,241,566	(18,481)
Equipment	686,161	649,320	603,264	36,841
Intangible assets	263,529	16,925	16,925	246,604
Accumulated depreciation	(21,977,326)	(21,451,821)	(20,971,997)	(525,505)
Total capital assets, net	$ 9,262,711	$ 9,422,028	$ 9,120,861	$ (159,317)

Long-Term Liabilities

The District's long-term liabilities consists of the following:

	2019	2018	2017	Change from 2018 to 2019
Loan payable	$ -	$ -	$ 106,151	$ -
Capital lease obligation	39,718	-	-	39,718
Compensated absences	82,176	75,508	56,950	6,668
Share of County pension obligation bonds	266,155	310,918	352,346	(44,763)
Net pension liability	1,750,781	2,023,707	134,265	(272,926)
Net other post-employment benefits liability	313,503	286,524	2,084,814	26,979
Total long-term debt	$ 2,452,333	$ 2,696,657	$ 2,734,526	$ (244,324)
Summary				
Current portion of debt	$ 71,765	$ 59,865	158,969	$ 11,900
Noncurrent portion of debt	2,380,568	2,636,792	2,575,557	(256,224)
Total long-term debt	$ 2,452,333	$ 2,696,657	$ 2,734,526	$ (244,324)

The change in liabilities is due to principal repayments and pension and other post-employment benefits related adjustments. More detailed information about the District's long-term liabilities is presented in Notes 4, 5 and 6 to the financial statements.

Unrestricted Net Position

The District had unrestricted net position of $8,320,703 at June 30, 2019. The Board of Directors has designated unrestricted net position for reserves as follows:

Designated Reserves	Current Reserve	Percent Funded	Reserve at 100%
Reserve for operations	$ 934,718	50%	$ 1,869,437
Reserve for capital replacement	3,932,082	73%	5,373,365
Reserve for catastrophe response	2,288,479	100%	2,288,479
Reserve for capital projects	1,165,424	100%	1,165,424
Total reserved net position	$ 8,320,703	78%	$ 10,696,705

The District's reserve policy endeavors to designate unrestricted net position as follows: reserve for operations at six months of projected operating costs for the 2018/19 budget year; reserve for replacement at 25% of accumulated depreciation as of the beginning of the 2018/19 budget year; reserve for catastrophe response at 25% of net capital assets as of the beginning of the 2018/19 budget year; and reserve for capital projects as necessary to fund capital projects identified in the 2018/19 budget. The District's target reserve balance for 2018/19 is $10,696,705 in accordance with the reserve policy and the 2018/19 budget, which is $2,376,002 higher than available unrestricted net position as of June 30, 2019.

Economic Factors and Rates

Sewer fees are set at a monthly flat fee. Rates for the sewer enterprises are set by the Board of Directors to meet the cost of operations and to fund debt service. The District's sewer rates increased by 8% in November 2018.

Conditions Affecting Current Financial Position

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

Requests for Information

This financial report is designed to give its readers a general overview of the District's finances. Questions regarding any information contained in this report or request for additional financial information should be addressed to the District Manager at 24516 Lake Drive, Crestline, CA 92325.

Basic Financial Statements

Statements of Net Position
June 30, 2019 (with comparative data for 2018)

	2019	2018
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,236,216	$ 824,442
Investments	8,192,140	7,457,483
Accounts receivable	1,076,519	1,128,681
Taxes receivable	30,479	47,175
Special assessments receivable	4,259	4,249
Interest receivable	351	138
Material and supplies inventory	14,449	14,449
Prepaid expenses	33,036	37,327
Total Current Assets	10,587,449	9,513,944
Noncurrent Assets:		
Capital assets:		
Land	226,124	226,124
Construction in progress	207,651	644,877
Improvements to land	17,441,905	17,441,905
Structures and improvements	11,108,922	10,570,472
Vehicles	1,305,745	1,324,226
Equipment	686,161	649,320
Intangible assets	263,529	16,925
Accumulated depreciation	(21,977,326)	(21,451,821)
Total Noncurrent Assets	9,262,711	9,422,028
Total Assets	19,850,160	18,935,972
Deferred Outflows of Resources		
Pension related (note 5)	847,890	1,083,179
OPEB related (note 6)	5,133	-
Total Deferred Outflows of Resources	853,023	1,083,179

Statements of Net Position
June 30, 2019 (with comparative data for 2018)

	2019	2018
Liabilities		
Current Liabilities:		
Accounts payable	$ 164,782	$ 198,393
Accrued liabilities	160,150	167,346
Current portion of capital lease obligation	6,727	-
Current portion of compensated absences payable	16,435	15,102
Current portion of County pension obligation bonds	48,603	44,763
Total Current Liabilities	396,697	425,604
Noncurrent Liabilities:		
Capital lease obligation, net of current portion	32,991	-
Compensated absences payable, net of current portion	65,741	60,406
Share of County pension obligation bonds (note 4)	217,552	266,155
Net pension liability (note 5)	1,750,781	2,023,707
Net other post-employment benefits liability (note 6)	313,503	286,524
Total Noncurrent Liabilities	2,380,568	2,636,792
Total Liabilities	2,777,265	3,062,396
Deferred Inflows of Resources		
Pension related (note 5)	382,223	381,086
Total Deferred Inflows of Resources	382,223	381,086
Net Position		
Net investment in capital assets	9,222,993	9,422,028
Unrestricted	8,320,702	7,153,641
Total Net Position	$ 17,543,695	$ 16,575,669

See accompanying notes and accountant's report.

