Financial Statements
June 30, 2024

San Bernardino County Flood Control District

(a Component Unit of San Bernardino County, California)

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Independent Auditor's Report

To the Honorable Board of Supervisors
San Bernardino County Flood Control District
San Bernardino, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the San Bernardino County Flood Control District (District), a component unit of San Bernardino County, California (County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of proportionate share of the net pension liability, and the schedule of contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by the missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the general fund combining statements by zone but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2024

	Governmental Activities
Assets	
Cash and cash equivalents	$ 97,931,303
Cash and investments with fiscal agent	243,704,856
Restricted	
Cash in escrow	990,887
Cash and investments in trust	293,592
Interest receivable	485,952
Accounts receivable	386,173
Taxes receivable	1,427,186
Lease receivable	31,440
Due from other governments	1,150,193
Prepaid expenses	379,851
Capital assets, not being depreciated/amortized	66,210,189
Capital assets, being depreciated/amortized, net	346,704,145
Total assets	759,695,767
Deferred Outflows of Resources	
Loss on refunding of debt	337,400
Deferred outflows related to pensions	6,691,488
Total deferred outflows of resources	7,028,888
Total assets and deferred outflows of resources	766,724,655
Liabilities	
Accounts payable	3,890,501
Salaries and benefits payable	998,619
Retentions payable	1,225,541
Interest payable	107,292
Due to other governments	599,289
Deposits payable	135,654
Unearned revenue	224,455
Long-term liabilities	
Due within one year	62,868
Due in more than one year	40,162,904
Net pension liability	10,539,521
Total liabilities	57,946,644
Deferred Inflows of Resources	
Deferred inflows related to pensions	2,769,136
Total deferred inflows of resources	2,769,136
Net Position	
Net investment in capital assets	407,569,550
Restricted for	
Debt service	1,399,671
Unrestricted	297,039,654
Total net position	$ 706,008,875

	Governmental Activities
Expenses	
Public works - flood control	
Salaries and benefits	$ 16,620,674
Services and supplies	23,864,844
Depreciation	12,442,805
Interest	895,147
Total program expenses	53,823,470
Program Revenues	
Operating grants and contributions	10,782,805
Charges for services	1,422,873
Total program revenues	12,205,678
Net program expense	41,617,792
General Revenues	
Property taxes	94,750,573
Other taxes	301,932
Interest	11,788,081
Escrow Settlements	4,000,000
Other	1,302,098
Gain on sale of capital assets	90,301
Total general revenues	112,232,985
Change in Net Position	70,615,193
Net Position, Beginning of Year	635,393,682
Net Position, End of Year	$ 706,008,875

	General Fund
Assets	
Cash and cash equivalents	$ 87,877,482
Cash and investments with fiscal agent	243,704,856
Cash in escrow	990,887
Cash and investments in trust	293,592
Interest receivable	485,952
Accounts receivable	386,173
Taxes receivable	1,427,186
Lease receivable	31,440
Due from other governments	1,150,193
Prepaid items	379,851
Total assets	$ 336,727,612
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities	
Accounts payable	$ 3,077,593
Salaries and benefits payable	998,619
Retentions payable	1,225,541
Due to other governments	1,121,927
Unearned revenue	224,455
Deposits payable	135,654
Total liabilities	6,783,789
Deferred Inflows of Resources	
Unavailable revenue	1,447,026
Fund Balance	
Nonspendable	
Prepaid items	379,851
Restricted for	
Debt service	1,399,671
Assigned for	
Flood improvement projects	7,773,808
NPDES program	1,293,665
Unassigned	317,649,802
Total fund balance	328,496,797
Total liabilities, deferred inflows of resources, and fund balance	$ 336,727,612

Fund Balance Governmental Fund		$ 328,496,797
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The internal service fund is used by management to charge the cost of certain activities to individual zones.		17,533,773
Capital and right to use subscription assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.		405,144,112
Certain receivables are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental fund financial statements.		1,447,026
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.		
Bonds payable	$ (37,295,000)	
Intangible right to use subscription IT assets	(228,742)	
Accrued interest payable	(107,292)	
Compensated absences payable	(2,702,030)	
Net pension liability	(10,539,521)	(50,872,585)
Deferred loss on refunding of debt are not current financial resources and; therefore, are not reported in the governmental fund. These items are amortized over the life of the corresponding bonds in the statement of net position.		337,400
Deferred outflows and inflows related to pensions reported in the statement of net position are not current financial resources, and therefore are not recognized in the governmental funds:		
Deferred outflows related to pensions		6,691,488
Deferred inflows related to pensions		(2,769,136)
Net Position of Governmental Activities		$ 706,008,875

	General Fund
Revenues	
Property taxes	$ 94,750,573
Other taxes	301,932
Rents, concessions and royalties	566,385
Interest	11,446,354
Escrow Settlements	4,000,000
Other governmental aid	11,483,328
Licenses, fees and permits	856,488
Other	1,302,098
Total revenues	124,707,158
Expenditures	
Current	
Public works - flood control	
Salaries and benefits	17,327,383
Services and supplies	27,127,346
Capital outlay	11,920,383
Debt service	
Principal	3,832,406
Interest	965,333
Total expenditures	61,172,851
Excess of Revenues over Expenditures	63,534,307
Other Financing Sources (Uses)	
Debt issuances	55,775
Transfers out to internal service fund	(1,241,241)
Total other financing sources (uses)	(1,185,466)
Net Change in Fund Balance	62,348,841
Fund Balance, Beginning	266,147,956
Fund Balance, Ending	$ 328,496,797

Net change in fund balance - governmental fund		$ 62,348,841
Amounts reported for governmental activities in the Statement of Activities are different because:		
Internal services funds are used by management to charge the costs of certain activities, such as insurance, and vehicle and computer replacement, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		3,360,243
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.		
Capital outlay	$ 11,920,383	
Depreciation expense	(10,867,276)	1,053,107
Amortization of deferred inflows and outflows of resources resulting from the deferred amounts on refunding.		(24,100)
The issuance of long term debt provided current resources to the governmental funds, while the repayment of the principal of the long term debt consumes the current resources of governmental funds. Also, the governmental funds report the effect of the premium and similar items when the debt is first issued, whereas these amounts are deferred in the statement of activities. This is the effect of the difference in the treatment of long term debt and related items:		
Issuance of right-to-use subscription liability	(55,775)	
Retirement of bonds and right-to-use subscription liability	3,832,406	3,776,631
Certain revenues reported in the Statement of Activities do not represent current financial resources and therefore are not reported as revenue in the governmental funds. The amount represents a decrease in deferred inflows of resources at the government fund level.		(700,523)
Amounts payable for accrued interest on long term liabilities, compensated absences, and pension related items do not use current financial resources. This is the net change in these expenses.		
Decrease in accrued interest payable		94,286
Decrease(Increase) in compensated absences payable		(264,814)
Changes in the net pension liability		971,523
Change in net position of governmental activities		$ 70,615,193

	Internal Service Fund
Assets	
Current assets	
Cash and cash equivalents	$ 10,053,821
Due from other funds	522,638
Total current assets	10,576,459
Noncurrent assets	
Capital assets being depreciated, net	7,770,222
Total assets	18,346,681
Liabilities	
Current liabilities	
Accounts payable	812,908
Total current liabilities	812,908
Net Position	
Investment in capital assets	7,770,222
Unrestricted	9,763,551
Total net position	$ 17,533,773

	Internal Service Fund
Operating Revenues	
Charges for services	$ 5,833,807
Other revenues	898
Total operating revenues	5,834,705
Operating Expenses	
Services and supplies	2,572,203
Depreciation	1,575,529
Total operating expenses	4,147,732
Operating gain	1,686,973
Nonoperating Revenues	
Investment gain	341,727
Gain on sale of capital assets	90,302
Total nonoperating revenues	432,029
Income before transfers	2,119,002
Transfers in from General Fund	1,241,241
Change in Net Position	3,360,243
Net Position, Beginning of Year	14,173,530
Net Position, End of Year	$ 17,533,773

	Internal Service Fund
Operating Activities	
Receipts from interfund services provided	$ 5,507,064
Payments to suppliers	(2,066,232)
Net Cash provided by Operating Activities	3,440,832
Capital and Related Financing Activities	
Proceeds from sale of capital assets	121,800
Purchase of capital assets	(644,216)
Net Cash used by Capital and Related Financing Activities	(522,416)
Investing Activities	
Investment gain	341,727
Net Increase in Cash and Cash Equivalents	3,260,143
Cash and Cash Equivalents - Beginning of the Year	6,793,678
Cash and Cash Equivalents - End of the Year	$ 10,053,821
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Gain	$ 1,686,973
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	1,575,529
Change in assets, liabilities, deferred outflows and deferred inflows of resources:	
Increase in due from other County funds	(339,034)
Decrease in due from other governments	11,393
Increase in accounts payable	812,908
Decrease in due to other governments	(306,937)
Net Cash Provided by Operating Activities	$ 3,440,832
Noncash Capital and Related Financing Activities	
Capital asset transfers from County	$ 1,241,241

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The San Bernardino County Flood Control District (District) is a special district located within San Bernardino County, California (County). The District has governmental powers as established by the County Government Charter. The County was established in 1852 as a legal subdivision of the State of California.

