

Clear Creek Community Services District

Anderson, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2021, With Summarized Comparative
Totals as of June 30, 2020



Clear Creek Community Services District

TABLE OF CONTENTS

June 30, 2021, With Summarized Comparative Totals as of June 30, 2020

	<u>Page Number</u>
Independent Auditors' Report	1
 FINANCIAL SECTION	
Required Supplementary Information	
Management's Discussion and Analysis	6
Basis Financial Statements	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14
Notes to the Financial Statements	16
Required Supplementary Information	
Schedule of District's Proportionate Share of Net Pension Liability – California Public Employees' Retirement System	37
Schedule of District's Contributions – California Public Employees' Retirement System	38
Schedule of Change in District's Net OPEB Liability and Related Ratios	39
Schedule of District's Contributions – OPEB	40
Schedule of Investment Returns – OPEB	41
Notes to the Required Supplementary Information	42
 OTHER REPORT SECTION	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in n Accordance With <i>Government Auditing Standards</i>	44
 FINDINGS SECTION	
Schedule of Findings	47
Summary Schedule of Prior Audit Findings	48

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Clear Creek Community Services District
Anderson, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Clear Creek Community Services District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and the state regulations governing special districts.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and the state regulations governing special districts; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the California State Controller's *Minimum Audit Requirements for California Special Districts*, we:

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Required Supplementary Information

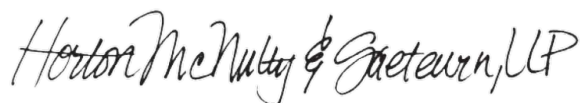
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of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

Report on Summarized Comparative Information

The financial statements of the District for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on June 2, 2021. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, 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 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.



December 15, 2022

Chico, California

FINANCIAL SECTION

Required Supplementary Information

Clear Creek Community Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Clear Creek Community Services District's (the District's) basic financial statements presented management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2021. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

INTRODUCTION TO THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's audited financial statements, which are comprised of the basis financial statements. This annual report is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basis Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*.

The required financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. Notes to the financial statements and this summary support these statements. All sections must be considered together to obtain a complete understanding of the financial picture of the District.

Statement of Net Position

This statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting as of the statement date. The difference between these items is represented as net position. The net position section of the statement identifies major categories of restrictions on assets and reflects the overall financial position of the District as a whole.

Statement of Revenues, Expenses, and Changes in Net Position

This statement presents the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under accrual basis, all increases or decreases in net position are reported as soon as the underlying event occurs, regardless of the timing of the cash flow. Consequently, revenues and/or expenditures reported during this fiscal year may result in changes to cash flows in the future period.

Statement of Cash Flows

This statement reflects inflows and outflows of cash, summarized by operating, capital, financing, and investing activities.

Notes to the Financial Statements

This additional information is essential to a full understanding of the data reported in the basis financial statements.

The District is a political sub-division of the State of California. It provides water services to its residents and is governed by an elected Board of Directors.

Clear Creek Community Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

ANALYTICAL OVERVIEW

Business-Type Activities

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position present a summary of the District's business-type activities that are composed of the District's enterprise fund.

June 30	2021	2020	Change
Current and other assets	\$ 1,306,564	\$ 1,289,691	\$ 16,873
Capital assets - net	4,981,193	5,136,338	(155,145)
Total Assets	6,287,757	6,426,029	(138,272)
Deferred Outflows of Resources	700,522	606,467	94,055
Other liabilities	767,878	684,989	82,889
Long-term debt, due in more than one year	3,775,614	3,791,175	(15,561)
Total Liabilities	4,543,492	4,476,164	67,328
Deferred Inflows of Resources	749,587	915,085	(165,498)
Net Position			
Net investment in capital assts	3,036,016	3,069,767	(33,751)
Restricted	660,313	721,870	(61,557)
Unrestricted	(2,001,129)	(2,150,390)	149,261
Total Net Position	\$ 1,695,200	\$ 1,641,247	\$ 53,953

Summary

Total net position of the District has increased this year by \$53,953, primarily related to the decrease of deferred inflows of resources. Current assets increased by \$16,873.

