

CHINO VALLEY



FIRE DISTRICT

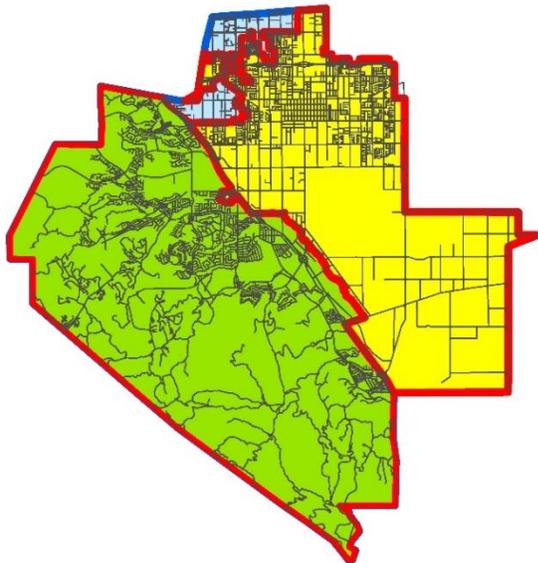
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

CHINO HILLS, CALIFORNIA

A Special Districts Leadership Foundation District of Distinction

**CHINO VALLEY FIRE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019**



**PREPARED BY THE FINANCE DEPARTMENT
FINANCE DIRECTOR – STEVE HEIDE, CPA**

14011 City Center Drive, Chino Hills, CA 91709

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**CHINO VALLEY FIRE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019**

Table of Contents

INTRODUCTORY SECTION

Transmittal Letter _____	3
Organizational Chart _____	9
Board of Directors and District Management _____	10
Mission, Vision and Values Policy Statement _____	11
CAFR Award _____	12
Budget Award _____	13

FINANCIAL SECTION

Independent Auditor’s Report _____	17
Management’s Discussion and Analysis _____	19
Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position _____	31
Statement of Activities _____	32
Fund Financial Statements	
Balance Sheet _____	33
Reconciliation of the Balance Sheet of the General Fund to the Statement of Net Position _____	34
Statement of Revenues, Expenditures, and Changes in Fund Balance _____	35
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the General Fund to the Statement of Activities _____	36

**CHINO VALLEY FIRE DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2019**

Table of Contents (continued)

Notes to the Financial Statements _____ 37

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

 Budget and Actual _____ 64

Schedule of Changes in the Net OPEB Liability and Related Ratios -

 Last 10 Fiscal Years _____ 65

Schedule of OPEB Contributions -

 Last Ten Years _____ 66

Schedule of the District’s Proportionate Share of the Net Pension Liability -

 Last Ten Years _____ 67

Schedule of Pension Contributions Last Ten Years _____ 68

Notes to Required Supplementary Information _____ 69

STATISTICAL SECTION

Statistical Section Overview _____ 73

Net Position by Component _____ 75

Changes in Net Position _____ 76

Fund Balance of Governmental Funds _____ 77

Changes in Fund Balance of Governmental Funds _____ 78

Assessed Value and Estimated Actual Value of Taxable Property _____ 79

**CHINO VALLEY FIRE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019**

Table of Contents (continued)

Property Tax Levies and Tax Collections _____ 80
Direct and Overlapping Property Tax Rates _____ 81
Direct and Overlapping Property Tax Rates - Tax Rate Area 0010011 _____ 82
Principal Property Taxpayers _____ 83
Demographic and Economic Statistics _____ 84
Principal Employers _____ 85
Full-Time Equivalent District Employees _____ 86
Capital Assets by Function _____ 87
Emergency Response Calls for Service _____ 88



INTRODUCTORY



SECTION







Chino Valley Fire District

14011 City Center Drive
Chino Hills, CA 91709
(909) 902-5260 Administration
(909) 902-5250 Fax
Chinovalleyfire.org

Board of Directors

John DeMonaco
President
Harvey Luth
Vice President
Ed Gray
Mike Kreeger
Winn Williams

Fire Chief
Tim Shackelford

November 27, 2019

Members of The Board of Directors
Chino Valley Fire District

INTRODUCTION

State law requires that every general-purpose government publish within six months of the close of the fiscal year, a complete set of audited financial statements. This Comprehensive Annual Financial Report (“CAFR”) fulfills that requirement for the fiscal year ended June 30, 2019.

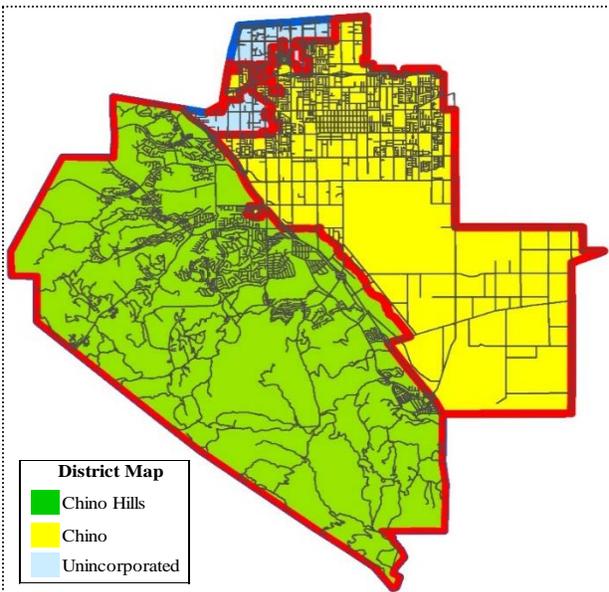
This CAFR was prepared in accordance with guidelines issued by the Governmental Accounting Standards Board. Management assumes full responsibility for the completeness and reliability of the information contained herein, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly LLP, has issued an unmodified (“clean”) on the Chino Valley Fire District’s financial statements for the year ended June 30, 2019. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE DISTRICT

Although fire protection services in the Chino Valley have existed in various forms since the late 1800’s, the Chino Valley Fire District (the “District” or “CVFD”) was formed as a California special district in 1990 through a voter approved initiative, Proposition W, coinciding with the incorporation of the City of Chino Hills. Having recently celebrated its 25-year anniversary, the District provides fire protection and fire prevention services within the Chino Valley, and is governed by a five-member elected Board of Directors.

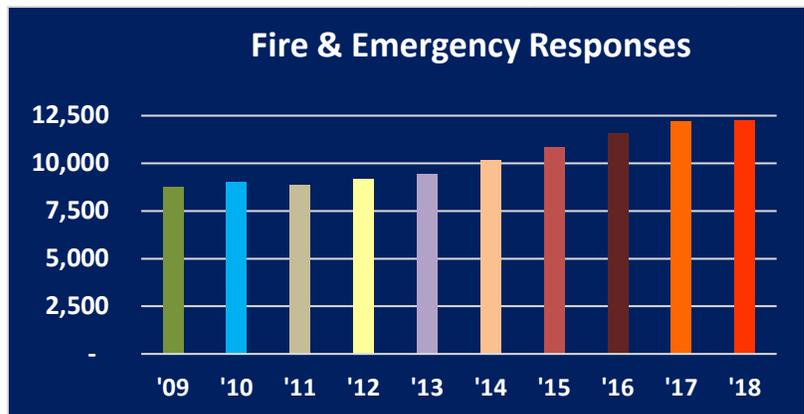


Located in the southwest region of San Bernardino County, the jurisdiction of the District is approximately 80 square miles in size and has an estimated current population of 180,363¹. It is estimated that the District population will be over 200,000 within the next 20 years.

The District is bordered by Los Angeles County to the northwest; Orange County to the southwest; Riverside County to the southeast; the City of Ontario to the northeast and the City of Montclair to the north.

The cities of Chino, Chino Hills, and surrounding unincorporated areas are served by CVFD. District personnel responded to

12,267 emergency incidents in 2018, compared to 12,217 emergency responses in 2017. CVFD currently operates seven fire stations and various other special purpose facilities, including a state-of-the-art fire training center and tower. The District’s long-term master plan projects the operational need for two to three additional fire stations at community build-out. Due to continuing real estate development and corresponding increasing emergency response call volume, the District is in discussions with the City of Chino Hills regarding a tentative plan for building an eighth District fire station, to be located in Chino Hills. It is anticipated that Station 8 would not be operational until sometime in Fiscal Year (FY) 22. See Major Initiatives below for additional information regarding planned future fire stations and the associated projected fiscal impacts.



FISCAL MANAGEMENT

The District begins its budget development cycle about six months prior to adoption, and adopts the annual budget before its new fiscal year beginning on July 1. As a single purpose fire authority, CVFD reports all financial activities within its General fund, on the modified accrual basis of accounting. The District’s Board of Directors approves total budgeted appropriations and any necessary amendments throughout the year. Formal budgetary integration at the fund level is employed as a management control device to monitor budget-to-actual performance throughout the fiscal year.

¹ Community population statistic does not include the prison populations. City of Chino – 89,829; City of Chino Hills – 84,364; Unincorporated – 6,170. Population estimates are based on information provided by the Department of Finance.

The annual budget contemplates revenues and expenditures for a single fiscal year. The current impact of long-term items such as pension and other post-employment obligations are incorporated into the annual budget, while the future anticipated fiscal impacts are incorporated into the District’s 10-year long-range financial plan (LRFP), as further described below.

LONG-RANGE FINANCIAL PLANNING

In conjunction with our annual budget development process, the District prepares a LRFP. The District forecasts revenues and expenditures over the 10-year horizon based on a combination of historical averages, current budget and known and anticipated future budgetary impacts. These projections are used for financial, operating and strategic planning purposes.



Over the current 10-year projection period, annual revenues are generally projected to be sufficient to cover expenditures. In certain years, it may be necessary to utilize accumulated fund balance to cover short-term deficits after the opening of new fire stations. The current LRFP assumes Station 68 opening in FY22 and Station 69 being staffed beginning in FY28, as further discussed in Major Initiatives below.

as further discussed in Major Initiatives below.

RETIREMENT FUNDING POLICY AND ACCELERATED PENSION FUNDING

The District’s Board of Directors has adopted a policy to commit up to one-third (1/3) of excess revenues on an annual basis to reduce District pension liabilities going forward. Earmarked excess revenues will be contributed to either the District’s Section 115 Retirement Trust, directly to the California Public Employees Retirement System (CalPERS) on behalf of the District’s employees, or in combination



to these two funding vehicles, as determined annually by the Board. Contributions will be made in the following fiscal year after completion of the District’s annual audit.

In FY19, the District’s Board of Directors directed staff to contribute \$380,000 directly to CalPERS and the remaining \$380,000 into the Section 115 Retirement Trust. Based on the FY20 Original Budget, approximately \$288,000 is projected to be available for accelerated pension funding in FY21.

As the District operated at a slight deficit for FY19, the retirement funding policy provisions will not provide for accelerated pension funding in FY20. However, over time, the District anticipates continuing to fund and grow the balance in the Section 115 Retirement Trust, while identifying strategic opportunities to use accumulated funds and one-time revenues to reduce pension liabilities through additional discretionary payments to CalPERS.

SERVICE EXCELLENCE

GFOA CAFR Award – Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting Award* to the District for its CAFR for the fiscal year ended June 30, 2018. This was the first year that the District applied for this prestigious award. Our CAFR has been judged by an impartial panel to



meet the high standards of the program, which includes demonstrating a constructive “spirit of full disclosure” to clearly communicate the District’s financial story and motivate potential users and user groups to read the CAFR.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. While limited staffing has been a barrier to preparation of a CAFR and submission for award recognition in the past, the District is committed to meeting GFOA program requirements on an ongoing basis and is confident that its FY19 CAFR will qualify for a Certificate of Achievement in financial reporting.

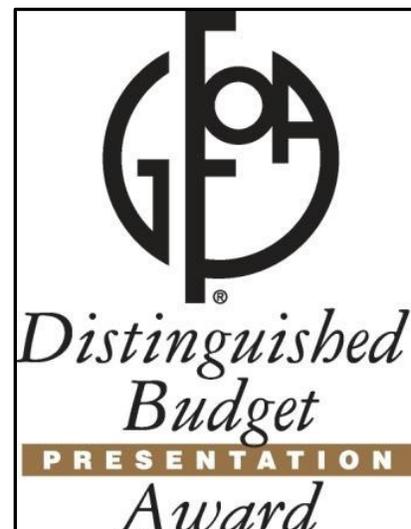
The GFOA CAFR Award is presented in this document.

GFOA Distinguished Budget Presentation Award – The District has also received a *Distinguished Budget Presentation Award* from GFOA for our FY19 Budget document.

We would like to extend our sincere appreciation to the Finance department staff for their efforts in securing this national budget award which affirms the District’s ongoing commitment to transparency. The award also reflects the commitment of the District’s Board of Directors and staff to meeting the highest principles of governmental budgeting.

This award is valid for a period of one year only. We believe our FY20 operating budget continues to conform to program requirements and have submitted it to GFOA to determine eligibility for another award.

The GFOA Budget Award is presented in this document.



MAJOR INITIATIVES**CONFIRE Dispatch**

In 2019, the District transitioned to the CONFIRE Regional Communications Center for contract emergency dispatch and related services. CONFIRE is a joint powers authority (JPA) established to provide communications, dispatch, computer information systems and geographic information systems to member and contract agencies.

The move to CONFIRE has provided the exciting opportunity to implement cutting edge technologies not previously available to the District, including Tablet Command, TriTech Field Ops, Active 911, Pulse Point, Firstwatch, Decaan Live Move Up Module, as well as ArcGIS and a new station alerting system. The successful migration to the new dispatch center was the result of several months of careful planning and preparation.



Although the District initially joined CONFIRE as a contract agency, we've applied for membership in the JPA. Membership in CONFIRE would also entitle the District to voting rights for important operational and policy decision making of the JPA. Included in the FY20 Budget is \$412,423 for the estimated buy-in cost to acquire a 5.42% equity interest in CONFIRE as a voting member agency. Membership requires approval by the current member agencies of CONFIRE, and we anticipate that approval of our membership application on or about January 1, 2020. This new emergency communications partnership with CONFIRE should serve the District very well for the foreseeable future.

Future Fire Stations

As referenced above, the District's master plan projects the operational need for two to three additional fire stations at community build-out. Historically, the cities of Chino and Chino Hills have been financially responsible for the construction of District fire stations within each city's respective boundaries, and the District is responsible for operating the station thereafter.

