Pursuant to Governor Newsom's Executive Order N-29-20, members of the Finance Standing Committee and staff will participate in this meeting via a teleconference. Members of the public can submit written comments to the Board Secretary at boardcomment@cambriacsd.org.

CAMBRIA COMMUNITY SERVICES DISTRICT

I, Tom Gray, Chairman of the Cambria Community Services District Finance Committee, hereby call a Special Meeting of the Finance Committee pursuant to California Government Code Section 54956. The Special Meeting will be held: **Tuesday, March 16, 2021, 10:00 AM.** The purpose of the Special Meeting is to discuss or transact the following business:

AGENDA
SPECIAL MEETING OF THE CAMBRIA COMMUNITY SERVICES DISTRICT FINANCE COMMITTEE
Tuesday, March 16, 2021, 10:00 AM

Copies of the staff reports or other documentation relating to each item of business referred to on the agenda are on file in the Office of the Board Secretary, available for public inspection during District business hours. The agenda and agenda packets are also available on the CCSD website at www.cambriacsd.org. Please call 805-927-6223 if you need any assistance. If requested, the agenda and supporting documents shall be made available in alternative formats to persons with a disability. The Committee Chairperson will answer any questions regarding the agenda.

Please click the link below to join the webinar:
https://zoom.us/j/94642900635?pwd=WklXaVNtbTd6Q2s0TmFPRC90Qm1hQT09
Passcode: 117134
Or iPhone one-tap:
US: +16699006833,,94642900635# or +13462487799,,94642900635#
Or Telephone:
Dial(for higher quality, dial a number based on your current location):
US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099
Webinar ID: 946 4290 0635
International numbers available: https://zoom.us/u/adOV1syTJV

1. **OPENING**
   - A. **CALL TO ORDER**
   - B. **ESTABLISH A QUORUM**
   - C. **CHAIRMAN'S REPORT**

D. AD HOC SUBCOMMITTEE REPORTS

2. PUBLIC COMMENT

3. CONSENT AGENDA

A. Consideration to Approve the February 23, 2021 Regular Meeting Minutes

4. REGULAR BUSINESS

A. Discuss and Review Fiscal Year 18/19 Audit and Financial Statements

B. Receive Update on Tyler Incode

5. FUTURE AGENDA ITEMS

6. ADJOURN

FINANCE COMMITTEE

REGULAR MEETING
Tuesday, February 23, 2021 - 10:00 AM

MINUTES

A. CALL TO ORDER

Chairman Gray called the meeting to order at 10:00 a.m.

B. ESTABLISH QUORUM

Committee members present via Zoom: Tom Gray, Ted Siegler, Dewayne Lee, Mary Maher, Marvin Corne, and Cheryl McDowell.

Staff present via Zoom: John Weigold, General Manager, Pamela Duffield, Finance Manager, Ossana Terterian, Board Secretary.

C. CHAIRMAN'S REPORT

Chairman Gray announced that all 5 current members were re-appointed to the finance committee for another 2-year term

D. ELECTION OF OFFICERS

Committee had a short discussion on keeping the same officers for Vice Chair and Secretary.

Committee member McDowell moved to elect Ted Siegler as Vice Chair and Mary Maher as Secretary.

Committee member Corne seconded the motion.

The motion was approved 5-ayes (Corne, Lee, Maher, McDowell, Siegler), 0-Nays, 0-Abstain

1. PUBLIC COMMENT - None

2. CONSENT AGENDA

A. Consideration to Approve the January 26, 2021 Regular Meeting Minutes

Committee member Lee moved to approve the meeting minutes.

Committee member Siegler seconded the motion.

The motion was approved 5-ayes (Corne, Lee, Maher, McDowell, Siegler), 0-Nays, 0-Abstain

3. REGULAR BUSINESS

A. Receive Update from the Board of Directors Regarding Finance Committee Tasks in 2021, and Establish Ad Hoc Subcommittee(s) as Appropriate

Chairman Gray and Ms. Duffield discussed the three -year goal and six-month objectives that CCSD Board of Directors adopted that involve participation by the Finance Committee.

THREE-YEAR GOAL: Achieve and sustain adequate financial resources to sustain the mission.

SIX-MONTH OBJECTIVES:
1) Identify underfunded, under-resourced and understaffed services by April 1st.
2) Identify funding resources and structural changes to meet unmet services needs by June 1st.

Ms. Duffield identified the types of items that may be included such as vacant lots, ranch maintenance including homeless cleanup, street lighting, fire department requested items, Vets Hall maintenance and capital improvements.

The committee discussed these items and whether there should be one or two ad hoc committees.

Committee member Siegler explained that he may need to recuse himself from discussion and decisions associated with the ranch as he is a FFRP board member.

The committee also heard public comment from E. Bettenhausen.

Committee member Maher moved to form one ad-hoc committee to work on both objectives.

Committee member Siegler seconded the motion.

The motion was approved 5-ayes (Corne, Lee, Maher, McDowell, Siegler), 0-Nays, 0-Abstain

Committee member McDowell moved to appoint committee members Corne, Lee and Maher to the committee.

Committee member Siegler seconded the motion.

The motion was approved 5-ayes (Corne, Lee, Maher, McDowell, Siegler), 0-Nays, 0-Abstain

B. Receive Update on Fiscal Year 2018/2019 Year Audit

Ms. Duffield reported that the final draft of the audit is expected March 11th. The committee will need to have a special meeting so the audit can be presented to the Board on March 18th. The committee is tentatively planning to meet at 10:00am on Tuesday March 16th. A meeting will be scheduled once Ms. Duffield receives the final draft audit.

C. Receive Update on Tyler Incode

Ms. Duffield reported Tyler Incode implementation is continuing at a fast pace. Training and implementation are active this month. Payroll processes will begin next month and Billing will begin in the April/May timeframe.

4. FUTURE AGENDA ITEMS

Chairman Gray asked for any future agenda items.

We discussed two potential items; how Settlement funds will be handled and when we would meet in person. Both items are complicated and we will wait for Board direction before discussing in our committee.

5. ADJOURN

Chairman Gray adjourned the meeting at 10:45 AM

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Finance Committee AGENDA NO. **4.A.**

FROM: John F Weigold IV, General Manager
Pamela Duffield, Finance Manager

Meeting Date: March 16, 2021 Subject: Discuss and Review Fiscal Year 18/19 Audit and Financial Statements

RECOMMENDATIONS: Staff recommends the Finance Committee discuss and review the Fiscal Year 18/19 Audit & Financial Statements.

DISCUSSION: A draft of the Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2019 the ("Audit Report") is attached for review. Mr. Alex Hom, from Moss, Levy & Hartzheim, will be available via Zoom for a summary of the Audit Report and respond to questions and comments from the Finance Committee.

The Audit Report contains the auditor's opinion of the CCSD's financial statements and adequacy of internal controls. The auditor issued an unqualified opinion, which states that as of June 30, 2019, the financial statements present fairly, in all material respects, the financial position of the governmental and business-type activities of the CCSD.

As shown on page 16 of the Audit Report, the General Fund had revenues of $5,256,862, expenditures of $5,173,018 and other financing sources of $18,500, resulting in an increase to fund balance of $102,344.

As shown on page 19 of the Audit Report, the Water Fund had total operating and non-operating revenues of $3,817,554 and expenditures of $4,084,116, resulting in a decrease in net position of $266,562. It should be noted that these Water Fund revenues/expenses include both Water Operating, Water SWF Operating and Water SWF Capital funds.

As shown on page 19 of the Audit Report, the Wastewater Fund had total operating and non-operating revenues of $2,403,604 and expenditures of $2,608,054, resulting in a decrease in net assets of $204,450.