Liabilities have increased this year by \$67,328 as a result of an increase in the net pension liability offset by decreases in other liabilities from regularly scheduled debt payments.

Unrestricted net position has decreased \$149,261 due to the loss from operations. The overall change to the net position is an increase of \$53,953, resulting in a June 30, 2021, balance of \$1,695,200.

Clear Creek Community Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

COMPARATIVE ANALYSIS OF CURRENT AND PRIOR YEAR ACTIVITIES AND BALANCES

June 30	2021		2020		Change		
Operating revenues	\$	2,420,337	\$	2,122,943	\$	297,394	Note 1
Operating expenses		2,796,246		2,683,373		112,873	Note 2
Net Operating Loss	\$	(375,909)	\$	(560,430)	\$	184,521	
Property taxes and other income	\$	491,760	\$	437,894	\$	53,866	Note 3
Interest and other expenses		61,898		59,858		2,040	Note 4
Nonoperating Revenues	\$	429,862	\$	378,036	\$	51,826	

Note 1 – Increase is related to an increase in agricultural sales and water services to customers.

Note 2 – Increase relates to an increased in purchased water.

Note 3 – Increase is due to an increase in property taxes and other miscellaneous revenues.

Note 4 – Increase due to loss on disposal of assets, offset by the decrease in Interest expense due to debt service requirements.

Capital Assets

Capital assets are discussed in detail in note 4 of the financial statements. During the year, the District purchased a generator, a dump truck, and a trailer.

Debt Administration

The District issued no new bonded debt in the fiscal year 2021. The District made all scheduled repayments of existing debt. Each of the District's debt issues is discussed in detail in note 5 to the financial statements.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts, and historical growth patterns in the communities served by the District.

The economic condition of the District as it appears on the balance sheet reflects financial stability and the potential for organizational growth. The District continues to be encouraged about its future growth and development, even with the current economic slowdown. The District will continue to maintain a watchful eye over expenses and remains committed to sound fiscal management practices to deliver the highest quality service to the citizens of the area.

Clear Creek Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or questions for additional financial information should be addressed to:

Bill Palmayesa, Interim General Manager
Clear Creek Community Services District
5880 Oak Street
Anderson, California 96007-9216
(530) 357-2121

Basic Financial Statements

Clear Creek Community Services District

STATEMENTS OF NET POSITION

June 30	2021	Summarized Comparative Totals 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 17,038	\$ 10,385
Accounts receivable - customer accounts	282,989	201,191
Inventory	101,575	81,560
Cash and investments - restricted	481,109	594,749
Total Current Assets	882,711	887,885
Noncurrent Assets		
Investments	16,240	-
Cash and cash equivalents - restricted	407,613	401,806
Nondepreciated capital assets	69,196	69,196
Depreciated capital assets - net	4,911,997	5,067,142
Total Noncurrent Assets	5,405,046	5,538,144
TOTAL ASSETS	6,287,757	6,426,029
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	410,032	428,448
Deferred outflows of resources related to OPEB	290,490	178,019
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 700,522	\$ 606,467

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

Clear Creek Community Services District

STATEMENTS OF NET POSITION

(Continued)

June 30	2021	Summarized Comparative Totals 2020
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 25,357	\$ -
Accrued expenses	204,240	154,946
Compensated absences	202,839	202,074
Customer deposits	107,938	98,459
Long-term debt, due within one year	227,504	229,510
Total Current Liabilities	767,878	684,989
Long-Term Liabilities		
Long-term debt, due in more than one year	1,717,673	1,837,061
Net pension liability	1,747,920	1,655,329
Net OPEB liability	310,021	298,785
Total Long-Term Liabilities	3,775,614	3,791,175
TOTAL LIABILITIES	4,543,492	4,476,164
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	116,889	127,213
Deferred inflows of resources related to OPEB	632,698	787,872
TOTAL DEFERRED INFLOWS OF RESOURCES	749,587	915,085
NET POSITION		
Net investment in capital assets	3,036,016	3,069,767
Restricted	660,313	721,870
Unrestricted	(2,001,129)	(2,150,390)
TOTAL NET POSITION	\$ 1,695,200	\$ 1,641,247