The District is currently in negotiations with the City of Chino Hills for the construction of Fire Station No. 68. With the anticipated addition of this eighth District fire station, annual revenues are generally projected to be sufficient to cover operating expenditures in the first year of the new station. The burden of additional projected operating costs associated Station 68 and the addition of a second battalion in conjunction with the new station opening, combined with the ramp-up of unfunded liability pension obligations, indicates the potential for operating deficits for two to three years beginning in FY23.

Thereafter, the projected addition of Station 69 in FY28 would likely result in a similar multi-year deficit spending pattern. The District's accumulated fund balances are generally projected to be sufficient to offset the short-term operating deficits associated with the opening of the new stations and related additional operating and overhead costs.

Pension Study

In FY20, the District intends to engage an outside actuary to review actuarially-based projected fiscal impacts of various accelerated pension funding scenarios, including the use of accumulated Section 115 Retirement Trust funds to further reduce pension liabilities. The study will include long-term projections of pension costs over a 30-year horizon under various funding scenarios.

This is an update to a prior study completed in 2016, which ultimately led to initiation of the District's Section 115 Retirement Trust. The District is committed to aggressively managing our pension obligations so as to not shift the burden of these liabilities to the next generation of taxpayers and employees.

ACKNOWLEDGEMENTS

Preparation of this CAFR was made possible through the combined efforts of the District's Finance Department staff, along with the cooperation and assistance of the District's auditors, Eide Bailly LLP. A special thank you to the Board of Directors for their direction, support and leadership, and to the cities of Chino and Chino Hills, and the County of San Bernardino for their continuing support of and public safety partnership with the District.

Sincerely,

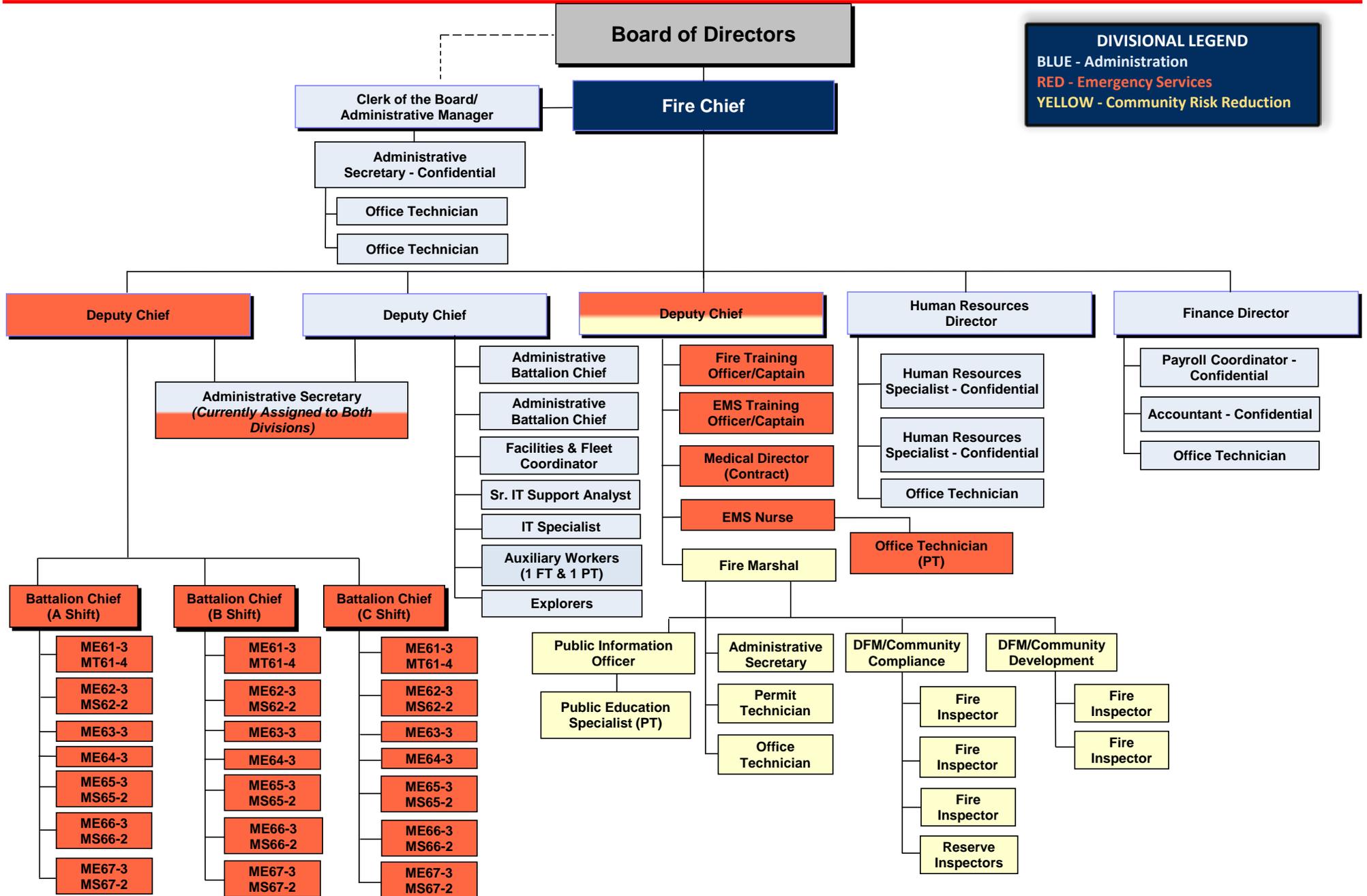


Tim Shackelford
Fire Chief



Steve Heide, CPA
Finance Director

Chino Valley Fire District



CHINO VALLEY FIRE DISTRICT

Board of Directors & District Management



John DeMonaco
President



Harvey Luth
Vice President



Winn Williams
Director



Mike Kreeger
Director



Sarah Ramos-Evinger
Director



Tim Shackelford
Fire Chief

Senior Management Staff

Scott Atkinson	Deputy Chief
Kyle Collins	Deputy Chief
Tyler Johnson	Deputy Chief
Steve Heide, CPA	Finance Director
Sandra Heney	Clerk of the Board
Kristi Kuchwara	Human Resources Director

CHINO VALLEY FIRE DISTRICT

Mission, Vision & Values Policy Statement

MISSION

The mission of the Chino Valley Fire District is to provide exceptional service and safeguard the community.

VISION

As an organization, we...

...seek excellence in everything we do; with innovative practices, training, and equipment.

...remain transparent; open, honest, and accountable to each other and those we serve.

...appreciate our members; we attract, retain, and develop future leaders.

...value the public trust above all else; we are good stewards of our financial resources.

...endeavor to learn and grow; continuously seeking improvement and embracing change.

VALUES

- **FAITHFULNESS**

We are fully committed, invested and engaged in the communities we serve.

- **INTEGRITY**

We lead by example, according to the highest ethical and professional standards.

- **RESPECT**

We treat each other, and those we serve with compassion, dignity, and value.

- **EXCELLENCE**

We are relentless in our pursuit of the highest possible standard of quality.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Chino Valley Fire District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Chino Valley Fire District
California**

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morill

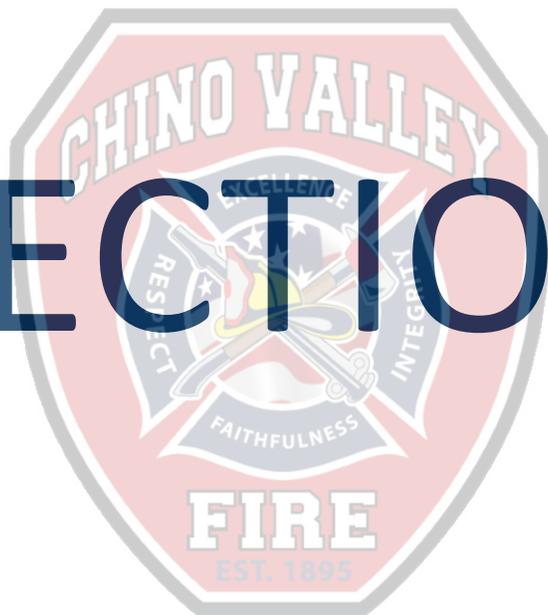
Executive Director



FINANCIAL



SECTION







CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Chino Valley Fire District
Chino Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Chino Valley Fire District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the District as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, schedule of changes in the net OPEB liability and related ratios, schedule of OPEB contributions, schedule of the District's proportionate share of the net pension liability, schedule of pension contributions and the note to the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



Rancho Cucamonga, California
November 27, 2019

CHINO VALLEY FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

This portion of the District's Comprehensive Annual Financial Report (hereinafter "CAFR") presents Management's discussion and analysis of the Chino Valley Fire District's (hereinafter "District") financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the other portions of the District's CAFR, including the financial statements which immediately follow.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements which follow, consisting of: 1) government-wide financial statements, 2) General Fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. Readers of the District's financial statements should consider the accompanying notes as an integral part of the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide the reader with a broad overview of the District's finances, in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between assets/deferred outflows and liabilities/deferred inflows representing *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. compensated absence expense and certain pension-related liabilities).

Fund financial statements. The fund financial statements provide more detailed information about the District's specific sources of funding and spending for particular purposes. Like other governmental agencies, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has the following kind of funds: *Governmental funds* - Used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

As the fire protection and emergency medical services provider, the District maintains one governmental fund: the *General Fund*. A Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance are presented for the General Fund.

Because the focus of the General Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the General Fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the General Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CHINO VALLEY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position (condensed)

	Governmental Activities June 30, 2019	Governmental Activities June 30, 2018
Current assets	\$32,053,065	\$29,826,734
Net investment in joint venture	217,631	201,226
Capital assets		
Non-depreciable capital assets	780,438	866,617
Depreciable capital assets (net)	12,948,350	11,419,542
Total Assets	\$45,999,484	\$42,314,119
Deferred amounts related to OPEB	\$1,054,764	\$1,015,783
Deferred amounts related to pensions	11,128,818	11,292,570
Deferred Outflows of Resources	\$12,183,582	\$12,308,353
Current liabilities	\$4,988,684	\$4,056,823
Net OPEB liability	6,770,753	6,997,504
Net pension liability	41,239,907	41,392,401
Other noncurrent liabilities	8,654,725	7,293,463
Total Liabilities	\$61,654,069	\$59,740,191
Deferred amounts related to OPEB	\$-	\$107,283
Deferred amounts related to pensions	4,824,494	5,478,470
Deferred Inflows of Resources	\$4,824,494	\$5,585,753
Net investment in capital assets	\$13,728,788	\$12,286,159
Unrestricted	(22,024,285)	(22,989,631)
Total Net Position (Deficit)	(\$8,295,497)	(\$10,703,472)

Total liabilities and deferred inflows of resources of resources exceeded assets and deferred outflows of resources by about \$8.3 million at June 30, 2019 and \$10.7 million at June 30, 2018, as restated.

The District's net OPEB liability amounted to about \$6.8 million and \$7.0 million at June 30, 2019 and 2018, respectively, while the District's net pension liability at June 30, 2019, amounted to about \$41.2 million, compared to about \$41.4 million at June 30, 2018.

Included in current assets, at June 30, 2019, the District held restricted cash and investments in the Section 115 Retirement Trust amounting to approximately \$6.1 million compared to about \$5.4 million at June 30, 2018. Although assets held in the Section 115 Retirement Trust are not considered to have the present service capacity as pension plan assets, these assets will be considered pension plan assets at the time they are transferred out of the Trust and into the pension plan.

See Note #8 for additional information regarding the District's cost sharing employer pension plan and Note #9 regarding OPEB liabilities. Note #10 contains additional information regarding the District's Section Retirement 115 Trust.

CHINO VALLEY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Statement of Activities (condensed)

	Governmental Activities FYE June 30, 2019	Governmental Activities FYE June 30, 2018¹
Program revenues:		
Charges for services	\$12,181,087	\$11,818,763
Operating grants and contributions	391,409	262,573
General revenues:		
Property taxes	30,904,229	28,514,249
Investment income	798,474	579,149
Total Revenues	\$44,275,199	\$41,174,734
Expenses:		
Public Safety – Fire Protection	\$41,867,224	\$43,572,163
Total Expenses	\$41,867,224	\$43,572,163
Change in Net Position	\$2,407,975	(\$2,397,429)
Net Position (Deficit), July 1	(\$10,703,472)	(\$1,149,682)
Net Effect of Restatement	-	(\$7,156,360)
Net Position (Deficit), July 1 as restated	-	(\$8,306,043)
Net Position (Deficit), June 30	(\$8,295,497)	(\$10,703,472)

¹The District implemented GASB 75 effective July 1, 2018, and restated the beginning net position for Governmental Activities.

The increase in net position between the fiscal years ended June 30, 2018 and 2019 was about \$2.4 million, due primarily to increases in current and capital assets.

Capital Assets and Noncurrent Liabilities

Capital assets. Non-depreciable capital assets amounted to about \$780 thousand and \$870 thousand, at June 30, 2019 and 2018, respectively. Depreciable capital assets, net of depreciation, totaled \$12.9 million at June 30, 2019, compared to about \$11.4 million at June 30, 2018. Land, construction in progress, buildings, improvements other than buildings and equipment, comprise the District's capital assets. Capital asset acquisitions totaled about \$2.9 million, net asset retirements were about \$73 thousand and depreciation amounted to roughly \$1.3 million for the fiscal year ending June 30, 2019, for a net increase of about \$1.4 million. The majority of asset acquisitions were building and equipment-related. See Note #5 for additional information regarding capital assets and depreciation.

CHINO VALLEY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Capital Assets

	Governmental Activities June 30, 2019	Governmental Activities June 30, 2018
Non-Depreciable		
Land	\$780,438	\$780,438
Construction in progress	-	86,179
Total non-depreciable capital assets	\$780,438	\$866,617
Depreciable		
Buildings	\$9,841,723	\$8,336,128
Improvements other than buildings	778,366	769,431
Equipment	14,356,466	13,519,485
Total depreciable capital assets	\$24,976,555	\$22,625,044
Less: accumulated depreciation	(12,028,205)	(11,205,502)
Total depreciable assets, net of accumulated depreciation	\$12,948,350	\$11,419,542
Total capital assets, net of accumulated depreciation	\$13,728,788	\$12,286,159

Noncurrent liabilities. At June 30, 2019 and 2018, non-current liabilities amounted to approximately \$8.7 million and \$8.4 million, respectively. Compensated absences decreased by about \$90 thousand while workers' compensation claims balances increased by approximately \$380 thousand. The associated amounts due within the next year increased to about \$1.8 million at June 30, 2019, compared to nearly \$1.1 million at June 30, 2018. See Note 7 for additional information regarding long-term liabilities.