The District was established under Chapter 73 of the 1939 Statutes for the State of California. The District's powers are exercised through the Board of Supervisors (the Board), which is the governing body for the County. The District maintains and constructs flood control channels, basins, storm drains and dams in six geographical zones within the County. The District also works with the neighboring counties of Los Angeles, Riverside and Orange to maintain flood control systems and clean up after disasters.

The District is a component unit of the County of San Bernardino. Component units are legally separate organizations for which the primary government is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The District's General Fund and the Internal Service Fund have combined resources within the County to form an integrated flood drainage and water conservation system in the incorporated and unincorporated areas of the County. The six flood control zones are as follows:

Zone	Geographical Areas (Description)
1	The westerly portion of the San Bernardino Valley extending from Beech Avenue in the Fontana area to the Los Angeles County line, all south of the San Gabriel mountain range divide. This embraces the cities or communities of Upland, Montclair, Ontario, Chino, Alta Loma, Rancho Cucamonga, Etiwanda and Guasti (277 square miles).
2	The central areas of the San Bernardino Valley east of Zone 1 to approximately the Santa Ana River and City Creek demarcations. This includes the cities of Fontana, Rialto, San Bernardino, Colton and Grand Terrace, together with the communities of Devore, Muscoy, Del Rosa, and Bloomington (315 square miles).
3	The east end of the San Bernardino Valley going east from Zone 2. The zone includes the following cities and the surrounding communities of Redlands, Highland, East Highland, Mentone, Yucaipa and Loma Linda (393 square miles).
4	The Mojave River Valley from the San Bernardino mountains to Silver Lake including the cities and communities of Barstow, Hesperia, Apple Valley, Victorville, Oro Grande, Helendale, Hodge, Hinkley, Yermo and Daggett (1,129 square miles).

5. The mountainous watershed of the Mojave River on the crest and north slopes of the San Bernardino mountains including the communities of Crestline, Lake Gregory, Lake Arrowhead, Running Springs and Green Valley Lake (175 square miles).
6 The county areas not embraced by other zones including portions of the San Gabriel and San Bernardino mountains and the semi-desert portion of the County. This embraces the cities and communities of Needles, Trona, Adelanto, Phelan, Lucerne Valley, Amboy and the Twentynine Palms-Morongo Valley districts (17,900 square miles).

The District also has two Local Area Drainage Plans (LADP) and the National Pollution Discharge Elimination System Program (NPDES), which are reported with the Zones.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the reporting entity. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Separate financial statements are provided for the governmental fund and proprietary fund. The General Fund is the primary operating fund of the District. It accounts for all financial resources of the District. The Internal Service Fund accounts for the activities of renting vehicles and equipment to the six zones in the District and to the County’s Department of Transportation.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and proprietary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and intergovernmental revenue are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the c*urrent financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues and interest to be available if they are collected within 60 days of the end of the current fiscal period.

However, for revenue derived from voluntary non-exchange transactions, such as federal and state grants, and government mandated nonexchange transactions, the District expanded its definition of "available" to nine months. All of the other revenue items are considered to be measurable and available when grant requirements are met and cash is received.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer to increase interest earnings through investment activities.

The District is required to set aside in a trust fund the principal and interest payments for their outstanding bonds six months prior to the payment due date noted in the bond indentures and is classified as cash and investments with fiscal agent.

Investment activities are governed by the California Government Code (CGC) Sections 53601, 53635, and 53638 and the County's Investment Policy. Authorized investments include U.S. Government Treasury and U.S. Government Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements, and reverse repurchase agreements.

Interest income and realized gains and losses earned on pooled investments are deposited quarterly to the District's accounts based upon the District's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the District annually. Cash and cash equivalents are shown at fair value as of June 30, 2024.

Cash in Escrow and Investments in Trust

Cash in escrow represents unexpended proceeds and interest thereon received for and restricted by settlement agreements for flood control improvements in addition to amounts withheld for retainage related to ongoing construction projects as required by the construction contract. The settlement agreement requires that these proceeds be maintained and expended in accordance with the specifications outlined by the terms of the agreement. Amounts in escrow related to retainage are required to be maintained until the work is completed and approved.

Accounts Receivable

All accounts receivable are shown net of an allowance for uncollectable when applicable. The accounts receivable balance at June 30, 2024, was $386,173 and considered fully collectible at year end.

Prepaid Bond Insurance, Original Issue Premiums, and Refunding

Prepaid bond insurance costs are amortized using the straight-line method over the life of the bonds. Amortization of these balances is recorded as a component of program expenses. In addition, bonds payable are reported net of the applicable bond premiums. Original issue premiums are amortized using the straight-line method over the life of the bonds. Gain or loss from refunding of debt is reported as deferred outflows or inflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of these balances is recorded as a component of interest expense.

Property Taxes

Secured property taxes are levied in two equal installments, November 1 and February 1; they become delinquent with penalties if paid after December 10 and April 10, respectively. The lien date for secured property taxes is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties after August 31.

Capital Assets

Capital assets, which include land, structures, improvements, equipment, software, land use rights, and infrastructure assets (dams, channels, drainage systems), are reported in the governmental activities in the government-wide financial statements. These capital assets have an initial useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the assets or materially extend assets' lives are not capitalized.

The capitalization threshold is $5,000 except for the following assets:

Structures and infrastructure: $100,000
Internally generated software: $100,000
Intangible right-to-use asset: $100,000
Easements/right-of-way: $10,000
Lease Equipment: $10,000
Lease Land: $0

Productive hours depreciation estimates the useful lives of the equipment and vehicles in usage hours and depreciation is taken for each usage hour the machine is utilized.

Infrastructure, buildings, equipment and vehicles are depreciated using the straight-line method or the productive hours method over the following estimated useful lives:

Basins, storm drains, channels, dams	50 to 99 years
Vehicles	6 years
Equipment	5 to 15 years
Buildings	45 years
Internal Service Fund (Proprietary)	
Equipment and vehicles	Productive hours

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The deferred amounts on refunding reported in the statement of net position as a deferred outflow of resources results from differences in the carrying values of refunded debts and the reacquisition prices. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

Other amounts reported as deferred outflows of resources and deferred inflows of resources are related to the District’s proportion of the County’s pension plan and will be recognized in pension expense in future periods.

The District also reports deferred inflows of resources in the governmental fund balance sheet which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is only reported in the governmental fund balance sheet. The governmental fund balance sheet reports unavailable revenues for amounts due from other governments that will not be collected within the District’s period of availability. As such, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- ***Nonspendable Fund Balance***: Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact. Due to the nature or form of the resources, they generally cannot be expected to be converted into cash or a spendable form. At June 30, 2024, the District General Fund had a nonspendable balance of $379,851.

- ***Restricted Fund Balance***: Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation. At June 30, 2024, the District General Fund had a restricted fund balance of $1,399,671.

- ***Committed Fund Balance***: Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Board of Supervisors). The highest level of action available to the Board is a resolution. The formal action must occur prior to the end of the reporting period; however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board.

- ***Assigned Fund Balance***: Amounts are constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority, i.e., the County Administrative Office. The County Administrative Office will assign fund balance for specific departmental projects through the use of the respective department's general fund savings. Such projects would not normally be feasible for the department without reserving funding over a multiple year period. At June 30, 2024, the District had an assigned fund balance of $9,067,473.