As shown on page 3 of the Audit Report, the District had a total of $3,136,367 in cash on hand at June 30, 2019. That cash is distributed to the three funds as shown below:

CCSD FINANCIAL AUDIT JUNE 30, 2019	
FUND	**CASH BALANCE**
GENERAL FUND	$2,977,298
WASTEWATER FUND	$0
WATER FUND	$159,069
TOTAL	$3,136,367

Inter-Fund Loans due to the General Fund on June 30, 2019 are shown below:

WASTEWATER FUND	$579,777
WATER FUND	$157,726
TOTAL DUE TO GENERAL FUND	$737,503

Attachment: Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2019

CAMBRIA COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

CAMBRIA COMMUNNITY SERVICES DISTRICT
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JUNE 30, 2019

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REQUIRED SUPPLEMENTARY INFORMATION

FINANCIAL SECTION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors of Cambria Community Services District
Cambria, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Cambria Community Services District (District), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Cambria Community Services District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

2400 Professional Parkway, Suite 205 Santa Maria, CA 93455 Tel 805.925.2579 Fax 805.925.2147 mlhcpas.com

BEVERLY HILLS · CULVER CITY · SANTA MARIA

Emphasis of Matter

Changes in Accounting Principles

As discussed in Note 1 to the basic financial statements effective July 1, 2018, the Cambria Community Services District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* Our opinion is not modified with respect to this matter.

COVID-19 Pandemic

As discussed in Note 11 to the basic financial statements in March 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any financial impact cannot be reasonably estimated at this time. Our opinion is not modified to this matter.

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 3 through 10, the budgetary comparison information on page 43, the schedule of changes in OPEB liability and related ratios on page 44, the schedule of OPEB contributions on page 45, the schedule of proportionate share of net pension liability on pages 46, and the schedule of pension contributions on pages 47 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries of the basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, on our consideration of the Cambria Community Services 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.

Moss, Levy & Hartzheim LLP

Santa Maria, California
February 17, 2021

CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2019

Our discussion and analysis of the Cambria Community Services District's (CCSD) financial performance provides an overview of the CCSD's financial activities for the fiscal year ended June 30, 2019. The Management's Discussion & Analysis is to be read in conjunction with the CCSD's financial statements, which follow this section.

The Cambria Community Services District is a multi-purpose special district formed on December 9, 1976. Formation took place under the Community Services District Law, Section 61000, et. seq. of the California Government Code. At the time of formation, it absorbed and combined the responsibilities of five existing special districts. These independently operated districts were as follows:

- The Cambria Community Services District - Moonstone Beach Drive area
- The Cambria County Water District
- The Cambria Fire Protection District
- The Cambria Garbage Disposal District
- San Luis Obispo County Service Area No. 6 - Street Lighting Service

The CCSD is a political subdivision of the State of California and operates under a Board of Directors-Manager form of government. A five-member Board of Directors governs it with each member serving a four-year term. The CCSD has a population of approximately 6,400 residents within its boundaries. Tourism in the summer months and on holiday weekends creates seasonal increases in the population. The CCSD provides the following services:

- Water
- Wastewater
- Fire Protection
- Facilities and Resources
- Parks and Recreation
- Resource Conservation
- Administration

Fund Financial Statements

The accounting system of the CCSD is organized and operated on a fund basis. A fund is considered a separate self-balancing entity with assets, liabilities, fund equity, revenues, and expenditures/expenses.

The basis of accounting depends on the fund. Basis of accounting refers to "when" revenues and expenses are recognized in the accounts and reported in the financial statements.

Governmental funds use the modified-accrual basis of accounting. Revenues are recognized when measurable and available as net current assets. Measurable means the amounts can be estimated or determined. Available means the amounts were collected during the reporting period or soon enough to finance the expenditures accrued for the reporting period.

Enterprise or business-like funds use the accrual basis of accounting. Revenues, expenses, assets and liabilities are recognized when the event happens.

Financial Statements

There are two government-wide financial statements that include all the CCSD's funds:

- Statement of Net Position
- Statement of Activities

The Statement of Net Position provides the basis for computing rate of return, evaluating the capital structure of the CCSD and assessing the liquidity and financial flexibility of the CCSD.

The Statement of Activities includes all the CCSD's individual functions presented using the accrual basis of accounting. One objective of the Statement of Activities is to report the relative financial burden of each of the CCSD's functions.

The remainder of the CCSD's financial statements is grouped into 2 categories:

- Governmental Activities
- Business-Type Activities

Governmental Activities

Governmental activities include the following fund:

- General Fund

The General Fund includes the following Departments:

- Fire Department
- Administration
- Facilities and Resources
- Parks and Recreation

The CCSD's financial statements for governmental activities include six components:

- Balance Sheet
- Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balance

CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2019

- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
- Notes to the Financial Statements
- Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual-Governmental Fund (Shown as Other Required Supplemental Information)

The Balance Sheet-Governmental Funds first presents the CCSD's assets (resources it controls that enable it to provide services), liabilities (financial obligations) and fund balance (in essence, what would be left over if the assets were used to satisfy the liabilities). The assets and liabilities are current in nature. Notably absent are capital assets. This is due to the statement being presented using the modified accrual basis of accounting. Fund balance is the difference between assets and liabilities. Fund Balance is reported in up to five classifications to clarify Fund Balance reported as well as to provide additional information, as follows:

- Nonspendable - amounts that are not in a spendable form, such as Prepaid Expenses or Deposits.
- Restricted - amounts constrained to specific purposes by their providers through constitutional provisions or legislation.
- Committed - amounts constrained to specific purposes by the government itself using its highest level of decision-making authority.
- Assigned - amounts a government intends to use for a specific purpose.
- Unassigned - amounts that are available for any purpose. These amounts are only found in the general fund.

The Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position is the final component of the Balance Sheet. The reconciling items explain the differences in the accounting bases (the presence of capital assets and long-term liabilities in the government-wide financial statements, but their absence in the governmental funds).

The Statement of Revenues, Expenditures, and Changes in Fund Balance is the governmental funds' income statement, tracking the flow of resources in as Revenues and out as Expenditures. Revenues and Expenditures are not the only resources that flow in and out. Other financing sources (uses) identify transfers in and out of the governmental funds. Besides the fact that transfers are neither revenues nor expenditures, they are shown separately to assist the statement reader in assessing the balance between ongoing revenues and expenditures related to the basic operations of the CCSD. For this same reason, special items such as prior period adjustments (corrections of material errors related to a prior period or periods) are shown separately.

The Reconciliation of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities describes the differences between change in fund balance and change in governmental activities net position in the government-wide statement of activities. Items are individually described.

The Notes to the Financial Statements are disclosures presented to assist the reader in understanding the information found in the financial statements.

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Governmental Fund compares the budgeted amounts to the actual amounts.

Business-Type Activities

Business-type activities include the following funds:

- Water Fund
- Wastewater (Sewer) Fund

The Water Fund includes the following Departments:

- Water
- Resource Conservation
- Sustainable Water Facility

The CCSD's financial statements for business-type activities include four components:

- Statement of Net Position - Proprietary Funds
- Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Funds
- Statement of Cash Flows - Proprietary Funds
- Notes to the Financial Statements

The Statement of Net Position provides the basis for computing rate of return, evaluating the capital structure of the Water and Wastewater Funds and assessing their liquidity and financial flexibility.