	Governmental Activities June 30, 2019	Governmental Activities June 30, 2018
Compensated absences	\$6,402,832	\$6,491,168
Workers' Compensation claims	2,251,893	1,870,462
Total noncurrent liabilities	\$8,654,725	\$8,361,630
Less: amounts due within the next year	(\$1,814,330)	(\$1,068,167)
Total liabilities due in more than one year	\$6,840,395	\$7,293,463

CHINO VALLEY FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

GENERAL FUND FINANCIAL ANALYSIS

The District maintains one governmental fund, the General Fund. Through the General Fund, the District provides fire protection, emergency medical services, and fire prevention and education within its jurisdictional boundaries.

Balance Sheet (condensed)

	General Fund June 30, 2019	General Fund June 30, 2018
Cash and investments	\$25,316,280	\$23,720,535
Restricted cash and investments	6,159,623	5,406,956
Other assets	577,162	699,243
Total Assets	\$32,053,065	\$29,826,734
Accounts payable and accrued liabilities	\$1,861,738	\$543,682
Accrued payroll	2,451,858	2,060,446
Other liabilities	1,439,418	877,695
Total Liabilities	\$5,753,014	\$3,481,823
Nonspendable	\$57,435	\$69,622
Restricted	6,159,623	5,406,956
Committed	13,529,583	11,863,690
Assigned	907,500	1,020,921
Unassigned	5,645,910	7,983,722
Fund Balance	\$26,300,051	\$26,344,911
Total Liabilities and Fund Balance	\$32,053,065	\$29,826,734

Statement of Revenues, Expenditures, and Changes in Fund Balance (condensed)

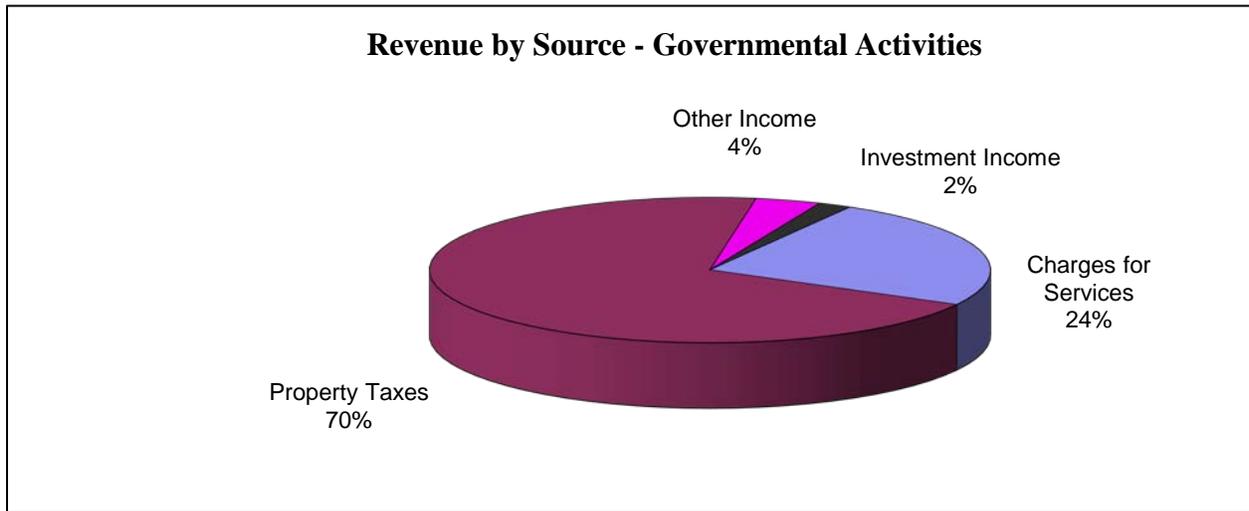
	General Fund FYE June 30, 2019	General Fund FYE June 30, 2018
Taxes	\$30,904,229	\$28,514,249
Charges for current services	10,900,561	10,337,201
Licenses and permits	1,280,526	1,481,562
All Other	1,246,056	834,682
Total Revenues	\$44,331,372	\$41,167,694
Salaries and benefits	\$35,600,506	\$32,863,912
Services and supplies	5,947,226	5,013,037
Capital Outlay	2,828,500	679,184
Total Expenditures	\$44,376,232	\$38,556,133
Net Change in Fund Balance	(\$44,860)	\$2,611,561
Fund Balance, July 1	\$26,344,911	\$23,733,350
Fund Balance, June 30	\$26,300,051	\$26,344,911

CHINO VALLEY FIRE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Total General Fund revenues for FY19 amounted to \$44.3 million, compared to \$41.2 million in the prior year, an increase of over \$3.2 million, or 7.7%. Property tax-related revenues, which includes that portion of charges for current services associated with the Chino fire protection services agreement, increased \$3.0 million, or 8%, over the prior year. This was due primarily to significant continuing development activity within the District, combined with healthy increases in assessed values of existing properties. All other revenues increased by about \$100 thousand, or about 3.5% over the prior year. This was due primarily to increased returns on investment of idle funds in a rising interest rate environment.



Total General Fund expenditures in FY19 amounted to nearly \$44.4 million compared to about \$38.6 million in the prior year, an increase of about \$5.8 million, or 15.1%. About \$3.7 million of this increase was associated with continuing operations of the District, while \$2.1 million of this amount was attributable to capital outlay. Additional details are as follows:

- Salaries and benefits expenditures were roughly \$2.7 million higher in FY19 than in the prior year, an increase of about 8.3%. Most significantly, pension costs increases amounted to \$629 thousand over the prior year, worker’s compensation cost increases associated with a significant number of work-related injuries were \$692 thousand over FY18 levels, and deferred compensation benefit amounts were nearly \$270 thousand higher than in the previous year due to cost increases associated with labor agreements.
- Services and supplies expense increased about \$930 thousand over the prior year, about an 18.6% increase over FY18. Significant expenditure increases were in the areas of clothing, about \$286 thousand over the prior year due to triennial uniform replacement, and in legal services, about \$620 thousand over FY18 due to a number of legal initiatives occurring in FY19.
- Capital outlay amounted to \$2.8 million in FY19, compared to \$679 thousand in FY18, an increase of over \$2.1 million, or over 300%. This was due to a combination of capital project carryovers from the prior year which were completed in FY19, combined with new projects undertaken and completed during FY19.

CHINO VALLEY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Classifications of General Fund Balance

	Classifications of Fund Balance June 30, 2019	Classification of Fund Balance June 30, 2018
Nonspendable:		
Deposits and Prepaid Items	\$57,435	\$69,622
Restricted:		
Section 115 Retirement Trust	\$6,159,623	\$5,406,956
Committed:		
Workers compensation reserve	\$2,251,892	\$1,870,462
Equipment replacement	1,495,872	1,314,242
Facilities acquisition and maintenance	51,354	49,858
Compensated absences	2,112,934	2,142,086
Emergency contingency	7,617,531	6,487,042
Total Committed Fund Balance	\$13,529,583	\$11,863,690
Assigned Fund Balance	\$907,500	\$1,020,921
Unassigned Fund Balance	\$5,645,910	\$7,983,722
Total General Fund Balance	\$26,300,051	\$26,344,911

As of June 30, 2019, the District's General Fund reported an ending fund balance of approximately \$26.30 million, compared to about \$26.35 million at June 30, 2018, a modest decrease of about \$45 thousand over the prior year. As specified in the District's Fund Balance Reporting Policy, in addition to the various commitments and assignments of fund balance outlined below, the District's Board of Directors has also specified that a minimum unassigned fund balance equal to three months of General Fund expenditures be established for general contingency purposes.

Of particular note, the assigned portion of fund balance at June 30, 2019, amounted to just over \$900 thousand, representing budgetary encumbrances for uncompleted projects and purchases approved in FY19 and carried over to FY20. In accordance with policy, encumbrance carryovers are classified as assigned fund balance. In the event that sufficient fund balance is not available to maintain a three month expenditure equivalent in unassigned fund balance, the remaining unassigned fund balance shall be maintained for general contingency purposes.

CHINO VALLEY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

General Fund Budgetary and Actual Variations

Original to Amended (Final) Budget Comparison (condensed)
Year Ended June 30, 2019

	General Fund Original Budget FYE June 30, 2019	General Fund Amended (Final) Budget FYE June 30, 2019	Variance Between Original and Amended Positive (Negative)
Taxes	\$30,456,742	\$30,456,742	\$-
Charges for current services	10,218,853	11,261,336	1,042,483
Other revenue	1,489,000	1,739,000	250,000
Total Revenues	\$42,164,595	\$43,457,078	\$1,292,483
Salaries and benefits	\$33,754,652	\$36,504,652	\$2,750,000
Services and supplies	6,585,404	6,352,904	(232,500)
Capital outlay	1,509,334	2,847,632	1,338,298
Total Operating & Capital Expenditures	\$41,849,390	\$45,705,188	\$3,855,798
Net Change in Fund Balance	\$315,205	(\$2,248,110)	(\$2,563,315)
Fund Balance, July 1	\$26,344,911	\$26,344,911	-
Fund Balance, June 30	\$26,660,116	\$24,096,801	-

Original to Amended (Final) Budget. For the year ended June 30, 2019, budgetary revenue amendments totaled nearly \$1.3 million, while additional budgetary expenditure appropriations totaling about \$3.9 million.

Budgetary revenue amendments were as follows:

- Approximate \$640 thousand increase in projected property tax-related revenue associated with the fire protection services agreement with the City of Chino, attributable primarily to conservative budget projections in the Original budget. See Note #7 for additional information regarding the agreement with the City of Chino.
- \$400 thousand increase for projected mutual aid recoveries for reimbursable out-of-area emergency responses in excess of original projections. Mutual aid recoveries are generated from reimbursement of staffing and equipment costs for certain out-of-area emergency responses. Associated revenues are difficult to predict from year-to-year, due to unknown frequency, scale and duration of these typically large scale events occurring throughout the state.
- \$100 thousand in permit and inspection fees resulting from favorable budget-to-actual revenue trends.
- \$150 thousand increase in projected interest revenue due to a rising rate environment for investment returns on the District's idle funds.

CHINO VALLEY FIRE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Significant budgetary expenditure amendments were as follows:

- Just over \$1 million in roll forward expenditures for funds originally encumbered in FY18 for but not expended until FY19. These carryover expenditures were mostly for capital projects not completed in the prior year.
- Just under \$2 million in salary and benefit-related adjustments, including most significantly, \$1.3 million increase in coverage for emergency response and leave due to higher than anticipated constant staffing vacancies combined with a significant number of reimbursable mutual aid events, \$600 thousand increase in worker’s compensation expense due to a significant higher than budgeted level of work-related injuries.
- \$920 thousand in capital outlay required for dispatch system station alerting upgrades not contemplated in the Original budget.
- \$760 thousand for Board directed payments toward pension obligations, with 50% paid into the District’s 115 Trust and 50% in an additional discretionary lump sum payment to CalPERS.
- Just over \$900 thousand budget reduction for expenditure encumbrances rolled forward to FY20, primarily for uncompleted capital outlay.

As indicated below, the net impact of the amendments between Original and Amended (Final) budget for FY19 amounted to a nearly \$2.6 million budgeted net reduction in fund balance.

Budget to Current Year Actuals Summary Comparison (condensed)

	General Fund Amended (Final) Budget FYE June 30, 2019	General Fund Actuals FYE June 30, 2019	Variance Between Budget and Actuals Positive (Negative)
Taxes	\$30,456,742	\$30,904,229	\$447,487
Charges for current services	11,261,336	10,900,561	(360,775)
Other revenue	1,739,000	2,526,582	787,582
Total Revenues	\$43,457,078	\$44,331,372	\$874,294
Salaries and benefits	\$36,504,652	\$35,600,506	\$904,146
Services and supplies	6,352,904	5,947,226	405,678
Capital outlay	2,847,632	2,828,500	19,132
Total Operating & Capital Expenditures	\$45,705,188	\$44,376,232	\$1,328,956
Net Change in Fund Balance	(\$2,248,110)	(\$44,860)	\$2,203,250
Fund Balance, July 1	\$26,344,911	\$26,344,911	-
Fund Balance, June 30	\$24,096,801	\$26,300,051	\$2,203,250

CHINO VALLEY FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Amended (Final) Budget to Actuals. The net change in fund balance varied favorably from Amended budget by about \$2.2 million. Revenues varied favorably from budget by nearly \$900 thousand in aggregate, while expenditures netted to a favorable variance of over \$1.3 million.

A summary of major variances between Amended budget and actual revenues for the year ended June 30, 2019, is as follows:

- Property tax-related revenues, including contract revenues, aggregated to about a \$60 thousand favorable budget variance, due primarily to conservative budget projections.
- Investment earnings amounted to about \$570 thousand over budget due primarily to higher than originally anticipated rise in interest rates, combined with unbudgeted returns on the District's 115 Trust.
- Unbudgeted sales of fixed assets resulted in about a \$240 thousand favorable variance as a result of proceeds associated with the trade-in of cardiac monitors.

Significant expenditures variances from Amended budget are summarized as follows:

Salaries and benefits (\$900 thousand under budget)

- Regular salaries varied favorably from budget by about \$940 thousand due to a number of open positions during the fiscal year.
- Coverage for emergency response and leave varied negatively from budget by about \$450 thousand, due primarily to a combination of a significantly higher than budgeted number of open positions during the fiscal year, along with a greater level of mutual aid responses than anticipated in budget. These factors contributed to higher amounts of overtime needed to cover 24/7/365 emergency services staffing.
- PERS retirement costs and health and dental benefit costs varied favorably from budget by nearly \$500 thousand and \$400 thousand, respectively, due primarily to the aforementioned open positions.
- Workers compensation-related costs, both coverage costs (overtime) and associated treatment and care expenses exceeded budget by nearly \$440 thousand on a combined basis, due to a significantly higher than budgeted level of work-related injuries during the year.