- ***Unassigned Fund Balance***: The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, unassigned fund balance is calculated as total fund balance less nonspendable, restricted, committed, and assigned fund balance. This amount is available for any purpose and will be placed in either the General Purpose Reserve, General Fund – Mandatory Contingencies or the General Fund - Uncertainties Contingencies until allocated for a specific purpose by the Board, by a four-fifths vote. At June 30, 2024, the District had an unassigned fund balance of $317,649,802.

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

Employee Compensated Absences

Accumulated vacation, holiday benefits, sick pay and compensatory time are recorded as an expense and liability as the benefits are paid on the fund statements but recorded when earned by the employee on the statement of net position. Compensated absences liability is recorded as a noncurrent liability. In the event of retirement or termination, an employee is paid 100 percent of accumulated vacation pay, and those with ten or more years of continuous services are paid 30 to 60 percent of their accumulated sick leave.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to pensions, information about the fiduciary net position of the District's allocation of the County's share of the San Bernardino County Employees' Retirement Association (SBCERA) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, employer and employee contributions are recognized in the period the related salaries are earned and become measurable pursuant to formal commitments, statutory or contractual requirements, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

Use of Estimates

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

Fair Value Measurement

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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 does not have any investments that are measured using Level 3 inputs. The valuation of 2a7 money market mutual funds are at one-dollar net asset value (NAV) per share. The redemption frequency is daily, and redemption notice period of inter-daily. This type of investment primarily invests in short term U.S. Treasury and government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities).

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the District.

Current Accounting Pronouncements

Effective in Current Year

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in account and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. The District has determined that there was no material impact on the District's financial statements.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Correction*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District has determined this Statement did not have an impact on the financial statements.

Effective in Future Years

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* The primary objectives of this Statement are to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objectives are achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District has not determined its effect on the financial statements.

GASB Statement No. 102 – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures.* The primary objective of this Statement is to provide users a governmental financial statement with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The District has not determined its effect on the financial statements.

GASB Statement No. 103 – In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvement.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The Statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The District has not determined its effect on the financial statements.

GASB Statement No. 104 – In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The District has not determined its effect on the financial statements.

Note 2 - Cash and Investments

Cash includes the cash balances of monies deposited with the County Treasurer, which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash investments are shown at fair value as of June 30, 2024.

The District pools its cash and investments with the County. The District's position or share of the County's cash and investment pool is reflected on the balance sheet and statement of net position as cash and cash equivalents. The District has no separate bank accounts or investments in the pool and the District's equity in the cash and investment pool is managed by San Bernardino County. The District is a component unit of the County and is required to participate in the pool with the exception of cash with fiscal agent. The treasury pool is rated by Fitch ratings (NRSRO) at AAAf/S1 and is governed by the Treasury Oversight Committee.

Cash and investments as of June 30, 2024, consist of the following:

Cash on hand	$ 774,190
Cash pooled with the San Bernardino County Treasury	97,157,113
Cash and cash equivalents	97,931,303
Cash and investments with fiscal agent	243,704,856
Cash in escrow	990,887
Cash and investments in trust	293,592
Restricted cash and investments	1,284,479
Total cash and investments	$ 342,920,638

The District has the following amounts held in escrow accounts as of June 30, 2024:

Construction contract retainage in escrow	$ 990,887
Total cash in escrow	$ 990,887

The investment balances are made up of the following accounts as of June 30, 2024:

San Bernardino County Pool	$ 97,157,113
Money market mutual funds with trustee	293,592
Money market mutual funds with fiscal agent	243,704,856
	$ 341,155,561

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

The following table presents the authorized investment types per the CGC that were held by the County as of June 30, 2024, along with their respective requirements and restrictions per the CGC and the Investment Policy:

	Maximum Maturity		Maximum % of Pool		Maximum % per Issuer		Minimum Rating (1)(2)	
Investment Type	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy (3)
U.S. Treasury Securities	None (4)	5 years & 6 months (4)	None	None	None	None	None	None
U.S. Government Agencies	None (4)	5 years & 6 months (4)	None	None	None	None (10)	None	None
Agency Mortgage-Backed Securities	None (4)	7 years & 3 months	None	None	None	None	None	None
Negotiable Certificates of Deposit	5 years	38 months	30%	30%	None	5%	None	A-1/P-1/F1/A-/A3/A-
Collateralized Certificates of Deposit	5 years	1 year	None	10%	None	None	None	None
Commercial Paper	270 days	270 days	40%	40%	10%	5%	A-1/A	A-1/P-1/F1
Repurchase Agreements	1 year	180 days	None	40%	None	None	None	None
Reverse Repurchase Agreements	92 Days (5)	92 Days (5)	20%	10%	None	None	None (6)	None (6)
Municipal Debt	5 years	5 years	None	10%	None	None	None	AAA by 2 NRSROs
Medium-Term Corporate Notes	5 years	38 months	30%	15%/20% (7)	None	5%	A-	A-/A3 by 2 NRSROs
Insured Placement Service Accounts	5 years	Immediate liquidity	50%	5%	None	$100MM, $100MM (9)	None	Not applicable
JPA Investment Pools	Not applicable	Immediate liquidity	None	5%	None	None	None	AAA
Money Market Mutual Funds	Not applicable	Immediate liquidity	20%	20%	None	10%	AAAm by 2 NRSROs	AAA by 2 NRSROs
Supranational Securities	5 years	5 years	30%	30%	None	None	AA-	AA
Asset-Backed Securities	5 years	5 years	20%	15%	None	5%	AA-	AA

Footnote:
(1) Minimum credit rating categories are without regard to ratings modifiers (+/-). Short-term rating appears before long-term rating.
(2) Standard & Poor's Ratings (quoted) or its equivalent nationally recognized statistical rating organization (NRSRO) rating or better.
(3) The County uses the credit ratings issued by the following nationally recognized statistical rating organizations: Standard & Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings.
(4) As authorized under CGC 53601 and by San Bernardino County's Board of Supervisors.
(5) May exceed 92 days if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale and final maturity dates of the same security.
(6) Must have held the securities used for the agreements for at least 30 days.
(7) Maximum portfolio Medium-Term Corporate Note exposure is 20%, with a limit of 15% on maturities over 13 months.
(8) Subject to 5% overall special purpose entity limit - a legally separated pass-through entity, trust or equivalent that makes its obligation secure and independent from the parent entity.
(9) FICA accounts balances are fully covered by FDIC insurance. Term deposits are not permitted. Maximum $100MM per selected depository institution. Maximum $100MM per placement service.
(10) Max 10% of portfolio in new issue agency per callable securities.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt rather than the general provisions of the California Government Code. Certificates of Participation, Pension Obligation Bond and Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

Federal Treasury regulations limit the amount of tax-exempt obligations that can be issued based on cash levels maintained by the agency issuing the obligations. Because of the nature of the services provided by the District, it was determined at the time the Judgment Obligation Bonds were issued that cash balances in excess of those allowed by the regulations must be maintained to ensure that the District can continue to provide the proper level of service to the public.

Taking into account the District’s need for cash and in order to comply with the Federal Treasury regulations, any cash on hand in excess of what the regulations allow must be segregated from other funds in the County Treasury Pool and must be invested in certain tax-exempt securities. The Indenture requires the District to cause the calculation of excess cash to be made annually.

As of June 30, 2024, the District had $243,704,856 of money market mutual funds with fiscal agent that are segregated funds that are invested as required by the Treasury Regulations.

Investment Credit Risk

Investment credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. Generally accepted accounting principles requires the disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

California Government Code and the San Bernardino County Treasury Pool Investment Policy (where more restrictive) place limitations on the purchase of investments in the County Pool. The District’s investment in the County pool is rated annually by Fitch. Purchases of commercial paper, banker’s acceptances, and negotiable certificates of deposit are restricted to issuers rated in the top three long-term letter ratings by a minimum of two or three nationally recognized statistical rating organizations (NRSRO’s). For an issuer of medium-term corporate notes must have a minimum letter rating of “A”. Purchases of supranational issuer securities must have a minimum long-term letter rating of “AA” from one NRSRO. Municipal notes and bonds and money market mutual funds must have a minimum letter rating of “AAA” from two of three NRSRO’s (if rated). JPA pools must have a minimum letter rating of “AAA” from one NRSRO. As of June 30, 2024, all investments held by the County pool were within policy limits.