The Statement of Revenues, Expenditures, and Changes in Net Position shows how the Water and Wastewater Fund's net assets changed during the year. All the current year's revenues and expenditures are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The Statement of Revenues, Expenditures, and Changes in Fund Balance measures the success of the CCSD's operations over the past year and determines whether the CCSD has recovered its costs through user fees, property taxes and other charges.

The Statement of Cash Flows provides information regarding the Water and Wastewater Fund's cash receipts and cash disbursements during the fiscal year. The statement reports cash activity in three categories:

- Operating Activities
- Capital and Related Financing Activities
- Investing and Non-Operating Activities

Required Supplementary Information

This section contains the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.

This section also contains the Schedule of Changes in the OPEB Liability and Related Ratios, Schedule of OPEB Contributions, Schedule of the Proportionate Share of the Net Pension Liability, and the Schedule of Contributions, as required by GASB 75.

Overview of Activities During Fiscal Year Ending June 30, 2019

The Fire Suppression Benefit Assessment is a parcel assessment, it is not impacted by property value fluctuations. If approved annually by the CCSD Board of Directors, it can increase by the annual increase in the consumer price index, up to a maximum of 5.4%. This parcel assessment increased by $14,198 (3.1%) from fiscal year 2017-2018 to fiscal year 2018-2019. This parcel assessment represents 20% of the Fire Department's revenue in the CCSD's fiscal year 2018-2019 Budget.

The Water and Wastewater Standby or Availability Charge is a parcel assessment, based on parcel size. If approved annually by the CCSD Board of Directors, this parcel assessment generates approximately $177,654 for Water Fund and $115,517 for Wastewater Fund in revenue. This revenue is used for capital outlay and major maintenance projects in both the Water and Wastewater Funds.

A rate analysis for Water, Sustainable Water Facility (SWF) and Wastewater user fees and charges was completed in July 2018. The CCSD Board adopted a 3-year user fee & charges rate increase, with the first increase effective November 1, 2018. The increase in user fees and charges are to provide adequate support of operations & maintenance costs, capital improvements funding for an aging infrastructure and two months of operating the SWF.

As of June 30, 2019, advances receivable from the General Fund to Water Fund total $157,726 and Wastewater Fund total $579,777 (see Note #3).

For active employees, there are two different employee represented groups, International Association of Firefighters (IAFF), Service Employees International Union (SEIU) and the non-represented Management/Confidential (MCE) employees.

The following table shows the year to year increases and decreases in total salaries and wages:

Fiscal Year	Wages and Salaries	Year-to-Year Increase / (Decrease)
2014-2015	$ 2,285,226	N/A
2015-2016	$ 2,199,011	$ (86,215)
2016-2017	$ 2,866,485	$ 667,474
2017-2018	$ 3,363,441	$ 496,956
2018-2019	$ 3,141,181	$ (222,260)

The employees in each of these groups are paying the full employee portion of their pension, based upon their CalPERS service history, and cost-sharing of medical and dental insurance premiums.

Retirement is the most expensive employee benefit of the CCSD. The annual pension cost increased from $552,669 in fiscal year 2017-2018 to $603,260 in fiscal year 2018-2019. There are various factors that will impact the retirement rates and cost in the future including total salaries, inflation rates, returns on investments and the three agreement tiers with employees. The reporting requirements for pension plan was amended by GASB No. 67 & 68. To comply with these changes, a prior period adjustment is required as well as implementing those changes into the current period reporting (see Note 7 and 12).

Employee health insurance is the second most expensive employee benefit of the CCSD. The annual employee medical insurance cost decreased from $441,103 in fiscal year 2017-2018 to $396,382 in fiscal year 2018-2019. This is an overall decrease of $44,721 or 10%. Agreements with MCE, SEIU and IAFF employees have also increased premium contributions made by employees.

Retiree health insurance is the third most expensive employee benefit of the CCSD. It increased from $209,125 in fiscal year 2017-2018 to $222,442 in fiscal year 2018-2019. This is an overall increase of $13,317 or 6%. Agreements with MCE, SEIU and IAFF employees increased premium contributions to be made by retirees. Newly hired employees will receive a reduced health insurance premium benefit equal to the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum, which is currently $136. These changes are expected to result in a significant reduction of retiree health insurance costs in the future. The reporting requirements for Other Post-Employment Benefits (OPEB) was amended by GASB No. 75. To comply with these changes, a prior period adjustment is required as well as implementing those changes into the current period reporting (see Note 8 and 12).

CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2019

Personnel costs represent 46% of the CCSD's expenditures for fiscal year 2018-2019. Several steps, the most significant being discussed above, have been taken to control these costs.

Maintenance and repair costs decreased from $917,135 for fiscal year 2017-2018 to $620,496 for fiscal year 2018-2019. These costs range from building repairs, to vehicle repairs to pump repairs, the vast majority are related to maintenance and repair costs of the water and sewer infrastructure.

The following table shows the year-to-year increases and decreases in the CCSD's total maintenance and repair costs:

Fiscal Year		Total Maintenance and Repair Costs		Year-to-Year Increase / (Decrease)
2014-2015	$	627,992		N/A
2015-2016	$	1,009,841	$	381,849
2016-2017	$	895,109	$	(114,732)
2017-2018	$	917,135	$	22,026
2018-2019	$	620,496	$	(296,639)

There continues to be significant deferred maintenance in the Water and Wastewater Funds. The adopted increase in user fees & charges will assist in funding the deferred maintenance in the Water and Wastewater Funds. CCSD continues to explore funding opportunities to address the General Fund's deferred maintenance of the Veteran's Hall and the ongoing maintenance of the Fiscalini Ranch and Open Space Lots.

The following table shows the year-to-year increases and decreases in the CCSD's total cash and investments:

Fiscal Year		Total Cash and Investments		Year-to-Year Increase / (Decrease)
2014-2015	$	2,446,332		N/A
2015-2016	$	4,980,787	$	2,534,455
2016-2017	$	3,332,139	$	(1,648,648)
2017-2018	$	3,756,352	$	424,213
2018-2019	$	3,136,367	$	(619,985)

The Board of Directors approved the operating budget for fiscal year 2019-2020 on August 15, 2019. Projected activity for all funds is as follows:

- Water: a surplus of $195,003;
- Sustainable Water Facility: a deficit of $127,820 to be funded from Water Fund reserves;
- Wastewater (Sewer): $0 surplus/deficit
- General Fund (Governmental): surplus of $17,767

CAMBRIA COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 2,977,298	$ 159,069	$ 3,136,367
Accounts receivable, net	49,404	1,182,392	1,231,796
Note receivable	1,516		1,516
Prepaid expenses	4,707	4,002	8,709
Internal balances	1,255,479	(1,255,479)	
Capital assets:			
Non Depreciable:	14,990,732	8,071,665	23,062,397
Depreciable:	2,201,792	16,438,808	18,640,600
Intangible asset		966,777	966,777
Total assets	21,480,928	25,567,234	47,048,162
DEFERRED OUTFLOW OF RESOURCES			
Deferred pensions	1,042,983	542,449	1,585,432
Deferred OPEB	1,199,243	645,746	1,844,989
Total deferred outflow or resources	2,242,226	1,188,195	3,430,421
LIABILITIES			
Accounts payable		40,970	40,970
Accrued liabilities	51,118	20,868	71,986
Accrued interest payable	5,237	135,884	141,121
Unearned revenue	1,516		1,516
Deposits	15,328	125,526	140,854
Noncurrent liabilities:			
Due within one year	135,056	509,084	644,140
Due in more than one year	7,995,476	12,883,184	20,878,660
Total liabilities	8,203,731	13,715,516	21,919,247
DEFERRED INFLOW OF RESOURCES			
Deferred pensions	253,140	200,019	453,159
Total deferred inflow or resources	253,140	200,019	453,159
NET POSITION			
Net investment in capital assets	16,782,735	17,155,140	33,937,875
Unrestricted	(1,516,452)	(3,577,743)	(5,094,195)
Total net position	$ 15,266,283	$ 13,577,397	$ 28,843,680

The notes to basic financial statements are an integral part of this statement.