Statements of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2019 (with comparative data for 2018)

	2019	2018
Operating Revenues		
Charges for services	$ 3,137,336	$ 2,961,067
Permit and inspection fees	36,113	30,867
Other services	134,570	208,301
Total Operating Revenues	3,308,019	3,200,235
Operating Expenses		
Salaries and benefits	2,219,668	2,160,732
Professional services	256,820	223,374
Services and supplies	575,256	601,624
Utilities	172,263	168,892
Depreciation	562,112	527,405
Total Operating Expenses	3,786,119	3,682,027
Operating Loss	(478,100)	(481,792)
Nonoperating Revenues (Expenses)		
Property taxes	1,187,004	1,114,730
Special assessments	11,286	11,410
State assistance	10,291	10,662
Investment income (losses)	295,670	24,971
Gain on sales of capital assets	1,600	12,750
Other income	12,684	20,102
Interest expense	(69,314)	(66,760)
Other expense	(3,095)	(2,854)
Total Nonoperating Revenues (Expenses)	1,446,126	1,125,011
Change in net position	968,026	643,219
Net position - beginning of the year, as previously stated	16,575,669	16,063,488
Prior period adjustment (note 10)	-	(131,038)
Net position - beginning of the year, as restated	16,575,669	15,932,450
Net position - end of the year	$ 17,543,695	$ 16,575,669

See accompanying notes and accountant's report.

Statements of Cash Flows
Year Ended June 30, 2019 (with comparative data for 2018)

	2019	2018
Cash Flows from Operating Activities		
Receipts from customers	$ 3,360,181	$ 3,085,936
Payments to suppliers for goods and services	(1,036,614)	(849,144)
Payments for employee's salaries and benefits	(2,234,850)	(2,023,219)
Net Cash Provided by Operating Activities	88,717	213,573
Cash Flows from Noncapital Financing Activities		
Property taxes	1,203,700	1,109,552
Special assessments	11,276	11,430
State assistance	10,291	10,662
Other nonoperating revenues	9,589	17,248
Net Cash Provided by Noncapital Financing Activities	1,234,856	1,148,892
Cash Flows from Capital And Related Financing Activities		
Acquisition of capital assets	(355,240)	(828,572)
Proceeds from sale of capital assets	1,600	12,750
Principal payments on loan	-	(106,151)
Principal payments on capital lease obligation	(4,882)	-
Principal payments on pension obligation bonds	(44,763)	(41,428)
Interest payments	(69,314)	(67,240)
Net Cash Used for Capital and Related Financing Activities	(472,599)	(1,030,641)
Cash Flows from Investing Activities		
Investment income	161,117	148,045
Purchase of investments	(3,023,251)	(2,057,313)
Proceeds from investments	2,422,934	1,919,858
Net Cash (Used for) Provided by Investing Activities	(439,200)	10,590
Net Increase in Cash and Cash Equivalents	411,774	342,414
Cash and cash equivalents - beginning of the year	824,442	482,028
Cash and cash equivalents - end of the year	$ 1,236,216	$ 824,442

See accompanying notes and accountant's report.

Statements of Cash Flows
Year Ended June 30, 2019 (with comparative data for 2018)

	2019	2018
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (478,100)	$ (481,792)
Adjustments:		
Depreciation expense	562,112	527,405
Prior period adjustment	-	(131,038)
Capital lease setup cost	(2,955)	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) Decrease in:		
Accounts receivable	52,162	(114,299)
Prepaid expenses	4,291	(4,014)
Deferred outflows of resources	230,156	86,027
Increase (Decrease) in:		
Accounts payable	(33,611)	148,760
Accrued liabilities	(7,196)	83,908
Compensated absences payable	6,668	18,558
Net pension liability	(272,926)	(61,107)
Other post-employment benefits obligation	-	(134,265)
Net other post-employment benefits liability	26,979	286,524
Deferred inflows of resources	1,137	(11,094)
Net Cash Provided by Operating Activities	$ 88,717	$ 213,573

Noncash transactions from noncapital financing activities, capital and related financing activities, and investing activities:

Capital lease acquisition	$ 44,600	$ -

See accompanying notes and accountant's report.

Note 1: Summary of Significant Accounting Policies

Organization and Operations of the District

The Crestline Sanitation District (District) was established by an act of the Board of Supervisors of the County of San Bernardino on January 21, 1946 as a component unit of the County of San Bernardino, to provide sewer services to the Crestline area. The District operates and maintains three treatment plants, 90 miles of collection systems, a 14-mile effluent outfall line, and an effluent disposal site. The District provides sewage collection, treatment, and disposal services for 5,284 Equivalent Dwelling Units (EDUs).

On November 4, 2008, Measure R was passed by the community of Crestline. This measure established a Governance Committee, whose purpose is to conduct a study and recommend to the County Board of Supervisors whether or not the District should change its governance to a district governed by a locally elected board composed of residents of the District. On February 16, 2010, the Governance Committee issued its Governance Feasibility Report, which recommends a reorganization of the governing body of the District from a Board-governed to self-governed Board of Directors. As a result of this recommendation, a special election was held on August 3, 2010 for the community of Crestline to give final vote as to the future governance of the District and the five local residents that would serve as the Board of Directors. The voters voted in favor of the District to become a self-governed District. As of October 1, 2010, the governance of the District was transferred from the County Board of Supervisors to the District's locally elected board.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's financial statements have been prepared using the *economic resources measurement focus* and the *accrual basis of accounting,* in conformity with generally accepted accounting principles (GAAP). Under this basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District has elected to follow all pronouncements of the Governmental Accounting Standards Board (GASB).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1: Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits at financial institutions, investments in money market funds, certificates of deposit with an original maturity of 3 months or less.

Investments

Investments are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale). Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Allowance for Uncollectible Accounts

No allowance for uncollectible accounts receivables was recorded at June 30, 2019 and 2018 based on management's expectation that all accounts receivable will be collected through the property tax roll.

Prepaid Expenses

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

Inventory

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenses when used (consumption method).

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 (for improvements to land, structures and improvements, vehicles, and equipment) and have an estimated useful life in excess of two years. Purchased or constructed capital assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at acquisition value at the acquisition date. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Note 1: Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Major capital outlays are capitalized as construction in progress and are not depreciated until placed into service.