Services and supplies (\$400 thousand under budget)

- Legal services varied unfavorably from budget by roughly \$560 thousand due to higher than anticipated legal costs due primarily to litigation-related services.
- County services varied favorably by about \$172 thousand due to significantly lower than anticipated election costs.
- Services – other varied favorably from budget by nearly \$180 thousand due primarily to unutilized budget requests.
- Structure maintenance varied favorably from budget by about \$104 thousand due to lower than anticipated facility maintenance needs during the fiscal year.

See Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, in Required Supplementary Information for additional details.

CHINO VALLEY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Next Year's Budget to Current Year Actuals Summary Comparison (condensed)

	General Fund Original Budget FYE June 30, 2020	General Fund Actuals FYE June 30, 2019	Variance Between Budget and Actuals Positive (Negative)
Taxes	\$31,791,296	\$30,904,229	\$887,068
Charges for current services	10,770,454	10,900,561	(130,107)
Other revenue	2,324,000	2,526,582	(202,582)
Total Revenues	\$44,885,750	\$44,331,372	\$554,378
Salaries and benefits	\$36,706,596	\$35,600,506	\$1,106,090
Services and supplies	6,733,587	5,947,226	786,361
Capital outlay	573,272	2,828,500	(2,255,228)
Total Operating & Capital Expenditures	\$44,013,455	\$44,376,232	(\$362,777)
Net Change in Fund Balance	\$872,295	(\$44,860)	\$917,155
Fund Balance, July 1	\$26,300,051	\$26,344,911	-
Fund Balance, June 30	\$27,172,346	\$26,300,051	-

Economic Factors and Next Year's Budgets and Rates

- The FY20 Original budget projects revenues of nearly \$44.9 million against expenditures of \$44.0 million, for an \$872 thousand increase in General Fund balance. Local property values remain relatively stable within the District's service area and are projected to increase next fiscal year. Additionally, new construction is on the rise as well. Property tax-related revenues, which includes the contract revenue portion of charges for current services, are projected to increase in the range of 4.1% over FY19, about \$1.7 million from \$40.9 million to \$42.6 million.
- Other revenues, including the mutual aid recoveries portion of charges for current services, are projected to decrease by about \$1.1 million due primarily to two factors: (1) the assumption of a reduction of about \$425 thousand in mutual aid recoveries for reimbursable out-of-area events, which are difficult to forecast, and (2) a reduction of about \$500 thousand in interest revenue due to an anticipated low interest rate environment, combined with the fact that the District does not budget interest revenues associated with the its 115 Trust, since those associated assets are restricted in nature.
- Salaries and benefits expenditures are projected to increase in FY20 by about 3.0%, or \$1.1 million, in comparison to FY19 levels, mostly due to known fiscal impacts of labor agreement commitments.
- Services and supplies are projected to increase over FY19 levels by slightly less than \$800 thousand, a 13% increase. Most significantly are projected cost increases of \$185 thousand in electronic equipment maintenance associated with new technologies for emergency dispatch and cardiac care, \$150 thousand for anticipated cost increases in legal services and \$175 thousand for executive management assistance to the fire chief.

CHINO VALLEY FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

- Capital outlay in FY19 was substantially higher than in the prior year at \$2.8 million. Capital expenditures in FY20 are anticipated to be at a much more moderate level of about \$573 thousand.
- Total budgeted expenditures for FY20 have been thoroughly vetted through a budget development cycle spanning some six months.
- With a projected budget surplus, total General Fund balance at June 30, 2020 is anticipated to be nearly \$27.2 million.
- The District also projects and forecasts long-range revenues and expenditures over a 10-year horizon. These projections are used for budgeting, operating and strategic planning purposes.
- These and other factors were considered in the preparation of the District's Original budget for FY20.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the Chino Valley Fire District for all those with an interest in the government's finance, and should be reviewed in conjunction with the District's financial statements. Questions concerning any of the information provided herein or requests for additional financial information should be addressed to the Chino Valley Fire District, Attn.: Finance Director, 14011 City Center Drive, Chino Hills, California 91709, or via email at: financedirector@cvifd.org. Other relevant information may also be accessed on the District's website at www.chinovalleyfire.org.

CHINO VALLEY FIRE DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 25,316,280
Restricted cash and investments	6,159,623
Accounts receivable	484,549
Note receivable	35,178
Deposits with other agencies	25,000
Prepaid items	32,435
Net investment in joint venture	217,631
Capital assets	
Non-depreciable capital assets	780,438
Depreciable capital assets, net	<u>12,948,350</u>
Total Assets	<u>45,999,484</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to OPEB	1,054,764
Deferred amounts related to pensions	<u>11,128,818</u>
Total Deferred Outflows of Resources	<u>12,183,582</u>
LIABILITIES	
Accounts payable	1,861,738
Accrued payroll	2,451,858
Unearned revenue	675,088
Noncurrent liabilities:	
Due within one year	1,814,330
Due in more than one year	6,840,395
Net OPEB liability	6,770,753
Net pension liability	<u>41,239,907</u>
Total Liabilities	<u>61,654,069</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>4,824,494</u>
NET POSITION	
Net investment in capital assets	13,728,788
Unrestricted	<u>(22,024,285)</u>
Total Net Position/(Deficit)	<u>\$ (8,295,497)</u>

The accompanying notes are an integral part of the financial statements.

CHINO VALLEY FIRE DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Expenses	Program Revenues		(Expenses) Revenues and change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Public Safety- Fire Protection	\$ 41,867,224	\$ 12,181,087	\$ 391,409	\$ (29,294,728)
General Revenues:				
Taxes:				
Property taxes				30,904,229
Investment income				798,474
Total General Revenues				<u>31,702,703</u>
Change in Net Position				2,407,975
Net Deficit, Beginning of Year				<u>(10,703,472)</u>
Net Position/(Deficit), End of Year				<u>\$ (8,295,497)</u>

The accompanying notes are an integral part of the financial statements.

CHINO VALLEY FIRE DISTRICT

**GENERAL FUND
BALANCE SHEET
JUNE 30, 2019**

ASSETS

Cash and investments	\$ 25,316,280
Restricted cash and investments	6,159,623
Accounts receivable	484,549
Note receivable	35,178
Deposits with other agencies	25,000
Prepaid items	32,435
	<hr/>
Total Assets	<u>\$ 32,053,065</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,861,738
Accrued payroll	2,451,858
Unearned revenue	675,088
Current claims payable	764,330
	<hr/>
Total Liabilities	<u>5,753,014</u>

FUND BALANCE

Nonspendable	57,435
Restricted	6,159,623
Committed	13,529,583
Assigned	907,500
Unassigned	5,645,910
	<hr/>
Total Fund Balance	<u>26,300,051</u>
Total Liabilities and and Fund Balance	<u>\$ 32,053,065</u>

The accompanying notes are an integral part of the financial statements.

CHINO VALLEY FIRE DISTRICT

GENERAL FUND

**RECONCILIATION OF THE BALANCE SHEET OF THE GENERAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund Balance of the General Fund	\$ 26,300,051
Amounts reported for governmental activities in the Statement of Net Position is different because:	
Capital assets, net of depreciation, are not current financial resources and are not included in the governmental funds.	13,728,788
Net investment in joint venture is not a current financial resource and is not included in the governmental funds	217,631
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated Absences	(6,402,832)
Workers' Compensation Claims	(1,487,563)
Net Pension Liability	(41,239,907)
Net OPEB Liability	(6,770,753)
Deferred outflows of resources related to pensions	11,128,818
Deferred outflows of resources related to OPEB	1,054,764
Deferred inflows of resources related to pensions	<u>(4,824,494)</u>
Net Position of Governmental Activities	<u><u>\$ (8,295,497)</u></u>

The accompanying notes are an integral part of the financial statements.

CHINO VALLEY FIRE DISTRICT

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019**

REVENUES

Taxes	\$ 30,904,229
Licenses and permits	1,280,526
Intergovernmental	30,215
Charges for current services	10,900,561
Use of money and property	854,647
Other	361,194
	<hr/>
Total Revenues	44,331,372

EXPENDITURES

Current:

Salaries and benefits	35,600,506
Services and supplies	5,947,226
Capital outlay	2,828,500
	<hr/>
Total Expenditures	44,376,232
	<hr/>
Net Change in Fund Balance	(44,860)

Fund Balance, Beginning of Year	26,344,911
	<hr/>
Fund Balance, End of Year	\$ 26,300,051
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The accompanying notes are an integral part of the financial statements.

CHINO VALLEY FIRE DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balance - General Fund \$ (44,860)

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense or are allocated to the public safety functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of purchased assets capitalized	2,828,500
Depreciation expense	(1,313,293)
Book value of disposed assets	(72,578)
Increase in net investment in joint venture	16,405

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the net change in the compensated absences liability. 88,336

Worker's compensation claims do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the net change in the workers' compensation liability. (110,268)

Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, OPEB expense is measured as the change in net OPEB liability and the amortization of deferred outflows and inflows related to OPEB. This amount represent the net change in OPEB related amounts. 373,015

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts. 642,718

Change in Net Position of Governmental Activities	\$ 2,407,975
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The accompanying notes are an integral part of the financial statements.

CHINO VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Chino Valley Fire District (District) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

A. Description of the Reporting Entity

The District was formed in 1932 by the County of San Bernardino to provide fire protection services to the unincorporated areas of the Chino Valley area. The District was consolidated with the Chino Valley Fire Department in 1972 and became self-governing in November 1990. The District is now governed by a five-member Board of Directors elected by the citizens of the District. No other governmental units are a part of the reporting entity.

The District serves the City of Chino, the City of Chino Hills and unincorporated areas of San Bernardino County within its boundaries.

B. Accounting and Reporting Policies

The District conforms to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

C. New Accounting Pronouncements

Effective in Future Years

The District is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90 – In September 2018, the GASB issues Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2018.

CHINO VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

C. New Accounting Pronouncements, (Continued)

Effective in Future Years, (Continued)

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by users, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning or after December 15, 2020. The District has not determined the effect on the financial statements.

D. Description of Fund

The accounts of the District are organized in a fund, which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The following type of fund is used:

Governmental Fund Type

General Fund – The District provides only fire protection services. All resources are accounted for in this fund.

E. Basis of Accounting/Measurement Focus

Government – Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present the Governmental Activities for the District.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets as well as long-term debt, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function; the District's only function is fire protection. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants or other contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

E. Basis of Accounting/Measurement Focus, (Continued)

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balance for the General Fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end and earnings on investments. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as unearned revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due. Capital asset acquisitions under capital lease are reported as other financing sources.

F. Claims and Judgments

The District records a liability for claims, judgments, and litigation when it is probable that a liability has been incurred at year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

G. Capital Assets

Capital assets, which include land, buildings, improvements, and equipment, are reported in the Governmental Activities column of the Government-Wide Financial Statements. Capital assets are defined by the District as all land, buildings, vehicles, computers, equipment, and improvements, with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-Wide Financial Statements on a straight-line basis over the useful life of the assets as follows:

Buildings	30 years
Improvements other than buildings	30 years
Equipment	5 to 15 years

CHINO VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

H. Budgetary Practice

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) The annual budget is adopted by the Board of Directors after the holding of a hearing and provides for the general operation of the District. The operating budget includes proposed expenditures and the means of financing them.
- 2) The Board of Directors approves total budgeted appropriations and any amendments to appropriations throughout the year. This appropriated budget covers District expenditures in the General Fund. Budget figures used in the accompanying financial statements present both original and final budget.
- 3) Formal budgetary integration at the fund level is employed as a management control device during the year.
- 4) The annual budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

I. Deferred Compensation Plans

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The District has also established an Internal Revenue Code Section 401(a) Plan for the benefit of eligible employees. The plan is substantially similar to the 457 Plan except that the 401(a) Plan accepts only employer paid deferred compensation contributions.

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. Management believes that the District has no fiduciary role under the plans, and plan funds are not available to the District's general creditors. Accordingly, the District has not reported plan assets in the accompanying financial statements.

J. Cash and Investments

The District categorized the fair value measurements for 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 fair value: Level 1 inputs are quoted prices in active markets of identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are included within the financial statement classifications of "Cash and investments" and "Restricted cash and investments" and are stated at fair value, the price the District would receive to sell an asset or pay to transfer a liability.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

K. Restricted Cash and Investments

The District has created a Section 115 Trust (Trust). All assets in the Trust are irrevocably dedicated to funding obligations of the District’s pension beneficiaries, other post-employment beneficiaries or costs of administering the Trust. The funds are not considered plan assets of either the pension plan or OPEB plan and are therefore considered restricted assets of the District.

L. Estimates

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

M. Use of Restricted Resources

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's participation in the California Public Employees Retirement System (CalPERS) plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Other Postemployment Benefits (OPEB)

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

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

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

CHINO VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

P. 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. Deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. The District reports deferred outflows related to pensions and OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The District reports deferred inflows related to pensions.

Q. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Bernardino bills and collects the property taxes and distributes them to the District in installments during the year. District property tax revenues are recognized when levied to the extent that they result in current receivables.

R. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of the prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

S. Classifications of Fund Balance

In the fund financial statements, the District's fund balance is classified into five components as follows:

- *Nonspendable* – resources that are not in spendable form or required to be maintained intact.
- *Restricted* – resources that are restricted to specific purpose; these restrictions are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources are constrained to specific purposes by a resolution of the District Board. The constraint remains binding unless removed in the same formal manner by the District Board. Board action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- *Assigned* – amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The Board has delegated the authority to assign amounts, for specific purposes to the Fire Chief or the Fire Chief's designee.
- *Unassigned* – the residual classification of the General Fund.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #2 – CASH AND INVESTMENTS

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

Cash and investments	\$ 25,316,280
Restricted cash and investments	<u>6,159,623</u>
Total Cash and Investments	<u>\$ 31,475,903</u>

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

Petty Cash	\$ 1,500
Cash Demand Deposits	<u>1,222,948</u>
Total Cash	<u>1,224,448</u>
Overnight Repurchase Agreements Sweep Account	1,285,702
JPA Beneficial Interest Shares - CalTRUST	1,119,468
Pooled Investments - Local Agency Investment Fund (LAIF)	<u>21,686,662</u>
Total Investments	<u>24,091,832</u>
Section 115 Trust	
Mutual Funds - Equity	3,113,365
Mutual Funds - Corporate Bonds	3,036,833
Money Market Mutual Fund	<u>9,425</u>
Total Restricted Cash and Investments	<u>6,159,623</u>
Total Cash and Investments	<u>\$ 31,475,903</u>

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #2 – CASH AND INVESTMENTS, (CONTINUED)

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

The table below identifies the investment types that are authorized for the District by the California Government Code and the District's policy, where more restrictive. The table also identifies certain provisions of the California Government Code that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Money Market Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
State of California Treasury Obligations	2 years	25%	None
Bankers Acceptances	180 days	30%	None
Commercial Paper	270 days	25%	10%
Certificates of Deposit	2 years	30%	None
Repurchase Agreements	90 days	25%	None
Time deposits	2 years	25%	None
Beneficial Interest Shares	N/A	15%	None
JPA Beneficial Interest Shares - CalTRUST	N/A	None	None
Medium Term Corporate Notes	5 years	30%	15%

Investments Authorized by the District Section 115 Trust

Investments of the Trust are governed by the provisions of the Chino Valley Fire District Section 115 Trust Agreement, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies investments authorized by the Investment Policy of the Trust:

Authorized Investment Type	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Domestic Equities	5%	40%
International Equities	5%	40%
Fixed Income	None	5%
Private Equity	20%	None
Real Estate	20%	None
Inflation Hedge	20%	None
Portfolio Risk Hedging	None	None

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #2 – CASH AND INVESTMENTS, (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investment by maturity:

<u>Investment Type</u>	<u>Total Amount</u>	<u>12 Months or Less</u>
Overnight Repurchase Agreements Sweep Account	\$ 1,285,702	\$ 1,285,702
JPA Beneficial Interest Shares - CalTRUST	1,119,468	1,119,468
Pooled Investments - Local Agency Investment Fund (LAIF)	21,686,662	21,686,662
Section 115 Trust		
Mutual Funds - Equity	3,113,365	3,113,365
Mutual Funds - Corporate Bonds	3,036,833	3,036,833
Money Market Mutual Fund	9,425	9,425
Total Investments	<u>\$ 30,251,455</u>	<u>\$ 30,251,455</u>

Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs such as observable information for similar items in active or inactive markets; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 1 and Level 2, are valued using the market approach using quoted market prices.

Investments’ fair value measurements are as follows as of June 30, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Overnight Repurchase Agreements Sweep Account	\$ 1,285,702		\$ 1,285,702
Section 115 Trust			
Mutual Funds - Equity	3,113,365	\$ 3,113,365	
Mutual Funds - Corporate Bonds	3,036,833	3,036,833	
Money Market Mutual Fund	9,425	9,425	
Total Levelled Investments		<u>\$ 6,159,623</u>	<u>\$ 1,285,702</u>
<i>Investments measured using uncategorized inputs:</i>			
Pooled Investments - Local Agency Investment Fund (LAIF)	21,686,662		
JPA Beneficial Interest Shares - CalTRUST	1,119,468		
Total Investment Portfolio	<u>\$ 30,251,455</u>		

Deposits to and withdrawals from LAIF are made on the basis of \$1 and not fair value and therefore the inputs used to determine fair value are uncategorized, not defined as Level 1, Level 2, or Level 3 inputs. Investments in CalTrust are valued on the basis of net asset value (NAV) and as such the inputs are uncategorized in the fair value hierarchy.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #2 – CASH AND INVESTMENTS, (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF and CalTRUST do not have ratings provided by a nationally recognized statistical rating organization. The amounts invested in the Overnight Repurchase Agreement Sweep account are collateralized by a pool comprised of direct obligations of the United States, Federal Agency or Government Sponsored Enterprises pursuant to the Master Repurchase Agreement. However, the pool is unrated. Presented below is the minimum rating required (where applicable) by the California Government Code or the District's investment policy, where more restrictive, and the actual Standard and Poor's rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Total Amount</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>
Overnight Repurchase Agreements Sweep Account	\$ 1,285,702	N/A	\$ 1,285,702
JPA Beneficial Interest Shares - CalTRUST	1,119,468	N/A	1,119,468
Pooled Investments - Local Agency Investment Fund (LAIF)	21,686,662	N/A	21,686,662
Section 115 Trust			
Mutual Funds - Equity	3,113,365	N/A	3,113,365
Mutual Funds - Corporate Bonds	3,036,833	N/A	3,036,833
Money Market Mutual Fund	9,425	N/A	9,425
Total Investments	<u>\$ 30,251,455</u>		<u>\$ 30,251,455</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2019, \$1,688,876 of the District's deposits with financial institutions was held in excess of FDIC limits in accounts collateralized by the pledging institution as described above.

CHINO VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE #2 – CASH AND INVESTMENTS, (CONTINUED)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and CalTRUST). Pursuant to the Master Repurchase Agreement, the amounts in the Overnight Repurchase Agreement Sweep Account are collateralized at 102 percent with the collateral held by the financial institutions custodian but not in the District's name.

Securities purchased by the District are held by a third party bank trust department, acting as agent for the District under the terms of a custody agreement executed by the bank and the District. All securities are purchased and delivered using standard delivery-versus-payment procedures through the District's safekeeping agent. No outside broker/dealer or advisor may have access to District funds, accounts or investments.

Investment in Investment Pools

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

In addition, the District is a voluntary participant in CalTRUST, an investment pool administered by the California State Association of Counties (CSAC) Finance Corporation. CalTRUST was established under the provisions of the California Joint Exercise of Powers Act in accordance with California Government Code. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's fair value per share provided by CalTRUST applied to the number of shares held by the District. The balance available for withdrawal is based on the accounting records maintained for CalTRUST by Nottingham Shareholder Services.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #3 – CAPITAL ASSETS AND DEPRECIATION

The following table presents the capital assets activity for the year ended June 30, 2019:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 780,438			\$ 780,438
Construction in progress	86,179		\$ 86,179	
Total Capital Assets Not Being Depreciated	<u>866,617</u>		<u>86,179</u>	<u>780,438</u>
Capital Assets, Being Depreciated:				
Buildings	8,336,128	\$ 1,505,595		9,841,723
Improvements other than buildings	769,431	8,935		778,366
Equipment	13,519,485	1,400,149	563,168	14,356,466
Total Capital Assets Being Depreciated	<u>22,625,044</u>	<u>2,914,679</u>	<u>563,168</u>	<u>24,976,555</u>
Less Accumulated Depreciation For:				
Buildings	2,188,201	297,475		2,485,676
Improvements other than buildings	348,843	26,208		375,051
Equipment	8,668,458	989,610	490,590	9,167,478
Total Accumulated Depreciation	<u>11,205,502</u>	<u>1,313,293</u>	<u>490,590</u>	<u>12,028,205</u>
Total Capital Assets, Being Depreciated, Net	<u>11,419,538</u>	<u>1,601,386</u>	<u>72,578</u>	<u>12,948,350</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,286,155</u>	<u>\$ 1,601,386</u>	<u>\$ 158,757</u>	<u>\$ 13,728,788</u>

Depreciation expense in the amount of \$1,313,293 was charged to the public safety function on the Statement of Activities for the year ended June 30, 2019.

NOTE #4 – RISK MANAGEMENT

Special District Risk Management Authority (SDRMA)

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Sections 6500 et seq and established in 1986. The Authority provides property, liability and worker's compensation coverage protection and risk management services statewide exclusively for California special districts, joint power authorities and other public agencies. The District has various policies of coverage with SDRMA.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #4 – RISK MANAGEMENT, (CONTINUED)

Workers' Compensation Coverage and Employer's Liability

The District is self-insured up to the first \$250,000 per claim and is protected up to \$5 million per occurrence for Workers' Compensation and \$5 million per occurrence for Employer Liability, after the initial self-retention. Annual contributed premiums are to be paid annually based on estimated wages and subject to adjustment at the end of each year.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. As of June 30, 2019, the total liability of \$2,251,893 consists of open claims of \$1,753,265 and estimated incurred but not reported (IBNR) claims of \$498,628. This liability is the District's best estimate based on available information provided by the third-party claims administrator and analysis of prior claims history. Changes in the reported liability at June 30, 2019, resulted from the following:

Year	Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims and Payments	Liability End of Year
2018	\$ 1,304,089	\$ 1,175,224	\$ (608,851)	\$ 1,870,462
2019	1,870,462	1,428,458	(1,047,027)	2,251,893

General Liability

The District is protected for General Liability, Public Officials' and Employees' Errors and Omission and Employment Practices Liability up to \$5 million per occurrence with a combined single limit of \$5 million and deductibles of \$500 per occurrence. The District does not have a self-insured retention level for its general and vehicle liability coverage; accordingly, no liability has been recorded. The Auto Liability policy has a single limit of \$5 million; with a deductible of \$1,000.

Property Loss

The District is covered per occurrence up to and a combined total of \$1 billion, subject to a \$1,000 deductible per occurrence.

Settlements have not exceeded coverages in each of the past three years.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #5 – LONG-TERM LIABILITIES

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due In 2019-20
Compensated absences	\$ 6,491,168	\$ 880,552	\$ 968,888	\$ 6,402,832	\$ 1,050,000
Workers' compensation claims	1,870,462	1,428,458	1,047,027	2,251,893	764,330
	<u>\$ 8,361,630</u>	<u>\$ 2,309,010</u>	<u>\$ 2,015,915</u>	8,654,725	<u>\$ 1,814,330</u>
Less amount due in 2019-20				(1,814,330)	
Total amount due in more than one year				<u>\$ 6,840,395</u>	

Compensated Absences

Accumulated vacation and sick leave benefits payable in future years when used by the District employees amounted to \$6,402,832 (\$1,974,370 vacation, \$4,414,228 sick leave and holiday time and \$14,234 comp) at June 30, 2019. Benefits will be recorded as an expenditure in the governmental funds when the related balance becomes due. Based on historical analysis, management estimates \$1,050,000 as the amount due during fiscal year 2019-20.

NOTE #6 – CLASSIFICATIONS OF NET POSITION AND FUND BALANCE

In the Government-Wide financial statements net position is classified in the following categories:

Investment in Capital Assets

Investment in capital assets of \$13,728,788, represents the value of capital assets net of accumulated depreciation as of June 30, 2019.

Unrestricted Net Position/(Deficit)

Unrestricted net position/(deficit) of (\$22,024,285), represents the net amount of assets and deferred outflows less liabilities and deferred inflows.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #6 – CLASSIFICATIONS OF NET POSITION AND FUND BALANCE, (CONTINUED)

Unrestricted Net Position/(Deficit) (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance are available, the District’s policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District’s policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

The District’s fund balances at June 30, 2019 are presented below:

Fund Balance	
Nonspendable:	
Deposits with other agencies	\$ 25,000
Prepaid items	32,435
Total Nonspendable	<u>57,435</u>
Restricted:	
Section 115 Trust	<u>6,159,623</u>
Committed:	
Workers compensation	2,251,892
Equipment replacement	1,495,872
Facilities acquisition and maintenance	51,354
Compensated absences	2,112,934
Emergency contingency	7,617,531
Total Committed	<u>13,529,583</u>
Assigned:	
Budgeted transfers committed in future year's budget	<u>907,500</u>
Unassigned:	
Total Fund Balance	<u><u>\$ 26,300,051</u></u>

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #6 – CLASSIFICATIONS OF NET POSITION AND FUND BALANCE, (CONTINUED)

Unrestricted Net Position/(Deficit) (Continued)

The Board approved resolution 2017-14 committing resources to the following:

Commitment	Description
Workers compensation	Established at a level equal to the estimated value of claims
Equipment replacement	Provides for vehicle, apparatus, and major equipment replacement
Facilities acquisition and maintenance	Provides for facility acquisition and maintenance
Compensated absences	Established at a level of 33% of employee accrued leave balances
Emergency contingency	Established at an amount of two months of the District’s approved expenditure budget to be used for in the event of a declaration of a local, state or federal state of emergency

In addition, the Board approved a minimum fund balance policy whereby the District desires a general contingency reserve equal to three months approved budgeted expenditures. In the event that minimum fund balance is not sufficient to meet the three month requirement, all remaining funds not otherwise classified shall be maintained for general contingency purposes. At June 30, 2019, the amount of \$5,645,910 was maintained pursuant to the policy and classified as part of unassigned fund balance.

NOTE #7 – AGREEMENT

Revised Fire Protection Services Agreement with the City of Chino – Effective May 1, 1996, the District and the City of Chino (the City) entered into a revised fire protection services agreement (Agreement). The District and the City agreed to replace the funding method set forth in the adopted LAFCO conditions when the District became self-governing in 1990. The method change provided additional funding to the District, which is more consistent with the level of funding received from areas outside the City limits. The City agreed to pay the District an amount equal to the dispatch service cost incurred by the District.

First Amendment - Elimination of Dispatch Service Payments – On June 2, 2009, the City and the District agreed through a First Amendment to the Agreement, to eliminate the requirement of the City to pay or reimburse the District for dispatch services beginning with the first full month following the City’s issuance of a certificate of occupancy for the first of two new fire stations to be constructed by the City for District use. Dispatch reimbursement terminated in August 2011.

Second Amendment - Revised Payments – Effective February 1, 2012, California State Assembly Bill AB x1 26 dissolved redevelopment agencies in California, and provided for the creation of successor agencies for winding down the affairs of former redevelopment agencies. Pass-through tax increment payment obligations previously made by the City’s Redevelopment Agency (RDA) to the District, are now being paid by the Successor Agency for the former Chino RDA, into a property tax trust fund administered by the County of San Bernardino. The District now receives these pass-through payments from the County property tax trust fund.

As a result of the dissolution of the City’s RDA, on October 8, 2014, the City and the District agreed to a Second Amendment to the Agreement which resulted in changes in the calculation of the City’s Annual Payment Obligation (APO) to the District. Under the terms of the Second Amendment, the City receives credits against its APO to the District equal to any residual payments of former RDA tax increment or other former RDA monies distributed to the District from the County property tax trust fund.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #7 – AGREEMENT, (CONTINUED)

Prior to the Second Amendment and dissolution of the City’s RDA, the APO reflected a 20% set-aside in the calculation associated with RDA low and moderate income housing obligations. Commencing July 1, 2017, the District received 100% of the tax revenue that would have otherwise been deducted as the 20% set-aside in the APO calculation. For the five-year transitional period between fiscal year 2012-13 and 2016-17, the APO calculation was modified under the Second Amendment to reflect the District and the City sharing equally in the 20% set-aside of former RDA funds.