CAMBRIA COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

		Program Revenues	
	Expenses	Charges for Services	Operating Contributions and Grants
Governmental activities:			
Administration	$ 2,291,765	$ 2,069,249	$
Fire	2,270,528	54,110	
Parks and recreation	31,063		
Facilities and resources	699,317	28,182	
Interest on long-term debt	18,432		
Depreciation (unallocated)	86,158		
Total governmental activities	5,397,263	2,151,541	
Business-type activities:			
Water	4,465,331	4,017,028	
Wastewater	2,674,856	2,354,889	
Total business-type activities	7,140,187	6,371,917	
Total governmental	$ 12,537,450	$ 8,523,458	$

General Revenues:
- Taxes:
  - Property
  - Availability charges
- Franchise fees
- Investment income
- Other general revenues

Total general revenues

Change in net position

Net position - beginning of fiscal year
Prior period adjustment
Net position - beginning of fiscal year - adjusted

Net position - end of fiscal year

The notes to basic financial statements are an integral part of this statement.

Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Business-type Activities	Total
$ -	$ (222,516)	$ -	$ (222,516)
	(2,216,418)		(2,216,418)
	(31,063)		(31,063)
	(671,135)		(671,135)
	(18,432)		(18,432)
	(86,158)		(86,158)
	(3,245,722)		(3,245,722)
		(448,303)	(448,303)
		(319,967)	(319,967)
		(768,270)	(768,270)
$	(3,245,722)	(768,270)	(4,013,992)
	2,899,108		2,899,108
		293,171	293,171
	86,289		86,289
	44,191	4,087	48,278
	75,733		75,733
	3,105,321	297,258	3,402,579
	(140,401)	(471,012)	(611,413)
	17,318,364	16,045,102	33,363,466
	(1,911,680)	(1,996,693)	(3,908,373)
	15,406,684	14,048,409	29,455,093
	$ 15,266,283	$ 13,577,397	$ 28,843,680

CAMBRIA COMMUNITY SERVICES DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2019

	General Fund
ASSETS	
Cash and investments	$ 2,977,298
Accounts receivable	49,404
Note receivable	1,516
Prepaid expenditures	4,707
Due from other funds	517,976
Advances receivable	737,503
Total assets	$ 4,288,404
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accrued liabilities	$ 51,118
Deposits	15,328
Unearned revenue	1,516
Total liabilities	67,962
Fund Balances:	
Nonspendable	742,210
Assigned	3,478,232
Total fund balances	4,220,442
Total liabilities and fund balances	$ 4,288,404

The notes to basic financial statements are an integral part of this statement.

CAMBRIA COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total fund balances - governmental funds		$ 4,220,442
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 20,125,369	
Accumulated depreciation	(2,932,845)	
Net		17,192,524
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated absences payable	$ 222,834	
Loans payable	409,789	
Other post employment benefits obligation	4,075,542	
Net pension liability	3,422,367	
Total		(8,130,532)
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In governmental-wide statement of activities, it is recognized in the period that it is incurred.		(5,237)
Deferred outflows and inflows relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.		
Deferred inflows of resources relating to pensions	$ (253,140)	
Deferred outflows of resources relating to pensions	1,042,983	
Deferred outflows of resources relating to OPEB	1,199,243	
		1,989,086
Total net position - governmental activities		$ 15,266,283

The notes to basic financial statements are an integral part of this statement.

CAMBRIA COMMUNITY SERVICES DISTRICT

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2019

	General Fund
Revenues:	
Property taxes and assessments	$ 2,899,108
Weed abatement	39,610
Franchise fees	86,289
Use of money and property	72,373
Charges for administrative services	2,069,249
Miscellaneous income	90,233
Total revenues	5,256,862
Expenditures:	
Administration	2,080,465
Fire	2,142,438
Parks and recreation	31,063
Facilities and resources	657,413
Debt service:	
Principal	131,065
Interest	13,195
Capital outlay	117,379
Total expenditures	5,173,018
Excess of revenues over (under) expenditures	83,844
Other Financing Sources	
Proceeds from loan payable	18,500
Total other financing sources	18,500
Change in fund balance	102,344
Fund balance - July 1	4,118,098
Fund balance - June 30	$ 4,220,442

The notes to basic financial statements are an integral part of this statement.

CAMBRIA COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Total net change in fund balances - governmental funds	$	102,344
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of $117,379 is more than depreciation expense $(86,158) in the period.		31,221
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation used exceeded the amounts earned by $133,435.		133,435
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less mautured interest paid during the period but owing from the prior period was:		(5,237)
In governmental funds, repayments of long-term debt are reported as expenditures. In government-wide statements, repayments of long-term debt are reported as reductions of liabilities.		131,065
In governmental funds, proceeds from debt are recognied as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:		(18,500)
In the statement of activities, postemployment benefits are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, the difference between accrual-basis postemployment benefit costs and actual employer contributions was:		(367,723)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(147,006)
Changes in net position - governmental activities	$	(140,401)

The notes to basic financial statements are an integral part of this statement.

CAMBRIA COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2019

	Water Fund	Wastewater Fund	Totals
ASSETS			
Current assets:			
Cash and investments	$ 159,069	$ -	$ 159,069
Accounts receivable, net	740,753	441,639	1,182,392
Prepaid expenses	4,002		4,002
Total current assets	903,824	441,639	1,345,463
Noncurrent assets:			
Nondepreciable	6,820,620	1,251,045	8,071,665
Capital assets, net of accumulated depreciation	13,047,180	3,391,628	16,438,808
Intangible - water master plan	966,777		966,777
Total noncurrent assets	20,834,577	4,642,673	25,477,250
Total assets	21,738,401	5,084,312	26,822,713
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	305,065	237,384	542,449
Deferred OPEB	276,749	368,997	645,746
Total deferred outflows of resources	581,814	606,381	1,188,195
LIABILITIES			
Current liabilities:			
Accounts payable	40,970		40,970
Accrued liabilities	11,581	9,287	20,868
Accrued interest payable	126,950	8,934	135,884
Deposits payable	125,526		125,526
Due to other funds		517,976	517,976
Loan payable - current portion	377,084	132,000	509,084
Total current liabilities	682,111	668,197	1,350,308
Noncurrent liabilities:			
Advances payable	157,726	579,777	737,503
Compensated absences	26,864	35,279	62,143
Loans payable	7,220,026	593,000	7,813,026
OPEB payable	940,510	1,254,011	2,194,521
Net pension liability	1,167,507	908,484	2,075,991
Total noncurrent liabilities	9,512,633	3,370,551	12,883,184
Total liabilities	10,194,744	4,038,748	14,233,492
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	112,488	87,531	200,019
Total deferred inflows of resources	112,488	87,531	200,019
NET POSITION			
Net investment in capital assets	13,237,467	3,917,673	17,155,140
Unrestricted (deficit)	(1,224,484)	(2,353,259)	(3,577,743)
Total net position	$ 12,012,983	$ 1,564,414	$ 13,577,397

The notes to basic financial statements are an integral part of this statement.