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

Assets	Years
Improvements to land	10 - 45
Structures and improvements	5 - 45
Vehicles	5 - 15
Equipment	3 - 15

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Employee Benefits/Compensated Absences

District employees earn vacation and sick leave days based on length of service. Upon termination, the District is obligated to compensate employees for 100% of the accrued unused vacation time. Upon retirement, the District is obligated to compensate employees for 50% of the accrued unused sick leave to a maximum of 1,000 hours. Compensated absences payable are presented in the liabilities section of the statement of net position.

The District provides health benefits through a cafeteria plan, which includes health, dental, and vision care to eligible District employees. Benefit expenses are recognized in the period in which the benefits were provided.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has only one type of deferred outflows of resources, which is pension related, and is disclosed in note 5.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of deferred inflows of resources, which is pension related, and is disclosed in note 5.

Note 1: Summary of Significant Accounting Policies (continued)

Net Position

Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt against the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted net position as of June 30, 2019 or June 30, 2018.

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

Restricted Resources

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

Operating and Nonoperating Activities

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sewer services. Operating expenses include the costs associated with providing sewer services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes

Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are due in two installments. The first installment is due on November 1, and is payable through December 10 without penalty. The second installment is due February 1, and becomes delinquent on April 10. Property taxes are remitted to the District from the County of San Bernardino at various times throughout the year.

Stewardship, Compliance and Accountability

Although the District prepares and adopts an annual budget, budgetary information is not presented because financial reporting standards do not require the presentation of budgetary information for business-type activities in the financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the San Bernardino County Employees' Retirement Association (SBCERA) and additions to/deductions from SBCERA's fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, employer and employee contributions are recognized in the period the related salaries are earned and become measureable pursuant to formal commitments, statutory or contractual requirements, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms, and investments are reported at fair value. SBCERA audited financial statements are publicly available reports that can be obtained at SBCERA's website at www.sbcera.org.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For the year ended June 30, 2019, the following timeframes are used.

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

For the year ended June 30, 2018, the following timeframes are used.

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	Fiscal Year 2019	Fiscal Year 2018
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2018
Measurement Period	July 1, 2018 to June 30, 2019	July 1, 2017 to June 30, 2018

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified to be consistent with the current year's presentation. Net position and the changes in net position were not affected by the reclassifications.

Note 2: Cash and Investments

Cash and investments as of June 30, 2019 and 2018 are classified in the accompanying financial statements as follows:

	2019	2018
Statement of Net Position:		
Cash and cash equivalents	$ 1,236,216	$ 824,442
Investments	8,192,140	7,457,483
Total Cash and Investments	$ 9,428,356	$ 8,281,925

Cash and investments as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Cash on hand	$ 500	$ 500
Deposits with financial institutions	1,235,716	823,942
Investments	8,192,140	7,457,483
Total Cash and Investments	$ 9,428,356	$ 8,281,925

Investments Authorized by the California Government Code and the District's Investment Policy

The following table identifies the investment types that are authorized by the District's investment policy and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the District's investment policy that address interest rate risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Notes and Bonds	5 years	100%	None
Government Agency Securities	5 years	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
California Local Agency Investment Fund	N/A	100%	$65,000,000
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	5 years	20%	None
Collateralized Bank Deposits	5 years	100%	None
Investment Pools	N/A	100%	None

Note 2: Cash and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2019, the District had the following investments:

	Remaining Maturity (in Months)			
Investment type	12 or less	13 to 24	25 to 60	Total
United States Government Sponsored Enterprise Securities	$ -	$ 1,297,098	$ 2,073,464	$ 3,370,562
Local Agency Investment Fund	79,775	-	-	79,775
Investment Trust of California	-	315,500	425,877	741,377
Medium-Term Notes	-	334,804	1,584,170	1,918,974
Negotiable Certificates of Deposit	-	399,602	1,502,627	1,902,229
Money Market Mutual Funds	179,223	-	-	179,223
Totals	$ 258,998	$ 2,347,004	$ 5,586,138	$ 8,192,140

As of June 30, 2018, the District had the following investments:

	Remaining Maturity (in Months)			
Investment type	12 or less	13 to 24	25 to 60	Total
United States Government Sponsored Enterprise Securities	$ -	$ 497,529	$ 2,804,712	$ 3,302,241
Local Agency Investment Fund	28,927	-	-	28,927
Investment Trust of California	-	209,115	117,499	326,614
Medium-Term Notes	-	868,759	1,025,206	1,893,965
Negotiable Certificates of Deposit	-	424,845	1,469,381	1,894,226
Money Market Mutual Funds	11,510	-	-	11,510
Totals	$ 40,437	$ 2,000,248	$ 5,416,798	$ 7,457,483

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

At June 30, 2019 and 2018, the District did not hold investments that were highly sensitive to interest rate fluctuations beyond that already indicated in the information provided above.

Note 2: Cash and Investments (continued)

Credit Risk

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

June 30, 2019

Investment Type	Amount	Minimum Legal Rating	AAA	AA	A	Unrated
United States Government						
Sponsored Enterprise Securities	$ 3,370,562	N/A	$ 3,370,562	$ -	$ -	$ -
Local Agency Investment Fund	79,775	N/A	-	-	-	79,775
Investment Trust of California -						
Short Term Fund	315,500	N/A	-	315,500	-	-
Investment Trust of California -						
Medium Term Fund	425,877	N/A	-	-	425,877	-
Medium-Term Notes	1,918,974	A	102,050	249,758	1,567,166	-
Negotiable Certificates of Deposit	1,902,229	N/A	-	-	-	1,902,229
Money Market Mutual Funds	179,223	N/A	-	-	-	179,223
Totals	$ 8,192,140		$ 3,472,612	$ 565,258	$ 1,993,043	$ 2,161,227