As of June 30, 2024, all cash and investments held by the District were rated as follows:

Investment Type	S&P Rating	Moody's Rating	Fitch Rating	Amount at June 30, 2024
Investment in County Pool	Not Rated	Not Rated	AAAf/S1	$ 97,157,113
Money Market Mutual Funds with Trustee	AAAm	Aaa-mf	Not Rated	293,592
Investments with Fiscal Agent:				
Money Market Mutual Funds	AAAm	Aaa-mf	Not Rated	243,704,856
Total				$ 341,155,561

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment, the greater the interest rate risk associated with that investment.

Generally accepted accounting principles requires that interest rate risk be disclosed using a minimum of one of five approved methods which are: *segmented time distribution, specific identification, weighted average maturity, duration and simulated model.*

Weighted average maturity of the District's investments as of June 30, 2024, is as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Investment in the San Bernardino County Pool	$ 97,157,113	0.02
Money market mutual funds with trustee	293,592	0.52
Money market mutual funds with fiscal agent	243,704,856	0.00
	$ 341,155,561	

Custodial Credit Risk

Custodial Credit Risk for Deposits exists when, in the event of a depository financial institution failure, a government may be unable to recover deposits, or collateral securities that are in the possession of an outside party.

Generally accepted accounting principles requires the disclosure of deposits into a financial institution that are not covered by Federal Deposit Insurance Corporation (FDIC) insurance and are uncollateralized.

California Law requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging a letter of credit from the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured public deposits.

Custodial Credit Risk for Investments exists when, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

In order to limit *Custodial Credit Risk for Investments*, the San Bernardino County Pool Investment Policy requires that all investments and investment collateral be transacted on a delivery-vs-payment basis with a third-party custodian and registered in the County's name. All counterparties to repurchase agreements must sign a Securities Industry and Financial Markets Association (SIFMA) Global Master Repurchase Agreement and/or Tri-Party Repurchase Agreement before engaging in repurchase agreement transactions.

Bank balances are insured by FDIC depository insurance up to $250,000 and the remainder, when applicable, is collateralized, as required by California Government Code Section 53652.

Fair Value Measurements

The District is a participant in the San Bernardino Treasurer's Pool (County Pool). The County Pool is an external investment pool and is not registered with the Securities Exchange Commission (SEC). The County Pool is rated by Fitch ratings (NRSRO) at AAAf/S1. The San Bernardino County Treasury Oversight Committee conducts County Pool oversight. Cash on deposit in the County Pool at June 30, 2024, is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The fair value adjustment at June 30, 2024, decreased the District's investment income by $593,971. For further information regarding the County Pool, refer to the San Bernardino County Annual Comprehensive Financial Report.

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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

<u>Level 1</u> — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

<u>Level 2</u> — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

<u>Level 3</u> — Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Districts' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the District's management. District management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in the County Treasury Pool are made on the basis of $1 and not fair value. Accordingly, the District’s proportionate share of investments in the County Pool at June 30, 2024, of $97,157,113 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the District to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2024. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. District management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. For investments classified within Level 2 of the fair value hierarchy, the District's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others. The valuation of money market mutual funds is at one-dollar net asset (NAV) per share. The redemption frequency is daily, and redemption notice of period of intra-daily. This type of investment primarily invests in short term U.S. Treasury and government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities). The District has the following recurring fair value measurements as of June 30, 2024:

Investments by Fair Value Level	Total
Non-leveled investments:	
Investment in the San Bernardino County Pool	$ 97,157,113
Investments measured at the net asset value (NAV):	
Money market mutual funds with trustee	293,592
Money market mutual funds with fiscal agent	243,704,856
Total investments measured at the net asset value (nav)	243,998,448
Total investments	$ 341,155,561

Note 3 - Capital Assets

The cost of building and acquiring capital assets (land, buildings, dams, channels, storm drains, vehicles and equipment) financed from the General Fund are reported as expenditures in the year they are incurred, and the assets do not appear on the governmental fund balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives. For the Internal Service Fund, capital assets are recorded at historical cost, or at estimated historical cost, if actual cost is not available. During the year of acquisition, the capital assets are capitalized in the Internal Service Fund and are depreciated over their productive hours estimated life.

Capital assets for the governmental activities and internal service fund are as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 36,842,426	$ -	$ -	$ 36,842,426
Easements	1,764,309	-	-	1,764,309
Intangible right to use subscription IT asset for development in progress	-	21,482	-	21,482
Construction in progress	42,386,309	3,653,344	(18,457,681)	27,581,972
Total capital assets, not being depreciated	80,993,044	3,674,826	(18,457,681)	66,210,189
Capital assets, being depreciated:				
Buildings	779,574	926,538	-	1,706,112
Channels, drains, dams, basins	650,439,471	25,350,973	-	675,790,444
Equipment and vehicles	1,910,235	352,891	-	2,263,126
Internally generated software	186,831	-	-	186,831
Total capital assets, being depreciated	653,316,111	26,630,402	-	679,946,513
Less accumulated depreciation for:				
Buildings	(636,553)	(44,304)	-	(680,857)
Channels, drains, dams, basins	(328,932,029)	(10,571,069)	-	(339,503,098)
Equipment and vehicles	(763,500)	(179,146)	-	(942,646)
Internally generated software	(110,540)	(18,683)	-	(129,223)
Total accumulated depreciation	(330,442,622)	(10,813,202)	-	(341,255,824)
Capital assets, being depreciated, net	322,873,489	15,817,200	-	338,690,689
Intangible right to use subscription IT asset	249,414	72,835	-	322,249
Less total accumulated amortization	(24,941)	(54,074)	-	(79,015)
Total intangible right to use subscription IT asset	224,473	18,761	-	243,234
Governmental activities capital assets, net	404,091,006	19,510,787	(18,457,681)	405,144,112
Internal Service Fund				
Capital assets, being depreciated				
Vehicles	18,311,172	1,885,457	(296,748)	19,899,881
Equipment	131,092	-	-	131,092
Total capital assets being depreciated	18,442,264	1,885,457	(296,748)	20,030,973
Less accumulated depreciation for:				
Vehicles	(10,918,876)	(1,575,529)	265,250	(12,229,155)
Equipment	(31,596)	-	-	(31,596)
Total accumulated depreciation	(10,950,472)	(1,575,529)	265,250	(12,260,751)
Total internal service fund capital assets being depreciated, net	7,491,792	309,928	(31,498)	7,770,222
Total capital assets, net-governmental activities	$ 411,582,798	$ 19,820,715	$ (18,489,179)	$ 412,914,334

Depreciation and amortization expense for the year is $12,442,805 for governmental activities, of which, $1,575,529 relates to the internal service fund.

At June 30, 2024, the District had construction in progress for the following projects:

Construction in progress (CIP)

Zone	Description	Total CIP by Project	Totals by Zone
1	West State Street Storm Drain	$ 1,711,374	
1	West Fontana Channel - Hickory Basin to Banana Basin	1,908,827	
1	Hawker Crawford Channel	1,484,615	
1	Carbon Canyon Channel	1,353,015	
1	Grove Basin Outlet Storm Drain	512,597	
1	San Antonio Storm Drain	722,028	
1	Rancho Yard Building	355,192	
1	Rancho Cucamonga New Yard Construction	135,005	$ 8,182,653
2	Del Rosa Channel (Daley Channel)	458,395	
2	Rialto Channel-Willow to Etiwanda Ave	2,639,417	
2	Devil Creek Channel	389,327	
2	City Creek Bypass Channel	4,840	
2	Bloomington Drainage	13,999	
2	Rialto Channel	344,929	
2	Cable Creek Basin	65,817	
2	City Creek Levee Repair	84,082	4,000,806
3	Wildwood Channel	124,705	
3	Elder Creek Channel	2,963,733	
3	Mission Channel Culvert	9,183	3,097,621
4	Bandicoot Basin (Hesperia Basin) Phase I	5,414,264	
4	Desert Knolls Wash	3,211,952	
4	Avenue I Drainage	3,938	
4	Seneca Basin	83,237	
4	Oak Hill Basin (Hesperia Basin #2)	148,677	
4	Tussing Juniper Basin	74,445	
4	Ranchero Basin	185,602	9,122,115
5	Rim Forest Drainage	2,129,206	2,129,206
6	Donnell Basin	1,041,786	
6	Split Rock Avenue Bridge Channel Improvements	7,785	1,049,571
	Total construction in progress	$ 27,581,972	$ 27,581,972

The District has active major construction projects as of June 30, 2024. The projects are financed by government aid and property taxes and include new construction and renovations of dams, channels, basins and storm drains. At June 30, 2024, the District's commitments with contractors are as follows:

Project #	Description	Commitment Amount
F02646	Hawker Crawford Channel	$ 51,228
F02651	Carbon Canyon Channel	82,645
F01669	Rialto Channel - Willow to Etiwanda	119,754
F02814	Devil Creek Channel - North San Bernardino Channel	3,867
F01911	Elder Creek Channel	225,215
F02377	Rim Forest Drainage	45,481
	Total	$ 528,190

Note 4 - Retentions Payable

Effective January 1, 2012, the District retains 5 percent of construction contracts until contracts are completed and approved. Some contracts require that the retention be deposited into an escrow account. For all others, the final 5 percent or 10 percent payment is not made until the work is completed and approved. At June 30, 2024, the District's retentions payable balance was $1,225,541.