CAMBRIA COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2019

	Water Fund	Wastewater Fund	Totals
Operating Revenues:			
Utility	$ 1,819,007	$ 2,352,309	$ 4,171,316
Service charges and fees	2,126,425		2,126,425
Miscellaneous	71,596	2,580	74,176
Total operating revenues	4,017,028	2,354,889	6,371,917
Operating Expenses:			
Salaries and wages	567,444	453,642	1,021,086
Payroll taxes and benefits	420,791	392,227	813,018
Maintenance and repairs	256,207	207,255	463,462
Office supplies, publications, and dues	19,412	20,534	39,946
Licenses and fees	70,361	89,255	159,616
Rent	40,150		40,150
Professional services	130,340	11,381	141,721
Operating supplies	184,112	43,324	227,436
Employee travel and training	6,687	5,248	11,935
Utilities	160,178	251,374	411,552
General and administrative overhead	1,000,890	525,352	1,526,242
Amortization	107,419		107,419
Depreciation	1,120,125	608,462	1,728,587
Total operating expenses	4,084,116	2,608,054	6,692,170
Operating income (loss)	(67,088)	(253,165)	(320,253)
Non-Operating Revenues (Expenses):			
Availability charges	177,654	115,517	293,171
Investment income	4,087		4,087
Interest expense	(381,215)	(66,802)	(448,017)
Total non-operating revenues (expenses)	(199,474)	48,715	(150,759)
Change in net position	(266,562)	(204,450)	(471,012)
Net position - July 1	13,237,022	2,808,080	16,045,102
Prior period adjustment	(957,477)	(1,039,216)	(1,996,693)
Net position - July 1 - adjusted	12,279,545	1,768,864	14,048,409
Net position - June 30	$ 12,012,983	$ 1,564,414	$ 13,577,397

The notes to basic financial statements are an integral part of this statement.

CAMBRIA COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019

	Water Fund	Wastewater Fund	Totals
Cash Flows From Operating Activities:			
Receipts from customers	$ 3,901,035	$ 2,278,746	$ 6,179,781
Payments to suppliers	(2,241,527)	(1,213,716)	(3,455,243)
Payments to employees	(887,905)	(707,564)	(1,595,469)
Net cash provided by operating activities	771,603	357,466	1,129,069
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(200,030)	(276,671)	(476,701)
Proceeds from loan payable	74,871		74,871
Principal paid on debt	(349,483)	(128,000)	(477,483)
Interest paid on debt	(319,633)	(63,860)	(383,493)
Net cash (used) by capital and related financing activities	(794,275)	(468,531)	(1,262,806)
Cash Flows from Noncapital Financing Activities:			
Availability charges	177,654	115,517	293,171
Principal paid on advances from General Fund		(4,452)	(4,452)
Net cash provided by noncapital financing activities	177,654	111,065	288,719
Cash Flows From Investing Activities:			
Interest income	4,087		4,087
Net cash provided by investing activities	4,087		4,087
Net increase in cash and cash equivalents	159,069		159,069
Cash and cash equivalents - July 1			
Cash and cash equivalents - June 30	$ 159,069	$ -	$ 159,069
Reconciliation to Statement of Net Position:			
Cash and investments	$ 159,069	$ -	$ 159,069

(Continued)

The notes to basic financial statements are an integral part of this statement.

CAMBRIA COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2019

	Water Fund	Wastewater Fund	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (67,088)	$ (253,165)	$ (320,253)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	1,120,125	608,462	1,728,587
Amortization expense	107,419		107,419
Change in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:			
Receivables, net	(131,807)	(76,143)	(207,950)
Prepaid expenses	(647)		(647)
Deferred outflows- pension	47,260	36,774	84,034
Deferred outflows- OPEB	(276,749)	(368,997)	(645,746)
Due to other funds	(366,861)	(44,258)	(411,119)
Accounts payable	(5,682)	(15,735)	(21,417)
Accrued liabilities	(3,760)	(2,716)	(6,476)
Deposits payable	15,814		15,814
Compensated absences	(2,540)	10,937	8,397
OPEB payable	361,608	482,142	843,750
Net pension liability	(72,020)	(56,042)	(128,062)
Deferred inflows- pension	46,531	36,207	82,738
Net cash provided (used) by operating activities	$ 771,603	$ 357,466	$ 1,129,069

The notes to basic financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Cambria Community Services District (District) is a multi-purpose special district established on December 9, 1976. The District is a political subdivision of the State of California and operates under a Board of Directors-Manager form of government. The District provides water, wastewater, fire protection, parks and recreation, open space, street lighting, conservation, and general administrative services.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statements No. 39, No. 61, and No. 80.

B. Basis of Presentation

Fund Financial Statements:

The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column.

Major Funds

The District reported the following major governmental funds in the accompanying financial statements:

General Fund – The primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The District reports the following major proprietary funds in the accompanying financial statements:

Water Fund - This fund accounts for the operation and maintenance of the District's water distribution system.

Wastewater Fund – This fund accounts for the operation and maintenance of the District's wastewater system.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or non-current) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of fiscal year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest on long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent that they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest, and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

The County levies, bills, and collects property taxes and special assessments for the District. Property taxes levied are recorded as revenue in the fiscal year of levy, due to the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the District and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, excluding unitary tax (whether paid or unpaid). The County remits tax monies to the District every month and twice a month in December and April. The final amount which is "teetered" is remitted in August each year.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County for the secured and unsecured property tax rolls. Under the provisions of Article XIIIA of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

The District pools the cash of all funds, except for monies that are reserved for specific purposes. The cash and investments balance in each fund represents that fund's equity share of the District's cash and investment pool.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on month-end balances. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The District's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from Securities and Exchange Commission (SEC) registered securities exchanges or NASDAQ dealers. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the District has defined cash and cash equivalents to be change and petty cash funds, equity in the District's cash and investment pool, and restricted non-pooled investments with initial maturities of three months of less.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at fiscal year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities may include sales taxes, property taxes, grants, and other fees, if any. Business-type activities report utilities as their major receivables.

In the fund financial statements, material receivables in governmental funds may include revenue accruals such as franchise tax, grants, service charges and other similar intergovernmental revenues that are both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at fiscal year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. The fiduciary fund receivables primarily consist of tax assessments.

G. Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Funds that are under the control of external parties are restricted.

I. Capital Assets

The accounting treatment over property, plant, and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations. The presentation and recording of governmental assets are described below.

Government-Wide Statements

In the government-wide financial statements, capital assets with a historical cost of $5,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, if any, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is expensed over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Improvements other than buildings	5-20 years
Equipment and systems	3-10 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are capitalized when purchased.

J. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave, sick leave, and compensatory time off, which are accrued as earned. Vacation can accrue no more than a maximum of two times their annual entitlement to vacation pay. Upon termination, all accumulated vacation hours can be paid for the regular employees. The District's liability for the current and long-term portions of compensated absences is shown in the government-wide Statement of Net Position for both governmental funds and proprietary funds. Only proprietary funds reflect the long-term portion in the fund financials report, the Statement of Net Position. The short-term portion is reflected for both governmental and proprietary funds in the fund financial statements. Computation was based on rates in effect as of the fiscal year-end.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing source, and the proprietary fund types report long-term debt and other long-term obligations as liabilities.

L. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category, refer to Note 7 and Note 8 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 7 for a detailed listing of the deferred inflows of resources the District has recognized.

M. Interfund Transactions

Following is a description of the three basic types of interfund transactions that can be made during the fiscal year and the related accounting policies:

1. Interfund services provided and used - transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.

2. Reimbursements (expenditure transfers) - transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and a reduction of expenditures in the receiving fund.