June 30, 2018

Investment Type	Amount	Minimum Legal Rating	AAA	AA	A	Unrated
United States Government						
Sponsored Enterprise Securities	$ 3,302,241	N/A	$ 3,302,241	$ -	$ -	$ -
Local Agency Investment Fund	28,927	N/A	-	-	-	28,927
Investment Trust of California -						
Short Term Fund	209,115	N/A	-	209,115	-	-
Investment Trust of California -						
Medium Term Fund	117,499	N/A	-	-	117,499	-
Medium-Term Notes	1,893,965	A	-	199,473	1,694,492	-
Negotiable Certificates of Deposit	1,894,226	N/A	-	-	-	1,894,226
Money Market Mutual Funds	11,510	N/A	-	-	-	11,510
Totals	$ 7,457,483		$ 3,302,241	$ 408,588	$ 1,811,991	$ 1,934,663

Note 2: Cash and Investments (continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District's investment policy is to apply the prudent investor standard as set forth in the California Government Code: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The District's investment policy limits certain investments to minimum credit ratings issued by nationally recognized statistical rating organizations. The District's investments in commercial paper, medium-term notes, and money market funds at June 30, 2019 and 2018 met their respective minimum credit ratings requirements.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total District's investments are as follows:

Issuer	Investment type	2019	2018
Federal Home Loan Mortgage Corporation	Federal Agency Securities	$ 2,292,289	$ 2,582,923
Federal Home Loan Bank	Federal Agency Securities	$ 479,304	$ -

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of June 30, 2019 and 2018, $996,015 and $597,924 of the District's deposits with financial institutions respectively, were in excess of the Federal Deposit Insurance Corporation (FDIC) limits. As of June 30, 2019 and 2018, these funds were fully collateralized by securities in a separate account held by the same institution.

Note 2: Cash and Investments (continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance, and State Controller. The District may invest up to $65 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at www.treasurer.ca.gov.

The District investment in this pool is reported in the accompanying financial statements at cost which approximates fair value 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). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities totaling $1.9 billion and $2.4 billion, which represents 1.49% and 1.89% of the total LAIF portfolio of $105.7 billion and $88.8 billion as of June 30, 2019 and 2018, respectively. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

Investment Trust of California

The District voluntarily participates in the Investment Trust of California (CalTRUST), a Joint Powers Authority ("JPA"), established by public agencies in California for the purpose of pooling and investing local agency funds, operating reserves, and bond proceeds. A Board of Trustees supervises and administers the investment program of the Trust. The Board is comprised of experienced investment officers and policy-makers of the public agency members.

For the CalTRUST Short-Term, Medium-Term, and Long-Term Accounts, funds from all participants are pooled in each of the accounts. Participants receive units in the Trust and designated shares for the particular accounts in which they invest. The District invests in the Short-Term and Medium-Term Accounts, with targeted investment durations of up to two years. CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et. Seq. and 53635, et. Seq. Investment guidelines adopted by the Board of Trustees may further restrict the types of investments held by the Trust, and leveraging within the Trust's portfolios is prohibited. Separate CalTRUST financial statements are available from the Trustee on the Internet at www.caltrust.org.

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs that have the lowest priority and consist of unobservable inputs for an asset or liability.

Note 2: Cash and Investments (continued)

Fair Value Measurements (continued)

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2019 and 2018.

		Fair Value Measurement Using		
June 30, 2019	Total	Level 1	Level 2	Level 3
Investment by fair value level:				
United States Government				
Sponsored Enterprise Securities	$ 3,370,562	$ -	$ 3,370,562	$ -
Medium-Term Notes	1,918,974	-	1,918,974	-
Negotiable Certificates of Deposit	1,902,229	-	1,902,229	-
Total investments by fair value level	7,191,765	$ -	$ 7,191,765	$ -
Investments measured at the net asset value (NAV):				
Local Agency Investment Fund	79,775			
Investment Trust of California	741,377			
Money Market Mutual Funds	179,223			
Total investment measured at the NAV	1,000,375			
Total investments measured at fair value	$ 8,192,140			

		Fair Value Measurement Using		
June 30, 2018	Total	Level 1	Level 2	Level 3
Investment by fair value level:				
United States Government				
Sponsored Enterprise Securities	$ 3,302,241	$ -	$ 3,302,241	$ -
Medium-Term Notes	1,893,965	-	1,893,965	-
Negotiable Certificates of Deposit	1,894,226	-	1,894,226	-
Total investments by fair value level	7,090,432	$ -	$ 7,090,432	$ -
Investments measured at the net asset value (NAV):				
Local Agency Investment Fund	28,927			
Investment Trust of California	326,614			
Money Market Mutual Funds	11,510			
Total investment measured at the NAV	367,051			
Total investments measured at fair value	$ 7,457,483			

Note 3: Capital Assets

Summaries of changes in capital assets in service for the years ended June 30, 2019 and 2018 were as follows:

June 30, 2019

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
Capital assets, not being depreciated:				
Land	$ 226,124	$ -	$ -	$ 226,124
Construction in progress	644,877	347,828	(785,054)	207,651
Total capital assets, not being depreciated	871,001	347,828	(785,054)	433,775
Capital assets, being depreciated:				
Improvements to land	17,441,905	-	-	17,441,905
Structures and improvements	10,570,472	538,450	-	11,108,922
Vehicles	1,324,226	-	(18,481)	1,305,745
Equipment	649,320	54,967	(18,126)	686,161
Intangible assets	16,925	246,604	-	263,529
Total capital assets, being depreciated	30,002,848	840,021	(36,607)	30,806,262
Less accumulated depreciation for:				
Improvements to land	(15,610,681)	(166,706)	-	(15,777,387)
Structures and improvements	(4,574,554)	(244,690)	-	(4,819,244)
Vehicles	(864,468)	(69,306)	18,481	(915,293)
Equipment	(400,813)	(39,887)	18,126	(422,574)
Intangible assets	(1,305)	(41,523)	-	(42,828)
Total accumulated depreciation	(21,451,821)	(562,112)	36,607	(21,977,326)
Total capital assets, being depreciated, net	8,551,027	277,909	-	8,828,936
Total capital assets, net	$ 9,422,028	$ 625,737	$ (785,054)	$ 9,262,711

Note 3: Capital Assets (continued)