NOTE #8 – COST SHARING EMPLOYER PENSION PLAN

Plan Description

Eligible employees participate in either the District’s safety or miscellaneous pension plan, a cost-sharing multiple employer defined benefit pension plan administered by the CalPERS. The CalPERS Plan consists of a miscellaneous pool and a safety pool (referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees’ Retirement Fund C. Benefit provisions under the plan are established by State statute and may be amended by District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information. These reports can be found on the CalPERS website.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	Miscellaneous		Safety	
	Classic	New Member	Classic	New Member
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire Date				
Formula	2.5% @ 55	2% @ 62	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	55	57
Monthly benefits, as a % of annual salary	2.5%	2%	3%	2.7%
Required employee contribution rates	8%	6.25%	9%	12.25%
Required employer contribution rates	10.61%	6.25%	20.42%	12.25%

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #8 – COST SHARING EMPLOYER PENSION PLAN, (CONTINUED)

Contributions

Section 20814(c) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1, following the notice of change in rate. Funding contributions for the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. As of June 30, 2019, classic miscellaneous retirement plan members were contributing 11% of eligible pay and classic safety retirement plan members were contributing 12% of eligible pay. Employer contributions to the pension plan were \$3,994,527 for the year ended June 30, 2019.

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

As of June 30, 2019, the District reported a liability of \$41,239,907 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018 using roll forward procedures. The District’s proportion of the collective net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportion of the collective net pension liability as of June 30, 2017 and 2018 is as follows.

Proportion- June 30, 2017	0.41738%
Proportion- June 30, 2018	0.42797%
Change- Increase (Decrease)	0.01059%

For the year ended June 30, 2019, the District recognized pension expense of \$5,160,013. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 924,297	\$ 32,714
District contributions subsequent to the measurement date	3,994,527	
Changes in assumptions	4,082,291	579,186
Change in employer's proportion	1,852,622	473,815
Change in proportion and differences between actual contributions and proportionate share of contributions		3,738,779
Net difference between projected and actual earnings	275,081	
	\$ 11,128,818	\$ 4,824,494

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #8 – COST SHARING EMPLOYER PENSION PLAN, (CONTINUED)

The amount of \$3,994,527 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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,	
2020	\$ 2,602,892
2021	1,343,344
2022	(1,346,112)
2023	(290,327)
Total	<u>\$ 2,309,797</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% ⁽¹⁾
Mortality	Derived using CalPERS's Membership data for all funds

(1) Net of pension plan investment and administrative expenses, including inflation

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of 1997 to 2015. Further details of the experience study can be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #8 – COST SHARING EMPLOYER PENSION PLAN, (CONTINUED)

Actuarial Assumptions, (Continued)

In determining the long-term expected 7.15% rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees’ Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return Years 1-10 ⁽¹⁾	Long-Term Expected Real Rate of Return Years 11+ ⁽²⁾
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 66,951,832
Current Discount Rate	7.15%
Net Pension Liability	\$ 41,239,907
1% Increase	8.15%
Net Pension Liability	\$ 20,164,798

Pension Plan Fiduciary Net Position – Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #9 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB)

The District participates in the California Employers’ Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees’ Retirement System (CalPERS). A summary of the OPEB amounts for the District’s plan is shown below:

Net OPEB Liability	\$6,770,753
Deferred Outflows related to OPEB	1,054,764
OPEB Expense	856,399

Plan Description

The District has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan administered by the CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the HC Plan are established through agreements and memorandums of understanding (MOU) between the District, its management and confidential employees and collective bargaining groups representing other full-time District employees. CalPERS issues a publicly available financial report that can be found on the CalPERS website.

Benefits Provided

Plan members include current retirees of the District. Eligible plan members are District employees who have retired from active employment with the District on or after the November 1990 date of formation and are receiving a retirement allowance from CalPERS. Employees covered under the Safety MOU, hired on or after January 1, 2007, as well as management employees, must complete five years of service in order to qualify for the benefit allowance. In addition, a Post Employment Health Plan (PEHP) was established with Nationwide Retirement Solutions (Nationwide) on April 26, 2012. Eligible employees retiring on or after the date the Nationwide plan was established receive the benefit allowance under the terms of the Nationwide plan.

The benefit allowance provides a fixed amount lifetime allowance to eligible plan members and their surviving spouses, if applicable. Employees hired on or after April 26, 2012, are not eligible for the PEHP benefit.

For eligible plan members, the District provides a monthly benefit allowance of \$500 per month for management and safety members. For confidential and miscellaneous members, the monthly allowance is based on the years of District service as follows:

<u>Between 5 and 10 Years</u>	<u>More than 10 Years</u>
\$250 per month	\$500 per month

Eligible PEHP plan members retiring on or after the establishment of the Nationwide plan will receive the applicable monthly postemployment benefit, offset by the employer minimum health plan contribution, if applicable.

Upon retirement, employees hired after the effective date of the PEHP will only be eligible to have the employer minimum health plan contribution paid on their behalf.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #9 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Benefits Provided (Continued)

Employees Covered by Benefit Terms

At June 30, 2017, the most recent valuation date, the following current and former employees were covered by the benefit terms of the plan:

Active employees	123
Inactive employees or beneficiaries currently receiving benefits	68
Total	191

Contributions

The District participates in the CalPERS health plan. Under government code section 22892(c), the District is required to pay a minimum contribution toward the monthly insurance plan premium for any eligible retired member enrolled in the CalPERS health plan. As of June 30, 2019, the minimum employer contribution amount is \$136 per month. In addition, for employees who retired prior to October 1, 2006 and are enrolled in the CalPERS health plan, the District contributes an additional \$17.86 per month toward the insurance plan premium. The annual contribution total is based on the actuarially determined contribution. Employees are not required to contribute to the plan. Total contributions recognized by the Plan from the employer for the year ended June 30, 2019 were \$1,054,764.

Net OPEB Liability

The District’s net OPEB liability for the HC Plan was measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability of the HC Plan was measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	6.75%
Mortality	(1)
Healthcare Trend Rate	Non-Medicare- 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years; Medicare- 6.5% for 2019, decreasing to an ultimate 4% in 2076 and later years

(1) Derived using CalPERS Membership Data for all Funds

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #9 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Net OPEB Liability (Continued)

Mortality rates were based on the CalPERS 1997-2015 Experience Study, which assumed future mortality improvements using Society of Actuaries (SOA) Scale BB. The Experience Study report can be obtained on the CalPERS website under Forms and Publications.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75 percent for the HC Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the HC Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on the HC Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	<u>100%</u>	

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #9 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 11,012,857	\$ 4,015,353	\$ 6,997,504
Changes in the year:			
Service Cost	352,179		352,179
Interest on the total OPEB liability	749,335		749,335
Contribution - employer		1,015,783	(1,015,783)
Contribution - employee			
Net investment income		321,795	(321,795)
Benefit payments, including refunds of employee contributions	(527,565)	(527,565)	
Administrative expenses		(9,313)	9,313
Net changes	<u>573,949</u>	<u>800,700</u>	<u>(226,751)</u>
Balance at June 30, 2019	<u>\$ 11,586,806</u>	<u>\$ 4,816,053</u>	<u>\$ 6,770,753</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate– The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 8,143,532	\$ 6,770,753	\$ 5,615,638

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3 percent) or 1-percentage-point higher (8.5 percent decreasing to 5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 3%)	Healthcare Cost Trend Rate (7.5% Decreasing to 4%)	1% Increase (8.5% Decreasing to 5%)
Net OPEB Liability	\$ 6,191,434	\$ 6,770,753	\$ 7,642,322

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #9 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB), (CONTINUED)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$856,399. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 1,014,848
Net difference between projected and actual earnings on plan investments	39,916
Total	<u>\$ 1,054,764</u>

The \$1,014,848 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>Amortization</u>
2020	\$ 16,684
2021	16,684
2022	16,683
2023	(10,135)
Total	<u>\$ 39,916</u>

NOTE #10 – SECTION 115 TRUST

In fiscal year 2016-17, the District Board approved the creation of a Section 115 Trust Agreement with Wells Fargo Bank, Trustee, and PFM Asset Management LLC, Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the District’s pension and OPEB obligations. Contributions to the Section 115 Trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the District. The purpose of the creation of the Section 115 Trust was to address the District’s pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the District rather than pension plan assets. Accordingly, the Section 115 Trust’s assets are recorded as restricted for pension benefits in the District’s General fund rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

CHINO VALLEY FIRE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE #10 – SECTION 115 TRUST, (CONTINUED)

The District initially deposited \$5 million into the Trust. During FY19, the Trust earned \$381,737 in interest income and incurred \$9,070 in bank fees. The District also contributed an additional \$380 thousand to the Trust during the year ended June 30, 2019. The Trust account balance at June 30, 2019 amounted to \$6,159,623.

The District currently funds its OPEB obligations through the CalPERS CERBT program, and although the Section 115 Trust is able to accept OPEB funds, the District has no immediate plans to fund OPEB obligations through the Section 115 Trust.

NOTE #11 – JOINT VENTURE

West End Fire and Emergency Response Commission

The District is a member of the West End Fire and Emergency Response Commission (FERC), which was created under a joint powers agreement. It was formed to operate a hazardous materials response team serving the Cities of Montclair, Ontario, Upland, Rancho Cucamonga, and the Chino Valley Fire District. The FERC governing board is comprised of one representative from each member agency.

Members of FERC share equally (20 percent each) in the Commission's assets, to be distributed upon termination of the joint venture agreement. The members have no share of the Commission's debts, liabilities, and obligations.

The District's share of equity in FERC has been accounted for as a joint venture.; accordingly, 20 percent of FERC's equity has been included as an investment in joint venture.

Summarized unaudited financial information for FERC at June 30, 2019, is presented below:

Balance Sheet		
Assets		<u>\$ 1,088,154</u>
Equity		<u>\$ 1,088,154</u>
Total Liabilities and Equity		<u>\$ 1,088,154</u>
Revenues and Expenditures		
Revenues		\$ 106,762
Expenditures		<u>24,739</u>
Excess of Revenues Over/(Under) Expenditures		<u>\$ 82,023</u>

REQUIRED SUPPLEMENTARY INFORMATION

CHINO VALLEY FIRE DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 30,456,742	\$ 30,456,742	\$ 30,904,229	\$ 447,487
Licenses and permits	1,200,000	1,300,000	1,280,526	(19,474)
Intergovernmental	30,000	30,000	30,215	215
Charges for current services	10,218,853	11,261,336	10,900,561	(360,775)
Use of money and property	130,000	280,000	854,647	574,647
Other	129,000	129,000	361,194	232,194
Total Revenues	42,164,595	43,457,078	44,331,372	874,294
EXPENDITURES				
Current:				
Salaries and benefits	33,754,652	36,504,652	35,600,506	904,146
Services and supplies	6,585,404	6,352,904	5,947,226	405,678
Capital outlay	1,509,334	2,847,632	2,828,500	19,132
Total Expenditures	41,849,390	45,705,188	44,376,232	1,328,956
Net Change in Fund Balance	315,205	(2,248,110)	(44,860)	2,203,250
FUND BALANCE, Beginning of Year	26,344,911	26,344,911	26,344,911	-
FUND BALANCE, End of Year	\$ 26,660,116	\$ 24,096,801	\$ 26,300,051	\$ 2,203,250

See accompanying note to required supplementary information.

CHINO VALLEY FIRE DISTRICT

**SCHEDULE OF CHANGES IN THE
NET OPEB LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS*
REQUIRED SUPPLEMENTARY INFORMATION
AS OF THE YEAR ENDING JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 352,179	\$ 341,921
Interest on the total OPEB liability	749,335	707,234
Benefit payments, including refunds of employee contributions	<u>(527,565)</u>	<u>(343,831)</u>
Net change in total OPEB liability	573,949	705,324
Total OPEB Liability - Beginning	<u>11,012,857</u>	<u>10,307,533</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 11,586,806</u></u>	<u><u>\$ 11,012,857</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,015,783	\$ 461,552
Net investment income	321,795	372,399
Benefit payments	<u>(527,565)</u>	<u>(343,831)</u>
Administrative expenses	<u>(9,313)</u>	<u>(3,445)</u>
Net change in plan fiduciary net position	800,700	486,675
Plan Fiduciary Net Position - Beginning	<u>4,015,353</u>	<u>3,528,678</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>4,816,053</u></u>	<u><u>4,015,353</u></u>
Net OPEB Liability - Ending (a)-(b)	<u><u>\$ 6,770,753</u></u>	<u><u>\$ 6,997,504</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	41.60%	36.46%
Covered payroll	\$ 14,722,066	\$ 14,371,096
Net OPEB liability as percentage of covered payroll	45.99%	48.69%

Notes to Schedule:

* - Fiscal year 2018 was the first year of implementation.

See accompanying note to required supplementary information.

CHINO VALLEY FIRE DISTRICT

**SCHEDULE OF OPEB CONTRIBUTIONS – LAST TEN FISCAL YEARS *
 REQUIRED SUPPLEMENTARY INFORMATION
 AS OF THE YEAR ENDING JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 887,000	\$ 868,000
Contributions in relation to the actuarially determined contributions	<u>1,014,848</u>	<u>1,015,783</u>
Contribution deficiency (excess)	<u>\$ (127,848)</u>	<u>\$ (147,783)</u>
 Covered payroll	 \$ 22,578,230	 \$ 14,722,066
 Contributions as a percentage of covered payroll	 4.49%	 6.90%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of June 30 one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of pay
Amortization period	18-year fixed period for 2018/19
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	3.00%
Healthcare cost trend rates	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076
	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076
Investment rate of return	6.75%
Mortality	Based on CalPERS Experience Study

* - Fiscal year 2018 was the first year of implementation.

See accompanying note to required supplementary information.

CHINO VALLEY FIRE DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY – LAST TEN YEARS*
REQUIRED SUPPLEMENTARY INFORMATION
AS OF THE YEAR ENDING JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the collective net pension liability	0.42797%	0.41738%	0.40916%	0.37860%	0.40970%
Proportionate share of the collective net pension liability	\$ 41,239,907	\$ 41,392,401	\$ 35,405,262	\$ 25,984,527	\$ 25,451,158
Covered payroll	14,722,066	14,371,096	13,427,191	13,359,721	13,427,191
Proportionate share of the net pension liability as a percentage of covered payroll	280.12%	288.03%	263.68%	194.50%	189.55%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%

*Historical information is required only for measurement for which GASB 68 is applicable.
Fiscal year 2015 was the first year of implementation.