3. Transfers - all interfund transactions which allocate resources from one fund to another fund. These transactions are recorded as transfers in and out.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Equity Classifications

Government-Wide Statements

GASB Statement No. 63 requires that the difference between assets and the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is *net investment in capital assets* consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. *Restricted net position* is the portion of the net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. *Unrestricted net position* consists of net position that does not meet the definition of net investments in capital assets or restricted net position.

O. Fund Balances

Fund balance of the governmental fund is classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CALPERS) (Plan) and additions to/deductions from the Plan's 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.

R. Use of Estimates

The financial statements have been prepared in accordance with principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by Management. Actual results could differ from these amounts.

S. Other Postemployment Benefits (OPEB)

For the purposes of measuring the net OPEB liability and deferred outflows/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 Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. New Accounting Pronouncements

For the fiscal year ended June 30, 2019, the District implemented Governmental Accounting Standards Board (GASB) Statement No.75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This Statement is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension. Implementation of the GASB Statements No. 75 and the impact on the District's financial statements are explained in Note 8 – Other Postemployment Benefits and Note 12 – Prior Period Adjustments.

NOTE 2 – CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2019, the District had the following cash and investments on hand:

Cash on hand	$ 600
Cash in checking accounts	1,252,368
Cash in money market account	563,300
Local Agency Investment Fund (LAIF)	1,320,099
Total	$ 3,136,367

Cash and investments listed above are presented on the accompanying basic financial statements, as follows:

Cash and investments	$ 3,136,367
Total	$ 3,136,367

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the Local Agency Investment Fund which is measured under Level 2.

Investments Authorized by the California Government Code

The table below identifies the investment types the District has that are authorized for the District by the California Government Code or the District's investment policy, whichever more restrictive, that addresses interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percenage Of Portfolio	Maximum Investement in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obiligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	5 years	15%	10%
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

Disclosure Relating to 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's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosure Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2019:

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
State Investment Pool (LAIF)	$ 1,320,099	$ 1,320,099	$ -	$ -	$ -
	$ 1,320,099	$ 1,320,099	$ -	$ -	$ -

Disclosures Relating to 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 nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year ended June 30, 2019 for each investment type.

			Rating as of Fiscal Year End			
Investment Type	Carrying Amount	Minimum Legal Rating	AAA	AA+	AA-	Not Rated
State Investment Pool (LAIF)	$ 1,320,099	N/A	$ -	$ -	$ -	$ 1,320,099
	$ 1,320,099		$ -	$ -	$ -	$ 1,320,099

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District 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 (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Deposits are insured up to $250,000.

At June 30, 2019, none of the District's deposits with financial institutions in excess of Federal depository insurance limits were held in uncollateralized accounts.

Investment in State Pool (LAIF)

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.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Due From/Due to Other Funds

Individual fund interfund receivable and payable balances at June 30, 2019, are as follows:

Fund	Interfund Receivables	Interfund Payables
Major Governmental Fund:		
General Fund	$ 517,976	$ -
Proprietary Funds:		
Wastewater Fund		517,976
Totals	$ 517,976	$ 517,976

Advances receivable and payable

Advances receivable and payable constitute long-term borrowing between funds. Each advance carries a state interest rate and has schedule debt service payments. Interfund advances receivable and payable at June 30, 2019, are as follows:

Fund	Advances Receivables	Advances Payables
Major Governmental Fund:		
General Fund	$ 737,503	$ -
Proprietary Funds:		
Water Fund		157,726
Wastewater Fund		579,777
Totals	$ 737,503	$ 737,503

NOTE 4 – CAPITAL ASSETS

Governmental activities:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets not being depreciated				
Land	$ 14,990,732	$ -	$ -	$ 14,990,732
Total capital assets not being depreciated	$ 14,990,732	$ -	$ -	$ 14,990,732
Capital assets being depreciated				
Buildings, structures, and improvements	$ 2,423,663	$ -	$ -	$ 2,423,663
Equipment	2,593,595	117,379		2,710,974
Total capital assets being depreciated	5,017,258	117,379		5,134,637
Less accumulated depreciation	2,846,687	86,158		2,932,845
Total capital assets being depreciated, net	$ 2,170,571	$ 31,221	$ -	$ 2,201,792
Net capital assets	$ 17,161,303	$ 31,221	$ -	$ 17,192,524

NOTE 4 – CAPITAL ASSETS (Continued)

Business-type activities:

	Balance at July 1, 2018	Additions	Deletions	Transfers	Prior Period Adjustment	Balance at June 30, 2019
Capital assets not being depreciated						
Land	$ 1,821,427	$ -	$ -	$ -	$ -	$ 1,821,427
Construction in progress	6,227,590	74,716		(13,365)	(38,703)	6,250,238
Total capital assets not being depreciated	$ 8,049,017	$ 74,716	$ -	$ (13,365)	$ (38,703)	$ 8,071,665
Capital assets being depreciated						
Building and improvements	$ 53,747,110	$ 45,173	$ -	$ -	$ 36,629	$ 53,828,912
Plant and equipment	1,709,986	356,812		13,365		2,080,163
Total capital assets being depreciated	55,457,096	401,985		13,365	36,629	55,909,075
Less accumulated depreciation	37,730,386	1,728,587			11,294	39,470,267
Total capital assets being depreciated, net	$ 17,726,710	$ (1,326,602)	$ -	$ 13,365	$ 25,335	$ 16,438,808
Net capital assets	$ 25,775,727	$ (1,251,886)	$ -	$ -	$ (13,368)	$ 24,510,473

Governmental Activities:	
Unallocated	$ 86,158
Total governmental activities depreciation expense	$ 86,158
Business-type Activities:	
Water services	$ 1,120,125
Wastewater services	608,462
Total business-type activities depreciation expense	$ 1,728,587

NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Additions	Reductions	Prior Period Adjustment	Balance at June 30, 2019	Current Portion
Governmental Activities:						
Compensated absences	$ 550,545	$ 129,565	$ 263,000	$ (194,276)	$ 222,834	$ -
Loans payable	522,354	18,500	131,065		409,789	135,056
Other post employment benefits obligation		1,722,701	155,735	2,508,576	4,075,542	
Net pension liability	4,380,085	303,788	420,319	(841,187)	3,422,367	
Total Governmental Activities	$ 5,452,984	$ 2,174,554	$ 970,119	$ 1,473,113	$ 8,130,532	$ 135,056
Business-Type Activities:						
Compensated absences	$ 78,316	$ 84,351	$ 75,954	$ (24,570)	$ 62,143	$ -
Loans payable	8,724,722	74,871	477,483		8,322,110	509,084
Other post employment benefits obligation	95,667	927,607	83,857	1,255,104	2,194,521	
Net pension liability	1,362,866	113,912	241,974	841,187	2,075,991	
Total Business-Type Activities	$ 10,261,571	$ 1,200,741	$ 879,268	$ 2,071,721	$ 12,654,765	$ 509,084

NOTE 6 – LOANS PAYABLE

Governmental Activities

John Deere Finance

On July 1, 2013, the District entered into a loan agreement for $31,350 with John Deere Finance to purchase a vehicle. The interest rate on the loan is 0.0%. The amount was paid off in fiscal year ending June 30, 2019.