<u>June 30, 2018</u>

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Capital assets, not being depreciated:				
Land	$ 213,308	$ 12,816	$ -	$ 226,124
Construction in progress	200,488	815,756	(371,367)	644,877
Total capital assets, not being depreciated	413,796	815,756	(371,367)	871,001
Capital assets, being depreciated:				
Improvements to land	17,441,905	-	-	17,441,905
Structures and improvements	10,375,402	195,070	-	10,570,472
Vehicles	1,241,566	130,241	(47,581)	1,324,226
Equipment	603,264	46,056	-	649,320
Intangible assets	16,925	-	-	16,925
Total capital assets, being depreciated	29,679,062	371,367	(47,581)	30,002,848
Less accumulated depreciation for:				
Improvements to land	(15,419,679)	(191,002)	-	(15,610,681)
Structures and improvements	(4,339,647)	(234,907)	-	(4,574,554)
Vehicles	(843,117)	(68,932)	47,581	(864,468)
Equipment	(368,672)	(32,141)	-	(400,813)
Intangible assets	(882)	(423)	-	(1,305)
Total accumulated depreciation	(20,971,997)	(527,405)	47,581	(21,451,821)
Total capital assets, being depreciated, net	8,707,065	(156,038)	-	8,551,027
Total capital assets, net	$ 9,120,861	$ 659,718	$ (371,367)	$ 9,422,028

Note 4: Long-Term Liabilities

A. Loan Payable

On January 16, 1997, the District received a revolving fund loan from the State Water Resources Control Board in the amount of $2,159,508. The proceeds of the loan were used to fund construction of the Houston Creek treatment plant effluent storage reservoir. Of the $2,159,508 loan amount, $359,925 was funded by local matching funds. The loan was paid in full during the year ended June 30, 2018.

The activity for the loan payable for the year ended June 30, 2018 (prior year) was as follows:

Balance 6/30/17	Additions	Deletions	Balance 6/30/18	Due within one year
$ 106,151	$ -	$ (106,151)	$ -	$ -

B. Compensated Absences

The District's policies relating to compensated absences are described in Note 1. Changes in compensated absences for the years ended June 30, 2019 and 2018 were as follows:

Balance 6/30/18	Additions	Deletions	Balance 6/30/19	Due within one year
$ 75,508	$ 207,029	$ (200,361)	$ 82,176	$ 16,435

Balance 6/30/17	Additions	Deletions	Balance 6/30/18	Due within one year
$ 56,950	$ 202,208	$ (183,650)	$ 75,508	$ 15,102

C. Capital Lease Obligation

The District entered into a lease agreement on October 11, 2018 as lessee for financing the acquisition of a modular building located at the Huston Creek wastewater treatment plant, valued at $44,600. Amortization expense of $5,944 was included in depreciation expense for the year ended June 30, 2019. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

Note 4: Long-Term Liabilities (continued)

C. Capital Lease Obligation (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30		Amount
2020	$	8,702
2021		8,702
2022		8,702
2023		8,702
2024		8,702
2025		2,176
Total minimum lease payments		45,686
Less: Amount representing interest		(5,968)
Present value of minimum lease payments	$	39,718

D. Pension Obligation Bonds

The District participates in the San Bernardino County Employees' Retirement Association (SBCERA) pension plan. Prior to the District becoming self-governed in 2010, it was a component unit of the County of San Bernardino (County), and because of its participation in SBCERA, the District was a deemed participant in the issuance of three pension obligation bonds.

In November 1995, San Bernardino County Financing Authority issued Revenue Bonds for the purpose of enabling the County to finance its share of unfunded pension indebtedness. On June 24, 2004, the County issued County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds). The Bonds have various maturity dates ranging from: 2005 to 2018 for Fixed Rate Bonds; 2004 to 2023 for Auction Rate Bonds; and 2004 to 2023 for Index Bonds. Series 2004 A Fixed Rate Bonds have fixed interest rates that range from 2.43% to 5.86%. The Series 2004 B Pension Obligation Bonds were fully refunded in April 2008 by the issued Pension Obligation Refunding Bonds, Series 2008, which have a fixed interest rate of 6.020%.

The District's liability for its proportionate share of the pension obligation bonds is contractually determined with the County, and is subject to change based on a number of relevant factors. The District's funding requirements for its proportionate share of the outstanding pension obligation bonds is based on a percentage of covered payroll, at a rate determined annually by the County. Funding requirements for the years ended June 30, 2019 and 2018 were 7.9% and 8.0% of covered payroll, respectively. Additional information about the pension obligation bonds is available in the County's Comprehensive Annual Financial Report and its Adopted Budget, which are both available at www.sbcounty.gov.

Note 4: Long-Term Liabilities (continued)

D. Pension Obligation Bonds (continued)

Debt to maturity amortization schedules for the variable rate issues are based on the estimated average interest rate at the time of issuance. The District's proportionate share of the County's outstanding pension obligation bonds was estimated by multiplying the average of the District's proportionate share of pension obligation bond payments of approximately 0.1% by the total outstanding pension obligation bonds of the County. The difference between the District's change in proportionate share of the outstanding principal balance of the pension obligation bonds from the previous year and District's actual payments to the County during the year is reported as interest expense in the accompanying financial statements. Principal and interest payments made to the County for the years ended June 30, 2019 and 2018 were $112,174 and $106,684, respectively. The District's interest expense related to the pension obligation bonds during the years ended June 30, 2019 and 2018 was $70,567 and $69,300, respectively.