Note 5 - Deferred Inflows of Resources

As of June 30, 2024, there was a total of $1,447,026 of deferred inflows of resources in the General Fund, related to funds not received within the District's period of availability.

Note 6 - Long-Term Liabilities

During the year ended June 30, 2024, in addition to Net Pension Liability in Note 7, the District had the following changes in long-term obligations:

	Balance on July 01, 2023	Additions	Deletions	Balance on June 30, 2024	Amounts Due In One Year
Governmental Activities					
Series 2008 Refunding Bonds	$ 37,295,000	$ -	$ -	$ 37,295,000	$ -
Direct Placement 2016 Refunding JOBS, Series A	3,770,000	-	3,770,000	-	-
Subscription IT Liability	235,373	55,775	62,406	228,742	62,868
Compensated absences	2,437,216	1,843,693	1,578,879	2,702,030	-
Total governmental activities	$ 43,737,589	$ 1,899,468	$ 5,411,285	$ 40,225,772	$ 62,868

Series 2008 Refunding Bonds

In April 2008, the District issued Refunding Bonds, Series 2008, in the amount of $37,295,000. Interest on the Refunding Bonds, Series 2008 is paid at a Weekly Rate Mode interest rate payable on the first business day of each calendar month commencing on May 1, 2008. Principal payments are due annually in various amounts commencing August 1, 2029, through 2037. The remaining balance at June 30, 2024, was $37,295,000.

The Bonds were issued to refund all of the District's outstanding $45,000,000 San Bernardino County Flood Control District Judgment Obligation Bonds, Series B, which were issued to refund a portion of certain obligations of the District under a settlement agreement relating to an inverse condemnation action against the District, fund interest on the Series 2008 Bonds at an assumed rate of 4.85 percent through August 1, 2008, and costs of issuance incurred in connection with the issuance of the Series 2008 Bonds. The interest rate is variable and is shown at the assumed rate of 4.85 percent in the repayment schedule.

The Bonds have an optional tender provision that gives the bondholder the option of selling their Bonds back to the District, at par, upon seven days' notice. The District has obtained a direct pay, irrevocable letter of credit (LC) from Bank of America (Bank) to provide credit support, and cash for such tenders, in the event tendered Bonds cannot be immediately remarketed to another investor. The District entered into a Reimbursement Agreement and Fee Letter with the Bank in July of 2011 to document the terms related to the issuance of the LC.

The District did not pay any upfront commitment fee to the Bank for this LC; however, it pays a facility fee at agreed upon rates on the Available Amount of the LC (as defined in the LC agreement). This LC is an irrevocable direct pay letter of credit with a current stated expiration date of July 3, 2025.

The LC is directly drawn on monthly to make the interest payment on the Bonds. The Bank is reimbursed for the monthly draw on the LC with the debt service payments made by the District. An LC draw would also occur if an investor exercised the optional tender provision and the Bonds cannot be immediately remarketed to another investor. In the event of a draw on the LC to purchase bonds that have been tendered but not remarked (Liquidity Advance) that is not repaid by the District within 90 days, the Liquidity Advance will convert to a Term Loan on the 91st day, if conditions precedent to a Term Loan are satisfied by the District.

As of June 30, 2024, there were no outstanding 2008 Judgment Obligation Bonds that have been tendered but failed to be remarketed. However as noted in Note 14, subsequent to year-end, this clause was exercised and the bond was paid in full. In accordance with the agreement, in the event any Bonds are optionally tendered and cannot be remarketed, interest on tendered Bonds for the first 90 days is paid to the Bank at the highest of a) Prime Rate in effect for such day plus 1.5 percent, b) overnight effective federal funds rate for such day as quoted in the "*Composition Closing Quotations for U.S. Government Securities*" published by the Federal Reserve Bank of New York plus 3 percent, c) 7.5 percent or d) the maximum rate of interest borne by Bonds that are still held by investors. If a Liquidity Advance remains outstanding after ninety days, and if conditions precedent to a Term Loan are satisfied by the District, the rate paid to the Bank on the Term Loan is the highest of a) through d) above, plus one percent.

The loss on refunding of debt, in the amount of $554,300, is required to be classified as deferred outflows of resources. This amount will be amortized through 2038 at $24,100 per year. At June 30, 2024, the District's unamortized loss on refunding of debt balance was $337,400.

The bonds contain a provision that in the event principal and interest are not paid when due, the District is in default and all outstanding principal and interest accrued thereon are immediately due. All amounts held in the bonds' debt service reserve account are collateral for the bond holders.

The following schedule represents a debt service scenario in which all the bonds are tendered by investors on July 1, 2024, and fail to be remarketed during the Liquidity Advance and Term Loan periods. The scenario assumes that interest on the Liquidity Advance is paid at a rate of 7.5 percent, and that interest on the Term Loan is paid at a rate of 8.5 percent. Principal is amortized as required in the Reimbursement Agreement over the Term Loan period. As of June 30, 2024, this clause was not exercised. However, as noted in Note 14, the clause was exercised and the bond was fully repaid in September 2024.

Year Ending June 30,	Principal	Interest	Total
2025	$ 10,600,000	$ 2,817,372	$ 13,417,372
2026	10,600,000	1,743,286	$ 12,343,286
2027	10,700,000	835,207	11,535,207
2028	5,395,000	76,639	5,471,639
Total	$ 37,295,000	$ 5,472,504	$ 42,767,504

The following schedule of debt service requirements to maturity as of June 30, 2024, for the Refunding Bonds, Series 2008:

Year Ending June 30,	Principal	Interest	Total
2025	$ -	$ 1,810,879	$ 1,810,879
2026	-	1,806,736	1,806,736
2027	-	1,808,808	1,808,808
2028	-	1,808,808	1,808,808
2029	-	1,810,878	1,810,878
2030-2034	18,155,000	7,533,361	25,688,361
2035-2038	19,140,000	2,369,739	21,509,739
Total	$ 37,295,000	$ 18,949,209	$ 56,244,209

Direct Placement Bonds - 2016 Refunding Judgment Obligation Bonds, Series A

In February 2016, the District issued direct placement Refunding Judgment Obligation Bonds, Series A, in the amount of $27,870,000. Interest on the Refunding Judgment Obligation Bonds, Series A is paid at a fixed rate of 1.54 percent payable annually on August 1 of each year commencing on August 1, 2016. Principal payments are due annually in various amounts commencing August 1, 2016, through 2023. The bond was fully paid as of June 30, 2024.

Subscription IT Liability

The District has entered into two IT agreements for the use of IT software, platforms, and infrastructure. As of June 30, 2024, the value of the subscription liabilities are $228,742. The District is required to make principal and interest payments through October 2028, ranging from $10,779 to $52,946. The subscription IT liabilities were valued using a discount rate of 0.55% which was the District's incremental borrowing rate at the inception of the subscription. The total amount of the right to use IT asset, and the related accumulated amortization on the right to use IT asset was $322,249 and $79,015, as of June 30, 2024, respectively.