Ford Motor Credit Company

On February 26, 2016, the District entered in a loan agreement for $33,157 with Ford Motor Credit Company to purchase a vehicle. The interest rate on the loan is 5.95%. At June 30, 2019 the principal balance outstanding was $11,525. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 7,153	$ 493	$ 7,646
2021	4,372	87	4,459
Total	$ 11,525	$ 580	$ 12,105

Municipal Finance Corporation (Direct borrowing)

On August 25, 2016, the District entered into a loan agreement with the Municipal Finance Corporation to purchase a fire engine. The interest rate on the loan is 2.35%. In the event of default, all remaining principal becomes due. At June 30, 2019, the principal balance outstanding was $382,027. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 124,396	$ 8,978	$ 133,374
2021	127,319	6,054	133,373
2022	130,312	3,062	133,374
Total	$ 382,027	$ 18,094	$ 400,121

Western Financial Corporation

On November 1, 2018, the District entered into a loan agreement with Western Financial Corporation to purchase an utility vehicle. The interest rate on the loan is 3.90%. At June 30, 2019, the principal outstanding was $16,237. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 3,507	$ 571	$ 4,078
2021	3,646	432	4,078
2022	3,791	287	4,078
2023	3,942	136	4,078
2024	1,351	11	1,362
Total	$ 16,237	$ 1,437	$ 17,674

NOTE 6 – LOANS PAYABLE (Continued)

Business Type Activities

Ford Motor Company

On October 5, 2017, the District entered into a loan agreement with Ford Motor Company to purchase a 2017 Ford F-250 for the Water Department. The interest rate on the loan was 3.54%. At June 30, 2019, the principal balance outstanding was $17,885. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 8,726	$ 885	$ 9,611
2021	9,159	453	9,612
Total	$ 17,885	$ 1,338	$ 19,223

Municipal Finance Corporation (Direct borrowing)

On November 15, 2018, the District entered into a loan agreement with Municipal Finance Corporation for $74,871 to purchase a Ford 650 Dump Truck. The interest rate on the loan was 4.25%. In the event of default, all remaining principal becomes due. At June 30, 2019, the principal balance outstanding was $74,871. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 13,754	$ 3,182	$ 16,936
2021	14,339	2,597	16,936
2022	14,948	1,988	16,936
2023	15,584	1,352	16,936
2024	16,246	690	16,936
Total	$ 74,871	$ 9,809	$ 84,680

City National Bank

On September 23, 2010, the District entered into a loan agreement with City National Bank for $1,585,000 with an interest rate at 4.55% to refinance the 1999 Installment Purchase Agreement with the California Statewide Communities Development Authority. The amount is secured by the revenue of the wastewater system. At June 30, 2019, the principal balance outstanding was $725,000. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 132,000	$ 29,985	$ 161,985
2021	136,000	23,885	159,885
2022	145,000	17,495	162,495
2023	149,000	10,806	159,806
2024	163,000	3,708	166,708
Total	$ 725,000	$ 85,879	$ 810,879

NOTE 6 – LOANS PAYABLE (Continued)

Business Type Activities (Continued)

TPB Investments, Inc.

On August 7, 2014, the District entered into a loan agreement with TPB Investments, Inc. for $8,939,000 with an interest rate at 4.11% to finance improvements to the Water System. The amount is secured by the net revenues of the Water System. At June 30, 2019, the principal outstanding was $7,504,354. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 354,604	$ 304,822	$ 659,426
2021	369,327	290,098	659,425
2022	384,662	274,763	659,425
2023	400,634	258,791	659,425
2024	417,270	242,156	659,426
2025-2029	2,361,081	936,045	3,297,126
2030-2034	2,893,702	403,426	3,297,128
2035	323,074	6,639	329,713
Total	$ 7,504,354	$ 2,716,740	$ 10,221,094

NOTE 7 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statue and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Pre-Retirement Option Settlement. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	Classic	2nd Tier	PEPRA
Hire Date	Member Hired Prior to January 1, 2013	On or after December 28, 2012	New Member Hired On or after January 1, 2013
Benefit formula	2.0% @ 55	3.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	13.439% + $231,363	7.634% +$61	6.842%+ $441

NOTE 7 – PENSION PLANS (Continued)

A. General Information about the Pension Plans (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Classic	Safety 2nd Tier	PEPRA
Hire Date	Member Hired Prior to January 1, 2013	On or after December 28, 2012	New Member Hired On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	55	57
Required employee contribution rates	9%	9%	12%
Required employer contribution rates	20.556% + $69,680	17.614% +$1,187	12.141%+ $180

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for 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. Contributions to the pension plan from the District were $385,253 for the Miscellaneous Plan and $218,007 for the Safety Plan for the fiscal year ended June 30, 2019.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net position liability was $4,125,589 for the Miscellaneous Plan and $1,372,769 for the Safety Plan. 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, 2017 rolled forward to June 30, 2018 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 Pension Plan participants, actuarially determined. At June 30, 2018, the District's proportion was as follows:

	Miscellaneous	Safety
Proportion-June 30, 2017	0.11111%	0.02281%
Proportion-June 30, 2018	0.10947%	0.02340%
Change-Increase (Decrease)	-0.00164%	0.00059%

For the fiscal year ended June 30, 2019, the District recognized pension expense of $788,973. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

NOTE 7 – PENSION PLANS (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 603,260	$ -
Changes in assumptions	605,022	133,441
Differences between expected and actual experience	187,788	53,978
Net difference between projected and actual earnings on retirement plan investments	29,690	
Adjustment due to differences in proportion	120,338	170,008
Changes in proportion and differences between District contributions and proportionate share of contributions	39,334	95,732
	$ 1,585,432	$ 453,159

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

$603,260 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal year ending June 30,	Amount
2020	$ 496,489
2021	283,592
2022	(204,452)
2023	(46,616)
	$ 529,013

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous and Safety
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Acturial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Mortality (1)	Derived using CalPERS' Membership Data for all Funds

(1) The mortality table used was developed based on CalPERs' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2017 experience study report.

NOTE 7 – PENSION PLANS (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Change in Assumptions

In December 2017, the CalPERS board adopted new mortality assumptions for plans participating in the Public Employees' Retirement Fund (PERF). The mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to completed in be February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) An expected inflation of 2.00% was used for this period.
(b) An expected inflation of 2.92% was used for this period.

NOTE 7 – PENSION PLANS (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	Miscellaneous		Safety	
1% Decrease		6.15%		6.15%
Net Pension Liability	$	6,338,045	$	2,270,249
Current Discount Rate		7.15%		7.15%
Net Pension Liability	$	4,125,589	$	1,372,769
1% Increase		8.15%		8.15%
Net Pension Liability	$	2,299,244	$	637,445

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2019, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2019.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

Plan administration. The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. Employees may retire directly from the District under CalPERS and receive a District contribution. The District contributes the PEMHCA minimum employer contribution. The contribution is $136.00 per month for retirees in 2019. Survivor benefits are available.

Employees hired before October 1, 2012 are eligible for a supplemental benefit. The District contribution is limited to 85% of the lowest cost PERS health plan, including the PEMHCA minimum. The supplemental benefit includes dependents and will continue for the lifetime of the employee and, if eligible, the surviving spouse.

Employees Covered

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

Active plan members	27
Inactive employees or beneficiaries currently receiving benefits	33
Total	60

The District currently finances benefits on a pay-as-you-go basis.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Liability

The District's OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated June 30, 2019, standard actuarial update procedures were used to project/discount from the valuation date to the measurement date.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Inflation rate	3.00%
Medical cost trend rate	6.00% for 2019 and decresing 0.10 percent each year to an ultimate rate of 5.00 percent for 2020 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the June 30, 2019 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.13 percent.