The activity for the pension obligation bonds for the years ended June 30, 2019 and 2018 was as follows:

Balance 6/30/18	Additions	Deletions	Balance 6/30/19	Due within one year
$ 310,918	$ -	$ (44,763)	$ 266,155	$ 48,603

Balance 6/30/17	Additions	Deletions	Balance 6/30/18	Due within one year
$ 425,655	$ -	$ (114,737)	$ 310,918	$ 44,763

A summary of estimated pension obligation bond payments for the remaining fiscal years is as follows (actual payments are contractually determined each year):

Year Ending June 30,	Principal	Interest	Total
2020	$ 48,603	$ 72,259	$ 120,862
2021	52,850	73,746	126,596
2022	56,850	72,014	128,864
2023	51,188	5,074	56,262
2024	56,664	1,746	58,410
Total	$ 266,155	$ 224,839	$ 490,994

Note 5: Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The District participates in the San Bernardino County Employees' Retirement Association (SBCERA) pension plan - a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The Plan operates under the provisions of the California County Employees' Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by SBCERA's Board of Retirement (Board). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

SBCERA is a legally separate entity from the District, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the District's financial statements exclude the SBCERA pension plan as of June 30, 2019. SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing SBCERA at, 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at: www.sbcera.org.

Note 5: Defined Benefit Pension Plan (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. The CERL and PEPRA establish benefit terms. Retirement benefits are calculated on the basis of age, average final compensation and service credit as follows:

	General - Tier 1	General - Tier 2
Final Average Compensation	Highest 12 months	Highest 36 months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of Service required and/or age eligible for	Age 70 any years	Age 70 any years
	10 Years ago 50	5 years age 52
	30 years any age	N/A
Benefit percent per year of service for normal retirement age	2% per year of final average compensation for every year of service credit	2.5% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

Note 5: Defined Benefit Pension Plan (continued)

A. General Information about the Pension Plan (continued)

Contributions

Participating employers and active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employer contribution rates are as follows:

	Employer Contribution Rates	
	Tier 1 Members	Tier 2 Members
	Membership Dates Before January 1, 2013	Membership Dates On or After January 1, 2013
Actuarially Determined Required Contribution Percentages for Years Ended:		
June 30, 2019	25.27%	22.73%
June 30, 2018	22.41%	19.36%

The required employer contributions and the amount paid to SBCERA by the District for the years ended June 30, 2019 and 2018 were $346,824 and $286,532, respectively. The District's employer contributions were equal to the required employer contributions for the years ended June 30, 2019 and 2018.

B. Net Pension Liability

At June 30, 2019, the District reported a net pension liability of $1,750,781 for its proportionate share of the SBCERA's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's reported liability at June 30, 2019, decreased by $272,926 from the District's prior year liability of $2,023,707 because of changes in the SBCERA net pension liability and the District's proportionate share of that liability. The SBCERA's publicly available financial report provides details on the change in the net pension liability.

Note 5: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

The District's proportion of the net pension liability at June 30, 2019 was based on the District's contributions received by SBCERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of SBCERA's participating employers. At measurement date June 30, 2018, the District's proportionate share of total employer contributions was 0.076%, which was a decrease of 0.007% from its proportion measured as of measurement date June 30, 2017. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The significant actuarial assumptions and methods used to measure the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Remaining Amortization Period	20-year closed period for each valuation
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate (1)	7.25%
Inflation	3.00%
Salary Increases (2)	4.5% - 14.5%
Cost-of-Living Adjustments	Contingent upon consumer price index with a 2% maximum
Administrative Expenses	0.70% of payroll
Mortality Rate Table (3)	Deriverd using SBCERA's participant data for all employers
Other Assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

(1) Includes inflation at 3.00% and is net of pension plan investment expense.

(2) Includes inflation at 3.00%, real "across the board" salary increases of 0.50%, plus merit and promotional increases. Amounts vary by service.

(3) Post-retirement mortality is based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally w ith the tw o-dimensional MP-2016 projections scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the actuarial experience study for the period from July 1, 2013 through June 30, 2016.

Note 5: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (continued)

The long-term expected rate of return on Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocations and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumptions, are summarized in the following table. This information will change every three years based on the triennial actuarial experience study.

SBCERA'S Long-Term Expected Real Rate of Return
As of June 30, 2018

Asset Class	Investment Classification	Target Allocation(1)	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equity	Domestic Common and Preferred Stock	8.00%	5.61%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.00%	6.37%
Developed International Equity	Foreign Common and Preferred Stock	6.00%	6.96%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	9.28%
U.S. Core Fixed Income	U.S. Government and Agency/Corporate Bonds	2.00%	1.06%
High Yield/Credit Strategies	Corporate Bonds/Foreign Bonds	13.00%	3.65%
Global Core Fixed Income	Foreign Bonds	1.00%	0.07%
Emerging Market Debt	Emerging Market Debt	6.00%	3.85%
Real Estate	Real Estate	9.00%	4.37%
Cash & Equivalents	Short-Term Cash Investment Funds	2.00%	-0.17%
International Credit	Foreign Alternatives	11.00%	6.75%
Absolute Return	Domestic Alternative/Foreign Alternatives	13.00%	3.56%
Other Real Assets	Domestic Alternative/Foreign Alternatives	5.00%	6.35%
Private Equity	Domestic Alternative/Foreign Alternatives	16.00%	8.47%
Total		**100.00%**	

(1) For actuarial purposes, target allocations only change once every three years based on the triennial actuarial experience study.

Note 5: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for the measurement period ended June 30, 2018, and 7.25% for the measurement period ended June 30, 2017. The projection of cash flows used to determine the discount rates assumed that contributions from participating employers and active Plan members are made at the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits of current Plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future Plan members and their beneficiaries, as well as projected contributions from future Plan members, are not included. Based on those assumptions, the Plan's 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 on Plan investments of 7.25% and 7.25% was applied to all periods of projected benefit payments to determine the total pension liability as of measurement dates June 30, 2018 and 2017, respectively.

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

The following table presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

District's proportionate share of the net pension liabiltiy for year ended	1% Lower 6.25%	Valuation Discount Rate 7.25%	1% Higher 8.25%
June 30, 2019	$ 3,237,210	$ 1,750,781	$ 531,546
June 30, 2018	$ 3,543,167	$ 2,023,707	$ 773,916

Pension Plan Fiduciary Net Position

Detailed information about the SBCERA's fiduciary net position is available in a separately issued SBCERA comprehensive annual financial report. That report may be obtained on the Internet at www.sbcera.org; by writing to SBCERA at 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415; or by calling (909) 885-7980 or (877) 722-3721.