Change of Assumptions

The discount rate changed from 7.65 percent used for the June 30, 2016 measurement date to 7.15 percent used for the June 30, 2017 measurement date.

See accompanying note to required supplementary information.

CHINO VALLEY FIRE DISTRICT

**SCHEDULE OF PENSION CONTRIBUTIONS– LAST TEN YEARS*
 REQUIRED SUPPLEMENTARY INFORMATION
 AS OF THE YEAR ENDING JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,994,527	\$ 2,470,341	\$ 2,761,672	\$ 2,792,891	\$ 2,670,610
Contributions in relation to the actuarially determined contribution	<u>3,994,527</u>	<u>2,470,341</u>	<u>2,761,672</u>	<u>2,792,891</u>	<u>2,670,610</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 22,578,230	\$ 14,722,066	\$ 14,371,096	\$ 13,427,191	\$ 13,359,721
Contributions as a percentage of covered payroll	17.69%	16.78%	19.22%	20.80%	19.99%

*- Fiscal year 2015 was the first year of implementation.

See accompanying note to required supplementary information.

CHINO VALLEY FIRE DISTRICT

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

***NOTE #1 – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL***

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been recorded. District budgets are adopted on a basis consistent with GAAP.



STATISTICAL



SECTION





STATISTICAL SECTION OVERVIEW

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends	75-78
<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Revenue Capacity	79-83
<i>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</i>	
Demographic and Economic Information	84-85
<i>These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the government's financial activities take place.</i>	
Operating Information	86-88
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	



CHINO VALLEY FIRE DISTRICT
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis)
Fiscal Year Ended June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities										
Net investment in capital assets	\$ 13,728,788	\$ 12,286,159	\$ 13,018,578	\$ 11,873,455	\$ 10,026,496	\$ 9,443,627	\$ 10,042,445	\$ 10,939,846	\$ 11,686,830	\$ 11,556,603
Unrestricted	<u>(22,024,285)</u>	<u>(22,989,631)</u>	<u>(21,324,621)</u> ¹	<u>(11,566,271)</u>	<u>(13,405,457)</u>	<u>(14,839,695)</u>	<u>14,379,605</u>	<u>14,453,048</u>	<u>20,101,524</u>	<u>19,088,409</u>
Total Net Position/(Deficit)	<u>\$ (8,295,497)</u>	<u>\$ (10,703,472)</u>	<u>\$ (8,306,043)</u> ²	<u>\$ 307,184</u>	<u>\$ (3,378,961)</u>	<u>\$ (5,396,068)</u> ³	<u>\$ 24,422,050</u>	<u>\$ 25,392,894</u>	<u>\$ 31,788,354</u>	<u>\$ 30,645,012</u>

¹ Prior period adjustment of (\$7,156,361) associated with recognition of net OPEB liability under GASB Statement No. 75

² Prior period adjustment of (\$30,519,843) associated with recognition of net pension liability under GASB Statement No. 68

Source: Chino Valley Fire Finance Department

CHINO VALLEY FIRE DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis)
Fiscal Year Ended June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Expenses										
Governmental Activities:										
Public safety - fire protection	\$ 41,867,224	\$ 43,572,163	\$ 38,373,649	\$ 31,178,009	\$ 30,969,098	\$ 30,348,100	\$ 28,918,711	\$ 29,674,192	\$ 27,822,429	\$ 26,162,914
Interest	-	-	-	-	8,022	7,948	-	-	-	-
Total Government Activities	<u>41,867,224</u>	<u>43,572,163</u>	<u>38,373,649</u>	<u>31,178,009</u>	<u>30,977,120</u>	<u>30,356,048</u>	<u>28,918,711</u>	<u>29,674,192</u>	<u>27,822,429</u>	<u>26,162,914</u>
Program Revenues										
Governmental Activities:										
Charges for Services	12,181,087	11,818,763	9,880,690	9,708,815	7,564,375	9,047,645	7,723,894	7,624,044	8,032,267	8,166,124
Operating Grants and Contributions	391,409	262,573	170,371	187,907	286,168	331,377	138,768	242,587	758,167	347,026
Capital Grants and Contributions	-	-	-	-	473,465	-	-	-	-	4,522,855
Total Governmental Activities	<u>12,572,496</u>	<u>12,081,336</u>	<u>10,051,061</u>	<u>9,896,722</u>	<u>8,324,008</u>	<u>9,379,022</u>	<u>7,862,662</u>	<u>7,866,631</u>	<u>8,790,434</u>	<u>13,036,005</u>
Net (Expenses) Revenues	(29,294,728)	(31,490,827)	(28,322,588)	(21,281,287)	(22,653,112)	(20,977,026)	(21,056,049)	(21,807,561)	(19,031,995)	(13,126,909)
General Revenues										
Governmental Activities:										
Property Taxes	30,904,229	28,514,249	26,657,137	24,767,156	24,510,534	21,563,612	19,985,776	20,076,881	20,063,414	20,344,275
Investment Income	798,474	579,149	208,585	200,276	159,685	115,139	99,429	85,154	111,923	142,347
Special Item	-	-	-	-	-	-	-	(4,749,934) ¹	-	-
Total General Revenues and Special Items	<u>31,702,703</u>	<u>29,093,398</u>	<u>26,865,722</u>	<u>24,967,432</u>	<u>24,670,219</u>	<u>21,678,751</u>	<u>20,085,205</u>	<u>15,412,101</u>	<u>20,175,337</u>	<u>20,486,622</u>
Change in Net Position	<u>\$ 2,407,975</u>	<u>\$ (2,397,429)</u>	<u>\$ (1,456,866)</u>	<u>\$ 3,686,145</u>	<u>\$ 2,017,107</u>	<u>\$ 701,725</u>	<u>\$ (970,844)</u>	<u>\$ (6,395,460)</u>	<u>\$ 1,143,342</u>	<u>\$ 7,359,713</u>

¹ District paid off retirement plan employer side fund obligations in a lump sum.

Source: Chino Valley Fire Finance Department

CHINO VALLEY FIRE DISTRICT
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis)
As of June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u> ²	<u>2010</u>
General Fund										
Nonspendable	\$ 57,435	\$ 69,622	\$ 129,796	\$ 1,246,854	\$ 61,254	\$ 62,648	\$ 83,518	\$ 202,920	\$ 87,221	
Restricted	6,159,623	5,406,956	5,072,747 ¹	-	-	-	-	-	-	
Committed	13,529,583	11,863,690	10,800,481	9,817,484	10,715,392	11,041,608	10,868,755	10,012,556	9,891,081	
Assigned	907,500	1,020,921	-	1,438,380	-	-	420,909	1,348,395	1,490,520	
Unassigned	5,645,910	7,983,722	7,730,326	11,288,384	12,227,641	9,969,888	8,293,773	8,133,847	13,678,250	
Total General Fund	<u>\$ 26,300,051</u>	<u>\$ 26,344,911</u>	<u>\$ 23,733,350</u>	<u>\$ 23,791,102</u>	<u>\$ 23,004,287</u>	<u>\$ 21,074,144</u>	<u>\$ 19,666,955</u>	<u>\$ 19,697,718</u>	<u>\$ 25,147,072</u>	

General Fund										
Reserved										\$ 668,382
Unreserved										
Designated										4,401,294
Undesignated										18,894,635
										<u>\$ 23,964,311</u>

¹ District invested \$5 million in a 115 Retirement Trust in FY17. Monies accumulated in this irrevocable trust are restricted to fund pension and other post employment benefits.

² In FY2011, the District implemented GASB Statement No. 54, establishing new classifications of Fund balance in accordance with the standard.

Source: Chino Valley Fire Finance Department

CHINO VALLEY FIRE DISTRICT
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis)
Fiscal Year Ended June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues										
Taxes	\$ 30,904,229	\$ 28,514,249	\$ 26,657,137	\$ 24,767,156	\$ 24,510,534	\$ 21,563,612	\$ 19,985,776	\$ 20,076,881	\$ 20,063,414	\$ 20,344,275
Licenses and permits	1,280,526	1,481,562	760,409	700,811	802,880	654,908	689,906	365,943	449,689	317,445
Intergovernmental	30,215	31,898	30,397	35,423	547,657	-	-	-	-	-
Charges for current services	10,900,561	10,337,201	9,120,281	9,008,004	6,761,495	8,392,737	7,033,988	7,258,101	7,582,578	7,848,679
Use of money and property	854,647	572,109	203,867	195,501	154,734	115,139	99,429	85,154	111,923	142,347
Other	361,194	230,675	139,974	152,484	211,976	331,377	138,768	242,587	758,167	258,284
Total Revenues	<u>44,331,372</u>	<u>41,167,694</u>	<u>36,912,065</u>	<u>34,859,379</u>	<u>32,989,276</u>	<u>31,057,773</u>	<u>27,947,867</u>	<u>28,028,666</u>	<u>28,965,771</u>	<u>28,911,030</u>
Expenditures										
Current:										
Salaries and benefits	35,600,506	32,863,912	30,149,943	26,765,584	25,155,706	25,271,163	24,144,335	24,594,712	22,857,078	22,273,499
Services and supplies	5,947,226	5,013,037	4,552,628	4,504,550	4,484,812	3,996,070	3,756,495	3,909,327	3,675,837	3,682,138
Capital outlay	2,828,500	679,184	2,267,246	2,802,430	1,241,168	718,218	77,800	224,047	1,250,095	2,089,302
Debt Service:										
Principal	-	-	-	-	169,425	169,499	-	-	-	-
Interest	-	-	-	-	8,022	7,948	-	-	-	-
Total Expenditures	<u>44,376,232</u>	<u>38,556,133</u>	<u>36,969,817</u>	<u>34,072,564</u>	<u>31,059,133</u>	<u>30,162,898</u>	<u>27,978,630</u>	<u>28,728,086</u>	<u>27,783,010</u>	<u>28,044,939</u>
Other Financing Sources	-	-	-	-	-	512,314	-	-	-	-
Special Item	-	-	-	-	-	-	-	-4,749,934 ¹	-	-
Net Change in Fund Balance	<u>\$ (44,860)</u>	<u>\$ 2,611,561</u>	<u>\$ (57,752)</u>	<u>\$ 786,815</u>	<u>\$ 1,930,143</u>	<u>\$ 1,407,189</u>	<u>\$ (30,763)</u>	<u>\$ (5,449,354)</u>	<u>\$ 1,182,761</u>	<u>\$ 866,091</u>

¹ District paid off retirement plan employer side fund obligations in a lump sum.

Source: Chino Valley Fire Finance Department

CHINO VALLEY FIRE DISTRICT
Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Secured	Unsecured	Nonunitary	Taxable Assessed Value ^{1,2}	Total Direct Tax Rate ³
2019	\$ 25,323,627,013	\$ 915,136,844	\$ 454,331	\$ 26,239,218,188	0.1068
2018	23,476,040,134	858,556,171	456,218	24,335,052,523	0.1073
2017	21,880,783,822	788,902,117	456,298	22,670,142,237	0.1078
2016	20,730,162,389	873,281,186	456,510	21,603,900,085	0.1079
2015	19,592,774,341	828,556,750	456,577	20,421,787,668	0.1086
2014	18,158,498,438	766,240,217	643,432	18,925,382,087	0.1085
2013	17,520,212,890	803,615,470	643,468	18,324,471,828	0.1082
2012	17,366,144,814	847,033,973	643,448	18,213,822,235	0.1082
2011	17,239,674,510	895,114,760	642,981	18,135,432,251	0.1085
2010	17,295,890,556	988,968,018	642,771	18,285,501,345	0.1080

¹ Exempt values are not included in totals.

² In 1978 the voters of the State of California passed Proposition 13, which limited taxes to a total maximum of 1%, based upon the assessed value of property being taxed. Each year, the assessed value of property may be increased by an "inflation factor," limited to 2%. With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

³ The District's total direct rate is the weighted average of all individual direct rates applied to the District and excludes revenues derived from aircraft.

Source: HdL Companies, San Bernardino County Assessor

CHINO VALLEY FIRE DISTRICT
Property Tax Levies and Tax Collections
Last Ten Fiscal Years
Fiscal Year Ended June 30,

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ^{1,2}	Supplemental Taxes Collected ³	Total Collections to Date	
		Amount	Percent of Levy			Amount ^{1,2}	Percent of Levy Collected
2019	\$ 28,028,268	\$ 27,922,146	99.6%	\$ -	\$ 630,061	\$ 28,552,207	101.9%
2018	26,118,608	25,810,952	98.8%	789,939	528,430	27,129,321	103.9%
2017	24,430,730	24,343,181	99.6%	914,072	406,206	25,663,459	105.0%
2016	23,239,766	22,922,296	98.6%	830,489	275,418	24,028,203	103.4%
2015	22,110,866	21,650,626	97.9%	810,929	277,829	22,739,384	102.8%
2014	20,475,397	20,416,058	99.7%	828,747	201,930	21,446,735	104.7%
2013	19,746,015	19,060,834	96.5%	878,793	45,777	19,985,404	101.2%
2012	19,598,814	18,818,908	96.0%	979,976	17,597	19,816,481	101.1%
2011	19,597,834	18,907,311	96.5%	1,010,699	16,506	19,934,516	101.7%
2010	19,647,561	18,682,506	95.1%	1,139,597	(49,981)	19,772,122	100.6%

¹ Exempt values are not included in totals.

² In 1978 the voters of the State of California passed Proposition 13, which limited taxes to a total maximum of 1%, based upon the assessed value of property being taxed. Each year, the assessed value of property may be increased by an "inflation factor," limited to 2%. With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

³ The District's total direct rate is the weighted average of all individual direct rates applied to the District and excludes revenues derived from aircraft.