Year Ending June 30,	Principal	Interest	Total
2025	$ 62,868	$ 1,023	$ 63,891
2026	63,438	781	64,219
2027	64,124	432	64,556
2028	38,312	108	38,420
Total	$ 228,742	$ 2,344	$ 231,086

Note 7 - Retirement Plan

The District participates in the following County-Wide Retirement Plan. The District contributes to the plan an amount determined by the County.

Plan Description

The County provides pension benefits to eligible employees through a cost sharing multiple-employer defined benefit pension plan (the Plan) administered by the San Bernardino County Employees' Retirement Association (SBCERA).

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

SBCERA publishes its own annual comprehensive financial report that includes its financial statements and required supplementary information, which can be obtained by writing to SBCERA, attention Fiscal Services Department, 348 W. Hospitality Lane, San Bernardino, California 92408 or visiting the website at www.SBCERA.org.

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013, are Tier 1 members.

All other members are Tier 2. An employee who is appointed to a regular or contract position, whose service is at least fifty percent of the full standard of hours required is a member of SBCERA and is provided with pension benefits pursuant to Plan requirements.

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

	General - Tier 1	General - Tier 2
Final average compensation	Highest 12 consecutive months	Highest 36 consecutive months
Normal retirement age	The later of age 55 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 55 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70
Early retirement: years of services required and/or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A
Benefit	At normal retirement age, 2.0% per year of final average compensation for every year of service credit	At age 67, 2.5% per year of final average compensation for every year of service credit
Benefit adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final average compensation limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

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

Contributions

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

Employee and employer contribution rates for the fiscal year ended June 30, 2024 are as follows:

	General - Tier 1	General - Tier 2
Employee contribution rates	9.17% to 15.82%	9.08%
Employer contribution rates	25.54%	22.53%

For the year ended June 30, 2024, the District's contributed $2,984,869.

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

As of June 30, 2024, the District reported a net pension liability for its proportionate share of the County's net pension liability of $10,539,521.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability of the County as of June 30, 2024 and 2023 with measurement dates as of June 30, 2023 and 2022 was 0.5244 percent and 0.5370 percent, respectively.

For the year ended June 30, 2024, the District recognized a pension expense of $2,013,347.

At June 30, 2024, the District reported its proportionate share of the County's deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources.

	Deferred Outflows Related to Pensions	Deferred Inflows Related to Pensions
Pension contributions subsequent to measurement date	$ 2,984,869	$ -
Net differences between projected and actual investment earnings on pension plan investments	381,395	-
Difference between expected and actual experience	867,007	177,315
Changes of assumptions	408,893	437,889
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,049,324	2,153,932
Total	$ 6,691,488	$ 2,769,136

The total amount of $2,984,869 reported as deferred outflows of resources related to contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2025	$ 94,587
2026	(973,771)
2027	1,421,224
2028	382,737
2029	12,706
Total	$ 937,483

Actuarial Assumptions

The District's proportion of the County's total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Investment Rate of Return	7.25%, net of pension plan investment expense, including
Inflation	2.50%
Projected Salary Increases	General: 4.30% to 9.50%
Cost of Living Adjustments	Consumer price index with a 2.00% maximum
Administrative Expenses	0.90% of payroll

Mortality rates used in the actuarial valuations dated June 30, 2023, were based on the Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2021 projection scale. For healthy General members, the General Healthy Retiree rates, increased by 10%, were used. For disabled General members, the Non-Safety Disabled Retiree rates, decreased by 5% for females, were used. For beneficiaries not currently in Pay Status, the General Healthy Retiree rates, increased by 10% were used. For beneficiaries currently in Pay Status, the General Contingent Survivor rates, increased by 5% for males and 15% for females, were used.

The actuarial assumptions used to determine the total pension liability as of June 30, 2023, were based on the results of the Actuarial Experience Study dated May 24, 2023, which covered the period from July 1, 2019 through June 30, 2022.

The long-term expected rate of return on the Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin.

The June 30, 2023 target allocation (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation used in the derivation of the long-term expected investment rate of return assumption are summarized in the table as follows:

Asset Class	Investment Classification	Target Allocation*	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	Domestic Common and Preferred Stock	14.50%	6.00%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.50%	6.65%
Developed International Equity	Foreign Common and Preferred Stock	7.00%	7.01%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	8.80%
U.S. Core Fixed Income	U.S. Government and Municipals/Domestic Bonds	2.00%	1.97%
High Yield/Credit Strategies	Domestic Bonds/Foreign Bonds	13.00%	6.48%
Emerging Market Debt	Emerging Market Debt	6.00%	4.76%
Real Estate Core	Real Estate	2.50%	3.86%
Real Estate Non-Core	Real Estate	2.50%	5.40%
International Credit	Foreign Alternatives	11.00%	7.10%
Absolute Return	Domestic Alternatives/Foreign Alternatives	7.00%	7.10%
Real Assets	Domestic Alternatives/Foreign Alternatives	6.00%	10.10%
Private Equity	Domestic Alternatives/Foreign Alternatives	18.00%	9.84%
Cash and Equivalents	Short-Term Cash Investment Funds	2.00%	0.63%
Total		100.00%	

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

Discount Rate

The discount rate used to measure the Plan's total pension liability was 7.25 percent for the year ended June 30, 2023. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan investments of 7.25 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The District's proportionate share of the net pension liability	$ 23,198,231	$ 10,539,521	$ 187,092

Detailed information about the Plan's fiduciary net position is available in the separately issued SBCERA and San Bernardino County annual comprehensive financial reports.

Note 8 - Net Position

Net position represents the difference between total assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position balances are as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of related debt.

Restricted – This consists of assets restricted for debt service payments and certain flood improvement projects and training projects under contract with other governmental agencies less liabilities related to those assets.

Unrestricted – This consists of the net amount of those assets that are not included in the determination of net investment in capital assets or the restricted component of net position.

The following is a summary of the District's net position as of June 30, 2024:

Capital assets, net of depreciation	$ 412,914,334
Less: construction related payables	(3,890,501)
Less: Subscription IT Liability	(228,742)
Less: retentions payable	(1,225,541)
Net investment in capital assets	407,569,550
Restricted net position	1,399,671
Unrestricted net position	297,039,654
Total net position	$ 706,008,875

Note 9 - Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, general liabilities, workers' compensation, injuries to employees and others and natural disasters. Through the County, internal service funds are utilized where assets are set aside for claim settlements up to certain limits and the County has obtained excess liability coverage through a combination of insurance policies. No claim settlements have exceeded insurance coverage in any of the past three years.

Note 10 - Commitments and Contingencies

The District is involved in several pending lawsuits. District management estimates that potential claims against the District, not covered by insurance, will not have a material adverse effect on the financial position of the District.

Note 11 - Unearned Revenue

In accordance with the settlement agreement effective April 7, 2015, which obligated specified parties for flood control improvements near the extension of the 210 freeway through the City of Rialto, $16,000,000 was deposited into an escrow account from which the District is allowed to draw from for the construction of the flood control facilities upon the satisfaction of certain milestones. In the fiscal year ending June 30, 2016, the district accomplished its first milestone and recognized $4,000,000 of the escrow deposit as settlement revenue. In the fiscal year ending June 30, 2018, the District accomplished the second milestone and recognized an additional $4,000,000 of the escrow deposit as settlement revenue. In the fiscal year ending June 30, 2019, the District accomplished the third milestone and recognized an additional $4,000,000 of the escrow deposit as settlement review. In the fiscal year ending June 30, 2024, the District accomplished its fourth and final milestone recognizing an additional $4,000,000 of the escrow deposit as settlement revenue. The remainder of the proceeds from the settlement agreement of $104,236 is the interest accrued on the monies which does not belong to the District. Current year unearned revenue amounts decreased and remaining amount included in unearned revenues on the District's balance sheet relates to other advances.

Note 12 - Transactions with the County

The District uses the treasury function of the County and at times maintains a cash overdraft with the County, which can be repaid only through collection of receivables. The District had no cash overdrafts as of June 30, 2024.

The District uses the functions of the Department of the Auditor-Controller/Treasurer/Tax Collector, including those of the Tax Collector, Controller, Disbursements and Treasury Divisions. Additionally, the District uses functions from other County Departments including Real Estate Services, Project and Facilities Management, the County Administrative Office, and the Human Resources departments.