Note 5: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportion share of the net pension liability over the measurement periods.

June 30, 2019

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2017 (VD & MD)	$ 10,986,296	$ 8,962,589	$ 2,023,707
Balance at: 6/30/2018 (VD & MD)	$ 10,799,221	$ 9,048,440	$ 1,750,781
Net changes during measurement period 2017-18	$ (187,075)	$ 85,851	$ (272,926)

June 30, 2018

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (VD & MD)	$ 10,570,112	$ 8,485,298	$ 2,084,814
Balance at: 6/30/2017 (VD & MD)	$ 10,986,296	$ 8,962,589	$ 2,023,707
Net changes during measurement period 2016-17	$ 416,184	$ 477,291	$ (61,107)

Valuation Date (VD), Measurement Date (MD).

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. 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 proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2018 was as follows:

Proportionate share at June 30, 2019 (measurement date June 30, 2018)	0.06910%
Proportionate share at June 30, 2018 (measurement date June 30, 2017)	0.07679%
Change - Increase (Decrease)	(0.00769%)

Note 5: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability (continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) of all employees that are provided with pensions through SBCERA is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Plan. The EARSL for the Plan as of July 1, 2017 (the beginning of the measurement period ended June 30, 2018) is 6.12 years. The EARSL for the Plan as of July 1, 2016 (the beginning of the measurement period ended June 30, 2017) is 6.20 years.

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

For the years ended June 30, 2019 and 2018, the District recognized pension expense of $310,324 and $300,358, respectively.

Note 5: Defined Benefit Pension Plan (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

As of June 30, 2019 and 2018, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in employer's proportion	$ 134,545	$ 226,252
Changes of assumptions or other inputs	355,080	-
Net difference between projected and actual earnings on pension plan investments	-	31,875
Difference between expected and actual experience in the Total Pension Liability	11,441	124,096
Pension contributions subsequent to the measurement date	346,824	-
Total	$ 847,890	$ 382,223

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in employer's proportion	$ 206,013	$ 164,591
Changes of assumptions or other inputs	517,155	-
Net difference between projected and actual earnings on pension plan investments	73,479	-
Difference between expected and actual experience in the Total Pension Liability	-	216,495
Pension contributions subsequent to the measurement date	286,532	-
Total	$ 1,083,179	$ 381,086

The amounts above are net of outflows and inflows recognized in the 2017-2018 and 2016-2017 measurement periods expense. Deferred outflows of resources related to contributions subsequent to the measurement date of $346,824 as of June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 (measurement period 2018-2019). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Note 5: Defined Benefit Pension Plan (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

Financial reporting date June 30,	Deferred Outflows/(Inflows) of Resources June 30, 2019	Deferred Outflows/(Inflows) of Resources June 30, 2018
2019	N/A	$ 94,218
2020	119,442	170,343
2021	49,944	96,147
2022	(51,738)	(15,770)
2023	13,899	59,035
2024	(10,275)	11,588
2025	(2,429)	-

E. Payable to the Pension Plan

The District reported a payable of $30,962 and $27,527 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2019 and 2018, respectively.

Note 6: Other Post-Employment Benefits (OPEB)

Plan Description

The District offers other post-employment benefits in the form of a health care plan (OPEB Plan) to qualified retired employees. Medical insurance benefits are offered through CalPERS. The CalPERS Plan is an agent multiple-employer plan governed by the Public Employees' Medical & Hospital Care Act (PEMHCA). The OPEB Plan is available to retired employees who have retired from the District and met the eligibility requirements under the District's pension plan. Eligible retirees are entitled to statutory minimum employer contributions under Government Code Section 22892 of the PEMHCA, further subject to the unequal contribution provisions of Section 22892(c). The benefit payments are provided by the District in the form of a cash subsidy for monthly medical insurance premiums, which is a fractional proportion of the statutory minimum employer contribution rate of $136 and $133 for calendar years 2019 and 2018, respectively. Under the District's OPEB Plan, the fractional proportion is determined by multiplying 5% by the number of years since the OPEB Plan was established in 2010. At June 30, 2019, the benefit amount was 45% of the statutory minimum employer contribution rate, or $61 per month. Eligible retirees may enroll in any of the programs available through the CalPERS Plan. The District provided health care benefits continue for the life of the retiree. The authority to establish and amend the benefit terms of the OPEB Plan are vested in the District's Board. The OPEB Plan does not issue a stand-alone financial report.

Note 6: Other Post-Employment Benefits (OPEB) (continued)

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	19
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to, but not yet receiving benefits	-
Total	23

Contributions

The OPEB Plan and its contribution requirements are established by Board action and may be amended by Board action. The District contributes 100% of the cost of current-year premiums for eligible retired plan members and their dependents (pay-as-you-go). For fiscal years ended June 30, 2019 and 2018, the District's cash contributions were $2,783 and $2,352 in payments to CalPERS, respectively.

Net OPEB Liability

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

Actuarial Assumptions:	
Discount rate	3.50%
Inflation	2.75% per year
Salary increases	2.75% per year
Mortality rate	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement rates	Hired before 2013: SBCERS Miscellaneous Rates Hired after 2012: 2009 CalPERS 2%@60 Rates for Miscellaneous employees adjusted to reflect a minimum retirement age of 62
Service requirement	Hired after 2012: 100% at 5 Years of Service Hired before 2013: 100% at 10 Years of Service
Healthcare trend rate	4.00% per year

The District does not presently fund an OPEB trust. Therefore, the net OPEB liability is equal to the total OPEB liability.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50 percent. The discount rate depends on the nature of underlying assets for funded plans. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds.