Source: HdL Companies, San Bernardino County Assessor

CHINO VALLEY FIRE DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Fiscal Year Ended June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates: ²										
School Tax Rate										
Chaffey Community College Bond	0.01530	0.00880	0.01130	0.01130	0.01090	0.01570	0.01110	0.01530	0.00910	0.01220
Chaffey High School Bond	0.04020	0.02790	0.04090	0.04090	0.02940	0.03710	0.01010	0.01940	0.01920	0.01680
Chino Unified School Bond	0.08490	0.09340	0.03310	0.03310	0.03310	0.03580	0.03570	0.03460	0.03950	0.03320
Mt. View Elementary	0.02060	0.02630	0.03140	0.03140	0.03360	0.03510	0.03280	0.03570	0.03060	0.02840
Metropolitan Water Agency	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430
Total Direct and Overlapping Tax Rates	<u>1.16450</u>	<u>1.15990</u>	<u>1.12020</u>	<u>1.12020</u>	<u>1.11050</u>	<u>1.12720</u>	<u>1.09320</u>	<u>1.10870</u>	<u>1.10210</u>	<u>1.09490</u>
District's Share of 1% Levy ³	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487
District's Total Direct Rate ⁴	0.10682	0.10733	0.10777	0.10791	0.10858	0.10849	0.10817	0.10818	0.10847	0.10801

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within.

² In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

³ The District's share of the 1% levy is based on the District's share of the general fund tax rate area with the largest net taxable value within the jurisdiction.

⁴ The District's total direct rate is the weighted average of all individual direct rates applied to the District and excludes revenues derived from aircraft.

Source: HdL Companies, San Bernardino County Assessor

CHINO VALLEY FIRE DISTRICT

Direct and Overlapping Property Tax Rates - Tax Rate Area 001001¹

Last Ten Fiscal Years

Fiscal Year Ended June 30,

	Tax Rate Area 001001									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
District Basic Rate ²	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487	0.06487
Overlapping Rates: ³										
School Tax Rate										
Chaffey Community College Bond	0.01530	0.00880	0.01130	0.01130	0.01090	0.01570	0.01110	0.01530	0.00910	0.01220
Chaffey High School Bond	0.04020	0.02790	0.04090	0.04090	0.02940	0.03710	0.01010	0.01940	0.01920	0.01680
Chino Unified School Bond	0.08490	0.09340	0.03310	0.03310	0.03310	0.03580	0.03570	0.03460	0.03950	0.03320
Mt. View Elementary	0.02060	0.02630	0.03140	0.03140	0.03360	0.03510	0.03280	0.03570	0.03060	0.02840
Metropolitan Water Agency	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430
	<u>0.16450</u>	<u>0.15990</u>	<u>0.12020</u>	<u>0.12020</u>	<u>0.11050</u>	<u>0.12720</u>	<u>0.09320</u>	<u>0.10870</u>	<u>0.10210</u>	<u>0.09490</u>
County Rates:										
Chino Unified School District	0.31030	0.31030	0.31030	0.31030	0.31030	0.31030	0.31030	0.31030	0.31030	0.31030
Education Revenue Augmentation Fund	0.22440	0.22440	0.22440	0.22440	0.22440	0.22440	0.22440	0.22440	0.22440	0.22440
County General Fund	0.14820	0.14820	0.14820	0.14820	0.14820	0.14820	0.14820	0.14820	0.14820	0.14820
Chino General Fund	0.10800	0.10800	0.10800	0.10800	0.10800	0.10800	0.10800	0.10800	0.10800	0.10800
Chaffey Community College	0.04290	0.04290	0.04290	0.04290	0.04290	0.04290	0.04290	0.04290	0.04290	0.04290
Inland Empire Utilities Agency - Imp C	0.02920	0.02920	0.02920	0.02920	0.02920	0.02920	0.02920	0.02920	0.02920	0.02920
Flood Control Zone 1	0.02610	0.02610	0.02610	0.02610	0.02610	0.02610	0.02610	0.02610	0.02610	0.02610
Inland Empire Utilities Agency - Original	0.01683	0.01683	0.01683	0.01683	0.01683	0.01683	0.01683	0.01683	0.01683	0.01683
County Free Library	0.01435	0.01435	0.01435	0.01435	0.01435	0.01435	0.01435	0.01435	0.01435	0.01435
Superintendent of Schools - Countywide	0.00508	0.00508	0.00508	0.00508	0.00508	0.00508	0.00508	0.00508	0.00508	0.00508
Chino Basin Water Conservation District	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334
Superintendent of Schools - Physically Handicapped	0.00200	0.00200	0.00200	0.00200	0.00200	0.00200	0.00200	0.00200	0.00200	0.00200
Flood Control Admin. 1 & 2	0.00185	0.00185	0.00185	0.00185	0.00185	0.00185	0.00185	0.00185	0.00185	0.00185
Superintendent of Schools - Mentally Handicapped	0.00161	0.00161	0.00161	0.00161	0.00161	0.00161	0.00161	0.00161	0.00161	0.00161
Inland Empire Joint Resources Cons. District	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057	0.00057
Superintendent of Schools - Development Center	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052
	<u>0.93525</u>	<u>0.93525</u>	<u>0.93525</u>	<u>0.93525</u>	<u>0.93525</u>	<u>0.93525</u>	<u>0.93525</u>	<u>0.93525</u>	<u>0.93525</u>	<u>0.93525</u>
Total Direct and Overlapping Tax Rates	<u>1.16462</u>	<u>1.16002</u>	<u>1.12032</u>	<u>1.12032</u>	<u>1.11062</u>	<u>1.12732</u>	<u>1.09332</u>	<u>1.10882</u>	<u>1.10222</u>	<u>1.09502</u>

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within.

² The District's share of the 1% levy is based on the District's share of the general fund tax rate area with the largest net taxable value within the jurisdiction.

³ In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Source: HdL Companies, San Bernardino County Assessor

CHINO VALLEY FIRE DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019		2010	
	Taxable Assessed Values	Percent of Total District Taxable Assessed Values	Taxable Assessed Values	Percent of Total District Taxable Assessed Values
Majestic Realty Company	\$ 450,562,004	1.71%	\$ 332,444,431	1.82%
Watson Land Company	294,577,956	1.12%	134,774,932	0.74%
Homecoming I at the Preserve LLC	178,132,216	0.68%		
John Hancock Life Insurance Company	165,974,779	0.63%	101,865,000	0.56%
Chino Dunhill LLC	153,155,329	0.58%	-	
MLM Chino Property Inc	144,000,000	0.55%		
Walmart/Sams	128,960,280	0.49%		
Spectrum South LLC	124,810,578	0.47%	77,267,711	0.42%
Chino Center Inc	118,265,056	0.45%		
FHF I The Heights LLC	97,537,500	0.37%		
Chino Hills Mall LLC	-		115,426,730	0.63%
PK I Chino Town Square LP			102,150,393	0.56%
Chino Holding Company LLC			95,822,532	0.52%
BRE Properties INC.			91,733,576	0.50%
SCC College Park LLC			80,852,361	0.44%
Woodview Chino Hills Apartments Limited			78,468,916	0.43%
	<u>\$ 1,855,975,698</u>	<u>7.05%</u>	<u>\$ 1,210,806,582</u>	<u>6.62%</u>

Note: Zero value means the taxpayer was not in the top property owners based on net values in that particular year.

Source: HdL Companies, San Bernardino County Assessor

CHINO VALLEY FIRE DISTRICT
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population¹	Per Capita Personal Income²	Personal Income²	Unemployment Rate²
2019	\$ 180,363	\$29,678	\$ 2,567,318,394	3.3%
2018	175,991	28,081	2,376,042,507	3.5%
2017	174,786	28,789	2,408,844,354	4.1%
2016	170,845	29,056	2,376,750,794	4.7%
2015	169,405	28,080	2,265,952,694	4.9%
2014	164,956	26,809	2,112,825,175	6.0%
2013	162,583	30,276	2,358,445,738	7.4%
2012	161,183	26,672	2,066,497,920	8.7%
2011	159,213	27,778	2,125,147,381	9.8%
2010	158,611	27,395	2,084,611,474	10.4%

¹Population includes City of Chino, Chino Hills and Unincorporated Areas of San Bernardino County.

²Cities of Chino and Chino Hills combined; Unincorporated Area statistics not available.

Source: CA Department of Finance
San Bernardino County Economic Development Agency
U.S Census Bureau
Bureau of Labor Statistics

CHINO VALLEY FIRE DISTRICT
Principal Employers
Current Year and Nine Years Ago

Employer	2019			2010		
	Number of Employees ¹	Percent of Total Employment ²	Rank	Number of Employees	Percent of Total Employment	Rank
Chino Valley School District	2,672	3.23%	1	n/a	n/a	n/a
California Institution for Men	1,762	2.13%	2	n/a	n/a	n/a
California Institution for Women	1,146	1.39%	3	n/a	n/a	n/a
Chino Valley Medical Center	623	0.75%	4	n/a	n/a	n/a
Kehe Distributors (formerly Nature's Best, Inc.)	615	0.74%	5	n/a	n/a	n/a
City of Chino	555	0.67%	6	n/a	n/a	n/a
Hussman Group	514	0.62%	7	n/a	n/a	n/a
National Distribution Centers	482	0.58%	8	n/a	n/a	n/a
Walmart Store #3464	450	0.54%	9	n/a	n/a	n/a
Riggins Packaging & Display	397	0.48%	10	n/a	n/a	n/a
	<u>9,216</u>	<u>11.13%</u>		<u>n/a</u>	<u>n/a</u>	

¹ Calculated by Chino Valley Fire District Finance Department based on percentages of the total employment provided by the cities of Chino and Chino Hills.

² Total employment of Chino and Chino Hills provided by California Labor Market

Note: Data for FY09 not available.

Source: City of Chino and Chino Hills
Employment Development Department
Chino Valley Unified School District

CHINO VALLEY FIRE DISTRICT
Full-Time Equivalent District Employees
Last Ten Fiscal Years
Fiscal Year Ended June 30,

	<u>2019</u>	<u>2018</u> ¹	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Administration	21.5	19.5	14.0	14.0	10.5	9.5	9.5	9.5	9.5	9.5
Community Risk Reduction										
Support Personnel	5.6	5.6	4.6	4.6	3.5	3.5	3.5	3.5	3.5	3.5
Inspection Personnel	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Emergency Services										
Support Personnel	3.2	3.2	3.7	3.7	3.5	3.5	3.5	3.5	3.5	3.5
Fire Personnel	104.0	104.0	107.0	107.0	107.5	104.5	104.5	104.5	101.5	92.5
Total	<u>145.3</u>	<u>143.3</u>	<u>140.3</u>	<u>140.3</u>	<u>136.0</u>	<u>132.0</u>	<u>132.0</u>	<u>132.0</u>	<u>129.0</u>	<u>120.0</u>

¹Certain positions reclassified between departments

Source: Chino Valley Fire Human Resources Department

CHINO VALLEY FIRE DISTRICT
Capital Assets by Function
Last Ten Fiscal Years
Fiscal Year Ended June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Facilities										
Fire Stations	7	7	7	7	7	7	7	7	7	6
Administration	1	1	1	1	1	1	1	1	1	1
Other District Facilities	3	3	3	3	2	2	2	2	2	1
Total Facilities	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>8</u>
Fire Apparatus										
Engines	14	13	13	13	13	13	12	12	12	11
Trucks	2	3	3	2	2	2	2	2	2	2
Paramedic Squads	6	6	6	5	5	5	-	-	-	-
Other	8	8	8	6	6	6	6	6	6	6
Total Fire Appartus	<u>30</u>	<u>30</u>	<u>30</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>19</u>
Other Fleet & Support Services	<u>34</u>	<u>36</u>	<u>33</u>	<u>29</u>	<u>29</u>	<u>27</u>	<u>24</u>	<u>21</u>	<u>20</u>	<u>19</u>
Total Vehicles	<u>64</u>	<u>66</u>	<u>63</u>	<u>55</u>	<u>55</u>	<u>53</u>	<u>44</u>	<u>41</u>	<u>40</u>	<u>38</u>

Source: Chino Valley Fire Support Services Department

CHINO VALLEY FIRE DISTRICT
Emergency Response Calls for Service
Last Ten Calendar Years

EMERGENCY RESPONSE CALLS FOR SERVICE										
	2018 ¹	2017 ²	2016	2015	2014	2013	2012	2011	2010	2009
NUMBER OF TOTAL CALLS										
Incident Type										
Fire	298	265	310	275	302	283	256	297	251	369
Rupture/Explosion	8	-	8	11	12	6	8	5	4	9
Emergency Medical Service/Rescue	9,002	8,774	8,528	8,022	7,296	6,853	6,685	6,353	6,191	6,020
Hazardous Condition	192	-	171	159	215	153	164	190	258	266
Service Call	696	-	699	603	561	497	452	497	555	457
Good Intent	1,354	-	1,232	1,126	1,127	1,031	999	884	1,043	929
False Call	617	47	623	615	622	620	582	617	698	680
Mutual Aid	-	82	-	-	-	-	-	-	-	-
SevereWeather	1	-	1	3	2	-	5	-	3	-
Other	99	3,049	2	11	10	9	7	1	1	2
	12,267	12,217	11,574	10,825	10,147	9,452	9,158	8,844	9,004	8,732

PERCENTAGE OF TOTAL CALLS										
Incident Type										
Fire	2%	2%	3%	3%	3%	3%	3%	3%	3%	4%
Rupture/Explosion	*	*	*	*	*	*	*	*	*	*
Emergency Medical Service/Rescue	73%	72%	74%	74%	72%	73%	73%	72%	69%	69%
Hazardous Condition	2%	*	1%	1%	2%	1%	2%	2%	3%	3%
Service Call	6%	*	6%	6%	6%	5%	5%	6%	6%	5%
Good Intent	11%	*	11%	10%	11%	11%	11%	10%	11%	11%
False Call	5%	*	5%	6%	6%	7%	6%	7%	8%	8%
Mutual Aid	*	1%	*	*	*	*	*	*	*	*
SevereWeather	-	*	*	*	*	-	*	-	*	-
Other	1%	25%	*	*	*	*	*	*	*	*
	100%									

¹ In early 2018, the District transitioned to a new dispatch provider, resulting in some variance in classification of incident types versus in 2017.

² In 2017, the District switched to a new emergency response tracking system, resulting in a significant number of calls being classified in "Other."

*Less than 1%

Note: Calls compiled on a calendar year basis.

Source: Chino Valley Fire Emergency Services Division



For additional information, please visit our website at www.cvifd.org.

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