Discount rate. GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2018	4.00%	3.62%	5.50%
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%

Change of assumptions. For the June 30, 2019 measurement date, the discount rate was decreased from 5.50% to 3.13%.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018 (Audit Report)	$ 95,667
Prior period adjustment	3,763,680
Balance at June 30, 2018 (Valuation Date June 30, 2019)	3,859,347
Changes recognized for the measurement period:	
Service cost	95,650
Interest	211,024
Difference between expected and actual experience	754,233
Changes of assumptions	1,589,401
Benefit payments	(239,592)
Net Changes	2,410,716
Balance at June 30, 2019 (Measurement Date June 30, 2019)	$ 6,270,063

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease 2.13%	Current Rate 3.13%	1% Increase 4.13%
OPEB Liability	$ 7,214,120	$ 6,270,063	$ 5,506,648

Sensitivity of the OPEB liability to changes in the healthcare trend rates. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
OPEB Liability	$ 5,475,880	$ 6,270,063	$ 7,258,694

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of $805,319. As of the fiscal year ended June 30, 2019, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 593,758	$ -
Change in assumptions	1,251,231	
	$ 1,844,989	$ -

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expenses as follows:

Fiscal year Ending June 30,	Amount
2020	$ 498,645
2021	498,645
2022	498,645
2023	349,054
	$ 1,844,989

NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds is as follows:

Fund	Excess Expenditures
General Fund:	
Administration	$ 265,464
Fire	75,730
Debt service:	
Principal	3,260

NOTE 10 – CONTINGENCIES AND COMMITMENTS

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 11 – SUBSEQUENT EVENT

Subsequent to fiscal year-end, the District may be negatively impacted by the effects of the worldwide COVID-19 pandemic. The District is closely monitoring its operations, liquidity, and reserves and is actively working to minimize the current and future impact of this situation. As of the date of the issuance of these financial statements, the full impact to the District's financial position is not known.

On January 27, 2021, the District reached a settlement agreement with CDM Smith in which the District will receive $1,750,000 within 30 days of the settlement agreement.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

	Statement of Activities		Fund Statements		
	Governmental Activities	Business-type Activities	General Fund	Water Fund	Wastewater Fund
To record restatement of OPEB liabiity due to implementation of GASB Statement No. 75.	$ (2,508,576)	$ (1,255,104)	$ -	$(538,711)	$ (716,393)
To correct amounts for Net Pension Liability and related deferred outflows and inflows.	402,620	(752,791)		(416,185)	(336,606)
To correct accrued compensation to remove error in calculation of sick leave	194,276	24,570		10,787	13,783
To correct fixed assets in Construction in Progress.		(13,368)		(13,368)	
	$ (1,911,680)	$ (1,996,693)	$ -	$(957,477)	$ (1,039,216)

SUPPLEMENTARY INFORMATION

CAMBRIA COMMUNITY SERVICES DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Property taxes and assessments	$ 2,904,246	$ 2,888,200	$ 2,899,108	$ 10,908
Weed abatement	17,700	18,000	39,610	21,610
Franchise fees	70,600	85,000	86,289	1,289
Intergovernmental	75,800			
Use of money and property	33,460	43,460	72,373	28,913
Charges for administrative services	1,880,840	1,859,359	2,069,249	209,890
Miscellaneous income	73,100	20,605	90,233	69,628
Total revenues	5,055,746	4,914,624	5,256,862	342,238
Expenditures:				
Administration	1,877,865	1,815,001	2,080,465	(265,464)
Fire	2,048,250	2,066,708	2,142,438	(75,730)
Parks and recreation	70,513	46,026	31,063	14,963
Facilities and resources	630,814	669,995	657,413	12,582
Debt service:				
Principal	142,205	127,805	131,065	(3,260)
Interest	7,835	19,754	13,195	6,559
Capital outlay	137,750	130,758	117,379	13,379
Total expenditures	4,915,232	4,876,047	5,173,018	(296,971)
Excess of revenues over (under) expenditures	140,514	38,577	83,844	45,267
Other Financing Sources (Uses):				
Proceeds from loan payable			18,500	18,500
Total other financing sources (uses)			18,500	18,500
Change in fund balance	140,514	38,577	102,344	63,767
Fund balance - July 1	4,118,098	4,118,098	4,118,098	
Fund balance - June 30	$ 4,258,612	$ 4,156,675	$ 4,220,442	$ 63,767

CAMBRIA COMMUNITY SERVICES DISTRICT
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2019

		2019
Total OPEB Liability		
Service cost	$	95,650
Interest on the total OPEB liability		211,024
Actual and expected experience difference		754,233
Changes in assumptions		1,589,401
Benefit payments		(239,592)
Net change in total OPEB Liability		2,410,716
Total OPEB liability - beginning		3,859,347
Total OPEB liability - ending	$	6,270,063
Covered payroll:	$	1,030,435
Total OPEB Liability as a percentage of covered payroll:		608.49%

*- Fiscal year 2019 was the 1st year of implementation, therefore only one year is shown.

CAMBRIA COMMUNITY SERVICES DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2019

The District's contribution for the fiscal year ended June 30, 2019 was $222,442. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

*- Fiscal year 2019 was the 1st year of implementation, therefore only one year is shown.

CAMBRIA COMMUNITY SERVICES DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2019

The following table provides required supplementary information regarding the District's Pension Plan.

	2019	2018	2017	2016
Proportion of the net pension liability	0.05706%	0.05791%	0.05925%	0.06100%
Proportionate share of the net pension liability	$ 5,498,358	$ 5,742,951	$ 5,126,647	$ 4,186,773
Covered payroll	$ 2,510,899	$ 2,067,201	$ 2,122,598	$ 1,979,000
Proportionate share of the net pension liability as percentage of covered payroll	219.0%	277.8%	241.5%	211.6%
Plan's total pension liability	$ 38,944,855,364	$ 37,161,348,332	$ 33,358,627,624	$ 31,771,217,402
Plan's fiduciary net position	$ 29,308,589,559	$ 27,244,095,376	$ 24,705,532,291	$ 24,907,305,871
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%

	2015
Proportion of the net pension liability	0.06198%
Proportionate share of the net pension liability	$ 3,856,693
Covered payroll	$ 2,097,466
Proportionate share of the net pension liability as percentage of covered payroll	183.9%
Plan's total pension liability	$ 30,829,966,631
Plan's fiduciary net position	$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	79.82%

Notes to Schedule:

Changes in assumptions
In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected ages of general employees.

*- Fiscal year 2015 was the 1st year of implementation, thus only five years are shown.

CAMBRIA COMMUNITY SERVICES DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2019

The following table provides required supplementary information regarding the District's Pension Plan.

	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	$ 603,260	$ 552,669	$ 662,293	$ 574,845
Contribution in relation to the actuarially determined contributions	603,260	552,669	662,293	574,845
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 3,020,074	$ 2,510,899	$ 2,067,201	$ 2,122,598
Contributions as a percentage of covered payroll	19.98%	22.01%	32.04%	27.08%

	2015
Contractually required contribution (actuarially determined)	$ 486,960
Contribution in relation to the actuarially determined contributions	486,960
Contribution deficiency (excess)	$ -
Covered payroll	$ 1,979,000
Contributions as a percentage of covered payroll	24.61%

Notes to Schedule

Valuation Date:	6/30/2014
Actuarial cost method	Entry Age Normal
Asset valuation method	5-year smoothed market
Amortization method	The unfunded actuarial accrued liability is amortized over an open 17 year period as a level percentage of payroll.
Discount rate	7.50%
Amortization growth rate	3.75%
Price inflation	3.25%
Salary increases	3.75% plus merit component based on employee classification and years of service
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females.

Valuation Date:	6/30/2016	6/30/2015
Discount Rate:	7.375%	7.65%

*- Fiscal year 2015 was the 1st year of implementation, thus only five years are shown.