The County contributed $1,300,000 during the year ended June 30, 2024 for the NPDES program. Contributions from the County are reported in other governmental aid in the District’s general fund and as operating grants and contributions in the District’s statement of activities.

Note 13 - Interfund Transfers

Transfers to the internal service fund from the general fund in the amount of $1,241,241 for the year ended June 30, 2024, were for equity in capital equipment that was acquired with general fund proceeds.

Note 14 - Subsequent Events

The following events occurred subsequent to June 30, 2024:

<u>Repayment of the Series 2008 Refunding Bonds</u>: In September 2024, the District paid off the remaining balance at June 30, 2024, in the amount of $37,295,000.

Required Supplementary Information
June 30, 2024

San Bernardino County Flood Control District

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ 82,520,500	$ 82,520,500	$ 94,750,573	$ 12,230,073
Other taxes	329,100	329,100	301,932	(27,168)
Rents, concessions and royalties	497,700	497,700	566,385	68,685
Interest	227,000	227,000	11,446,354	11,219,354
Other governmental aid	12,207,946	12,207,946	11,483,328	(724,618)
Licenses, fees and permits	943,159	943,159	856,488	(86,671)
Other	2,000	2,000	1,302,098	1,300,098
Settlements	-	-	4,000,000	4,000,000
Total revenues	96,727,405	96,727,405	124,707,158	27,979,753
Expenditures				
Current				
Public works - flood control				
Salaries and benefits	22,259,970	22,259,970	17,327,383	4,932,587
Services and supplies	146,172,829	153,664,187	27,127,346	126,536,841
Capital outlay	7,473,500	8,165,740	11,920,383	(3,754,643)
Debt service				
Principal	-	-	3,832,406	(3,832,406)
Interest	2,555,000	2,555,000	965,333	1,589,667
Total expenditures	178,461,299	186,644,897	61,172,851	125,472,046
Excess of Revenues over (Under) Expenditures	(81,733,894)	(89,917,492)	63,534,307	153,451,799
Other Financing Sources (Uses)				
Transfers in	8,524,067	8,524,067	4,392,086	(4,131,981)
Transfers out	(8,508,976)	(8,508,976)	(4,392,086)	4,116,890
Debt proceeds	-	-	55,775	55,775
Transfers out to internal service fund	-	-	(1,241,241)	(1,241,241)
Total other financing sources (uses)	15,091	15,091	(1,185,466)	(1,200,557)
Net Change in Fund Balance	$ (81,718,803)	$ (89,902,401)	$ 62,348,841	$ 152,251,242
Fund Balance, Beginning			266,147,956	
Fund Balance, Ending			$ 328,496,797	

Stewardship, compliance and accountability

Budgetary information

In accordance with provisions of Sections 29000 – 29143 of the California Government code, commonly known as the County Budget Act, the District prepares and adopts a budget on or before August 30 for each fiscal year.

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the object level and the sum object level for capital assets within each fund. The budgetary report is available from the Auditor-Controller/Treasurer/Tax Collector's office at 268 W. Hospitality Lane, 4th Floor, San Bernardino, California 92415-0018.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Transfers at the sub-object level or cost center level may be done by the District's Administration Department. Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act.

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.5244%	0.5370%	0.4489%	0.6920%	0.6554%	0.6432%	0.6564%	0.6533%	0.6334%	0.6245%
Proportionate share of the net pension liability	$ 10,539,521	$ 10,438,374	$ 4,795,029	$ 23,025,660	$ 14,558,026	$ 13,288,341	$ 14,314,949	$ 13,402,058	$ 10,281,544	$ 8,978,772
Covered payroll	$ 11,000,782	$ 10,146,223	$ 10,514,877	$ 10,979,767	$ 10,534,965	$ 9,954,294	$ 9,677,484	$ 9,018,132	$ 9,038,851	$ 8,533,945
Proportionate share of the net pension liability as a percentage of its covered payroll	95.81%	102.88%	45.60%	209.71%	138.19%	133.49%	147.92%	148.61%	113.75%	105.21%
Plan fiduciary net position as a percentage of the total pension liability	85.57%	85.12%	91.19%	71.96%	79.61%	79.89%	77.90%	76.86%	80.98%	82.47%
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Notes to Schedule

In 2024, the actuarial assumptions used in the June 30, 2023 valuation were based on the results of the 2020 Triennial Actuarial Experience Study, which covered the period from July 1, 2019 through June 30, 2022. Amounts reported in 2024 primarily reflect a decrease of 0.25% for inflation rate, an increase of 0.05% of payroll for administrative expenses, and adjustments of projected salary increases and mortality rates to more closely reflect actual experience. Mortality rates used in the June 30, 2023 actuarial valuation were based on the Pub-2010 Amount-Weighted Above -Median Mortality Table projected generationally with the two-dimensional MP-2021 projection scale rather than MP-2019 projection scale.

In 2023, there was no changes of assumptions. Amounts reported in 2023 primarily reflect the -2.37% return on the market value of assets during 2021-2022 that was lower than the assumed return of 7.25%. Additionally, the results of the Board adopted Resolution 2020-5 in this valuation reflect the refunds of member contributions previously paid in conjunction with certain pay items for inclusion in compensation earnable, which increased the net pension liability by $12.3 million.

In 2022, there was no changes of assumptions. Amounts reported in 2022 primarily reflect the 32.61% return on the market value of assets during 2020-2021 that was higher than the assumed return of 7.25% and the changes in benefit terms based on a decision in the Alameda County Deputy Sheriffs' Assn. et al. v. Alameda County Employees' Retirement Assn. litigation issued by the California Supreme Court on July 30, 2020. The Board of Retirement adopted Resolution 2020-5, which detailed the implementation of the Alameda decision including reclassifying certain pay items for inclusion in compensation earnable. The results in this valuation reflect the reclassification of those pay codes, which reduced the Plan's net pension liability by $132.8 million.

In 2021, the actuarial assumptions used in the June 30, 2020 valuation were based on the results of the actuarial experience study for the period from July 1, 2016 through June 30, 2019. Amounts reported in 2021 primarily reflect a decrease of 0.25% inflation rate, an increase of 0.15% payroll for administrative expenses, and adjustments of projected salary increases and mortality rates to more closely reflect actual experience. Mortality rates were based on the Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2019 projection scale.

In 2019 and 2020, there were no changes of assumptions. In 2018, the actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2013 through June 30, 2016. Amounts reported in 2018 primarily reflect a decrease of 0.25% for both the investment rate of return and inflation rate, an increase of 0.1% of payroll for administrative expenses, and adjustments of projected salary increases and mortality rates to more closely reflect actual experience. Mortality rates used in the June 30, 2017 actuarial valuation were based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table rather than on the RP-2000 Combined Healthy Mortality Table, which was used to determine amounts reported prior to 2018.

	June 30, 2024	June 30, 2023**	June 30, 2022	June 30, 2021*	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 2,984,869	$ 2,877,248	$ 2,772,477	$ 2,649,879	$ 2,729,991	$ 2,618,309	$ 2,202,039	$ 2,124,120	$ 2,015,092	$ 1,830,147
Contributions in relation to the contractually required contribution	(2,984,869)	(2,877,248)	(2,772,477)	(2,649,879)	(2,729,991)	(2,618,309)	(2,202,039)	(2,124,120)	(2,015,092)	(1,830,147)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,292,896	$ 11,000,782	$ 10,146,223	$ 10,514,877	$ 10,979,767	$ 10,534,965	$ 9,954,294	$ 9,677,484	$ 9,018,132	$ 9,038,851
Contributions as a percentage of covered payroll	24.28%	26.15%	27.33%	25.20%	24.86%	24.85%	22.12%	21.95%	22.34%	20.25%

Notes to Schedule

*2021 Contributions was revised due to the Plan correction of an error on the 415 replacement benefit plan adjustment.
**2023 Contributions was revised due to the Plan wrote off memo adjustment.