Note 6: Other Post-Employment Benefits (OPEB) (continued)

Changes in the OPEB Liability

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

	Measurement Date 6/30/19 Financial Reporting Date 6/30/19		
	(a) Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) = (c) Net OPEB Liability
Balance at June 30, 2018	$ 286,524	$ -	$ 286,524
Changes recognized for measurement period:			
Service cost	14,160	-	14,160
Interest	10,224	-	10,224
Assumption changes	5,551	-	5,551
Contributions – employer	-	2,956	(2,956)
Benefit payments	(2,956)	(2,956)	-
Net changes	26,979	-	26,979
Balance at June 30, 2019	$ 313,503	$ -	$ 313,503

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Discount Rate 1% Lower (2.50%)	Valuation Discount Rate (3.50%)	Discount Rate 1% Higher (4.50%)
Net OPEB Liability	$ 378,577	$ 313,503	$ 263,650

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Trend 1% Lower	Valuation Healthcare Cost Trend Rates	Trend 1% Higher
Net OPEB Liability	$ 261,311	$ 313,503	$ 368,233

Note 6: Other Post-Employment Benefits (OPEB) (continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The District used the transition approach provided in GASB 75 upon implementation, therefore there are no deferred outflows/inflows of resources related to OPEB in the first year.

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2019 and 2018, the District recognized OPEB expense of $24,802 and $24,063, respectively.

As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB, from the following sources. No deferred outflows of resources or deferred inflows of resources related to OPEB were reported as of June 30, 2018.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 5,133	$ -
Total	$ 5,133	$ -

The amounts above are net of outflows and inflows recognized in the measurement period expense. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows.

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	$ 418
2021	418
2022	418
2023	418
2024	418
Thereafter	3,043
	$ 5,133

Note 7: Net Position

The components of the District's net position was determined as follows.

	2019	2018
Capital assets, net	$ 9,262,711	$ 9,422,028
Less:		
Current portion of capital lease obligation	(6,727)	-
Capital lease obligation, net of current portion	(32,991)	-
Net investment in capital assets	$ 9,222,993	$ 9,422,028
Unrestricted	8,320,702	7,153,641
Total Net Position	$ 17,543,695	$ 16,575,669

Note 8: Federal and State Grants

From time to time, the District may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Note 9: Proposition 111 Appropriation Limits

Proposition 111, which added Article XIIIB to the State Constitution, established limits on budget appropriations in order to restrict government spending. Proceeds of taxes received by the District during the 2018-2019 and 2017-2018 fiscal years were within the guidelines established by Proposition 111.

Note 10: Risk Management

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 Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2019 and 2018, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $10,000,000, combined single limit at $10,000,000 per occurrence.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to $1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's.
- 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 $1.0 billion per occurrence, subject to a $2,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to a $1,000 deductible per occurrence.
- Public official's personal liability up to $500,000 each occurrence, with an annual aggregate of $500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with no deductible per claim.
- Workers' compensation insurance with statutory limits per occurrence and Employer's Liability Coverage up to $5 million.

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 material IBNR claims payable as of June 30, 2019 and 2018.

Required Supplementary Information

Required Supplementary Information
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date
Last 10 Years*

Measurement Date	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage of its covered payroll	District's proportion of the fiduciary net position	District's share of risk pool fiduciary net position	District's proportionate share of the fiduciary net position as a percentage of the District's total pension liability
6/30/2013	0.069%	$ 1,364,142	$ 1,207,534	112.97%	0.081%	$ 5,722,030	80.75%
6/30/2014	0.081%	$ 1,378,093	$ 1,101,562	125.10%	0.099%	$ 7,908,344	85.16%
6/30/2015	0.079%	$ 1,533,165	$ 1,250,213	122.63%	0.100%	$ 8,286,710	84.39%
6/30/2016	0.084%	$ 2,084,814	$ 1,433,543	145.43%	0.104%	$ 8,485,298	80.28%
6/30/2017	0.077%	$ 2,023,707	$ 1,337,719	151.28%	0.096%	$ 8,962,589	81.58%
6/30/2018	0.690%	$ 1,750,781	$ 1,348,131	129.87%	0.090%	$ 9,048,439	83.79%

***** Historical information is required only for measurement dates for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2013-14 was the first year of implementation.

Required Supplementary Information
Schedule of Pension Plan Contributions
Last 10 Years*

Fiscal Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2013-14	$ 278,275	$ (278,275)	$ -	$ 1,101,562	25.26%
2014-15	$ 347,080	$ (347,080)	$ -	$ 1,250,213	27.76%
2015-16	$ 308,919	$ (308,919)	$ -	$ 1,433,543	21.55%
2016-17	$ 296,144	$ (296,144)	$ -	$ 1,378,996	21.48%
2017-18	$ 286,532	$ (286,532)	$ -	$ 1,337,719	21.42%
2018-19	$ 346,824	$ (346,824)	$ -	$ 1,423,182	24.37%

Notes to Schedule:

Change in benefit terms: None

Change in assumptions: The discount rate was lowered from 7.50% to 7.25% in fiscal year 2017-18, which is the measurement period ended June 30, 2017.

***** Historical information is required only for measurement dates for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2013-14 was the first year of implementation.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 Years*

Measurement Period	2018	2019
Total OPEB Liability		
Service cost	$ 13,781	$ 14,160
Interest	10,282	10,224
Assumption changes	-	5,551
Benefit payments	(2,842)	(2,956)
Net change in total OPEB liability	21,221	26,979
Total OPEB liability - beginning	265,303	286,524
Total OPEB liability - ending	286,524	313,503
Plan Fiduciary Net Position	-	-
Net OPEB Liability	$ 286,524	$ 313,503
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
Covered-employee payroll	$ 1,337,719	$ 1,423,182
Total OPEB liability as a percentage of covered-employee payroll	21%	22%

Notes to Schedule:

Changes in assumptions: the discount rate was lowered from 3.8% to 3.5% in fiscal year 2018-19, which is the measurement period ended June 30, 2019.

The District has not calculated an actuarially determined contribution amount, and contribution requirements are not statutorily or contractually established.

The District does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2017-18 was the first year of implementation.