Other Information
June 30, 2024

San Bernardino County Flood Control District

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Assets					
Cash and cash equivalents	$ 31,789,762	$ 12,870,863	$ 13,906,623	$ 10,863,806	$ 2,429,471
Cash and investments with fiscal agent	115,176,840	45,365,319	15,437,786	48,976,374	6,629,257
Cash in escrow	990,887	-	-	-	-
Cash and investments in trust	293,592	-	-	-	-
Interest receivable	229,045	89,396	30,621	99,173	13,318
Accounts receivable	254,203	71,658	6,210	19,028	-
Taxes receivable	698,492	239,125	160,890	176,073	15,106
Lease receivable	-	31,440	-	-	-
Due from other funds	242,042	113,012	72,994	88,892	21,815
Due from other governments	36,967	724,198	214,792	51,361	-
Prepaid items	116,595	33,060	164,790	11,275	-
Total assets	$ 149,828,425	$ 59,538,071	$ 29,994,706	$ 60,285,982	$ 9,108,967
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 453,744	$ 864,384	$ 78,609	$ 854,793	$ 33,437
Salaries and benefits payable	-	-	-	-	-
Retention payable	990,887	110,012	-	-	-
Due to other funds	532,585	575,148	390,342	359,709	9,599
Due to other governments	36,086	8,933	3,961	23,984	41,195
Unearned revenues	113,929	11,575	98,951	-	-
Deposits payable	85,302	5,469	44,883	-	-
Total liabilities	2,212,533	1,575,521	616,746	1,238,486	84,231
Deferred inflows of resources					
Unavailable revenue	472,320	529,912	108,082	152,722	11,056
Fund balances					
Nonspendable					
Prepaid items	116,595	33,060	164,790	11,275	-
Restricted for					
Debt service	1,399,671	-	-	-	-
Assigned for					
Flood improvement projects	2,694,900	1,255,245	1,414,605	752,176	156,010
NPDES program	-	-	-	-	-
Unassigned	142,932,406	56,144,333	27,690,483	58,131,323	8,857,670
Total fund balances	147,143,572	57,432,638	29,269,878	58,894,774	9,013,680
Total liabilities, deferred inflows of resources and fund balances	$ 149,828,425	$ 59,538,071	$ 29,994,706	$ 60,285,982	$ 9,108,967

	Zone 6	Administration	LADP/ NPDES	Eliminations	Total
Assets					
Cash and cash equivalents	$ 1,515,079	$ 4,430,691	$ 10,071,187	$ -	$ 87,877,482
Cash and investments with fiscal agent	10,539,226	1,580,054	-	-	243,704,856
Cash in escrow	-	-	-	-	990,887
Cash and investments in trust	-	-	-	-	293,592
Interest receivable	21,321	3,078	-	-	485,952
Accounts receivable	24,673	-	10,401	-	386,173
Taxes receivable	52,703	84,797	-	-	1,427,186
Lease receivable	-	-	-	-	31,440
Due from other funds	16,067	2,344,899	285	(2,900,006)	-
Due from other governments	-	6,258	116,617	-	1,150,193
Prepaid items	-	22,316	31,815	-	379,851
Total assets	$ 12,169,069	$ 8,472,093	$ 10,230,305	$ (2,900,006)	$ 336,727,612
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 370,124	$ 154,817	$ 267,685	$ -	$ 3,077,593
Salaries and benefits payable	-	998,619	-	-	998,619
Retention payable	87,367	37,275	-	-	1,225,541
Due to other funds	31,745	1,837,097	136,249	(3,872,474)	-
Due to other governments	27,945	-	7,355	972,468	1,121,927
Unearned revenues	-	-	-	-	224,455
Deposits payable	-	-	-	-	135,654
Total liabilities	517,181	3,027,808	411,289	(2,900,006)	6,783,789
Deferred inflows of resources					
Unavailable revenue	42,374	8,813	121,747	-	1,447,026
Fund balances					
Nonspendable					
Prepaid items	-	22,316	31,815	-	379,851
Restricted for					
Debt service	-	-	-	-	1,399,671
Assigned for					
Flood improvement projects	481,582	1,019,290	-	-	7,773,808
NPDES program	-	-	1,293,665	-	1,293,665
Unassigned	11,127,932	4,393,866	8,371,789	-	317,649,802
Total fund balances	11,609,514	5,435,472	9,697,269	-	328,496,797
Total liabilities, deferred inflows of resources and fund balances	$ 12,169,069	$ 8,472,093	$ 10,230,305	$ (2,900,006)	$ 336,727,612

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Revenues					
Property taxes	$ 43,230,340	$ 21,501,797	$ 9,006,903	$ 12,224,611	$ 592,449
Other taxes	149,088	50,302	33,884	35,624	3,180
Rents, concessions and royalties	165,617	291,879	92,329	15,496	-
Interest	4,527,156	1,801,477	908,684	2,008,482	325,907
Escrow Settlements	-	4,000,000	-	-	-
Other governmental aid	379,496	904,469	6,407,101	-	-
Licenses, fees and permits	346,450	265,942	84,289	62,884	1,823
Other	733,242	568,275	(2,417)	420	-
Total revenues	49,531,389	29,384,141	16,530,773	14,347,517	923,359
Expenditures					
Current					
Public works - flood control					
Salaries and benefits	2,535,567	3,266,749	2,753,499	1,231,147	100,627
Services and supplies	3,820,768	5,715,992	6,069,498	5,220,077	287,361
Capital outlay	2,277,741	6,649,402	351,952	262,467	162,147
Debt service					
Principal	3,770,000	-	-	-	-
Interest	964,166	-	-	-	-
Total expenditures	13,368,242	15,632,143	9,174,949	6,713,691	550,135
Excess of Revenues Over (Under) Expenditures	36,163,147	13,751,998	7,355,824	7,633,826	373,224
Other Financing Sources (Uses)					
Transfers in	1,070,099	-	383,110	-	-
Transfers out	(2,453,948)	(1,069,198)	(307,216)	(387,838)	(20,045)
Debt issuances	-	-	-	-	-
Transfers out to internal service fund	(609,424)	(287,591)	(128,772)	(171,933)	(8,408)
Total other financing sources (uses)	(1,993,273)	(1,356,789)	(52,878)	(559,771)	(28,453)
Net Change in Fund Balances	34,169,874	12,395,209	7,302,946	7,074,055	344,771
Fund Balances, Beginning	112,973,698	45,037,429	21,966,932	51,820,719	8,668,909
Fund Balances, Ending	$ 147,143,572	$ 57,432,638	$ 29,269,878	$ 58,894,774	$ 9,013,680

	Zone 6	Administration	LADP/ NPDES	Eliminations	Total
Revenues					
Property taxes	$ 2,557,036	$ 5,637,437	$ -	$ -	$ 94,750,573
Other taxes	11,857	17,997	-	-	301,932
Rents, concessions and royalties	1,064	-	-	-	566,385
Interest	442,162	956,955	475,531	-	11,446,354
Escrow Settlements	-	-	-	-	4,000,000
Other governmental aid	-	38,000	3,754,262	-	11,483,328
Licenses, fees and permits	7,444	83,005	4,651	-	856,488
Other	-	2,578	-	-	1,302,098
Total revenues	3,019,563	6,735,972	4,234,444	-	124,707,158
Expenditures					
Current					
Public works - flood control					
Salaries and benefits	320,370	6,340,414	779,010	-	17,327,383
Services and supplies	477,850	3,473,537	2,062,263	-	27,127,346
Capital outlay	2,122,357	94,317	-	-	11,920,383
Debt service					
Principal	-	62,406	-	-	3,832,406
Interest	-	1,167	-	-	965,333
Total expenditures	2,920,577	9,971,841	2,841,273	-	61,172,851
Excess of Revenues Over (Under) Expenditures	98,986	(3,235,869)	1,393,171	-	63,534,307
Other Financing Sources (Uses)					
Transfers in	-	2,800,000	138,877	(4,392,086)	-
Transfers out	(83,742)	-	(70,099)	4,392,086	-
Debt issuances	-	55,775	-	-	55,775
Transfers out to internal service fund	(35,113)	-	-	-	(1,241,241)
Total other financing sources (uses)	(118,855)	2,855,775	68,778	-	(1,185,466)
Net Change in Fund Balances	(19,869)	(380,094)	1,461,949	-	62,348,841
Fund Balances, Beginning	11,629,383	5,815,566	8,235,320	-	266,147,956
Fund Balances, Ending	$ 11,609,514	$ 5,435,472	$ 9,697,269	$ -	$ 328,496,797

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

To the Honorable Board of Supervisors
San Bernardino County Flood Control District
San Bernardino, California

We have audited, 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, the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the San Bernardino County Flood Control District (District), a component unit of San Bernardino County, California (County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2024