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

Clear Creek Community Services District

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Years Ended June 30	Summarized Comparative Totals	
	2021	2020
Operating Revenues		
Domestic water sales	\$ 1,530,745	\$ 1,442,744
Agricultural water sales	223,452	175,225
Water services	259,087	259,469
Noncapital grants	161,080	-
Other operating revenues	245,973	245,505
Total Operating Revenues	2,420,337	2,122,943
Operating Expenses		
Source of supply	278,483	163,813
Water treatment	395,294	464,907
Transmission conduit	7,623	57
Transmission and distribution	544,682	496,082
Customer accounts	241,874	168,557
Administrative and general	909,720	962,862
Distribution system maintenance	17,699	55,868
Well field development and regulatory	126,821	102,749
Depreciation	274,050	268,478
Total Operating Expenses	2,796,246	2,683,373
Loss From Operations	(375,909)	(560,430)
Nonoperating Revenues (Expense)		
Interest revenue	1,324	1,095
Interest expense	(56,125)	(59,858)
Property taxes	442,751	427,472
Loss on disposal of assets	(5,773)	-
Other revenues	47,685	9,327
Total Nonoperating Revenues (Expense)	429,862	378,036
Change in Net Position	53,953	(182,394)
Net Position - Beginning of Year	1,641,247	1,823,641
Net Position - End of Year	\$ 1,695,200	\$ 1,641,247

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

Clear Creek Community Services District
STATEMENTS OF CASH FLOWS

Years Ended June 30	2021	Summarized Comparative Totals 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and noncapital grantors	\$ 2,348,018	\$ 2,101,167
Payments to suppliers	(1,119,677)	(730,068)
Payments to and on behalf of employees	(1,502,844)	(1,560,779)
NET CASH USED IN OPERATING ACTIVITIES	(274,503)	(189,680)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	442,751	427,472
Other revenue received	31,445	9,330
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	474,196	436,802
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid	(56,125)	(59,861)
Acquisition of capital assets	(4,678)	-
Principal paid on long-term debt	(241,394)	(228,888)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(302,197)	(288,749)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,324	1,095
Net Change in Cash and Cash Equivalents	(101,180)	(40,532)
Cash and Cash Equivalents - Beginning of Year	1,006,940	1,047,472
Cash and Cash Equivalents - End of Year	\$ 905,760	\$ 1,006,940
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Current assets	\$ 17,038	\$ 10,385
Current assets - restricted	481,109	594,749
Noncurrent assets - restricted	407,613	401,806
Total Cash and Cash Equivalents	\$ 905,760	\$ 1,006,940

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

Clear Creek Community Services District

STATEMENTS OF CASH FLOWS

(Continued)

Years Ended June 30	2021	Summarized Comparative Totals 2020
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (375,909)	\$ (560,430)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	274,050	268,478
Changes in:		
Accounts receivable - customer accounts	(81,798)	(21,776)
Inventory	(20,015)	-
Deferred outflows of resources	5,945	28,994
Accounts payable	25,357	134,545
Accrued expenses	(50,706)	-
Compensated absences	765	(113,603)
Customer deposits	9,479	3,629
Net pension liability	92,591	90,335
Net OPEB liability	11,236	(604,111)
Deferred inflows of resources	(165,498)	584,259
Total Adjustments	101,406	370,750
NET CASH USED IN OPERATING ACTIVITIES	\$ (274,503)	\$ (189,680)

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

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clear Creek Community Services District (the District) was formed in the 1960's as a political subdivision of the State of California. It provides water services to its residents over an area of 33.88 square miles.

The District operates under an elected Board of Directors. The accounting methods and procedures adopted by the District conform to generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District are discussed below.

Basis of Accounting The activities of the District are accounted for as an enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with these activities are reported. Proprietary fund equity is classified as net position.

Use of 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 affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents Cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date of three months to one year from the date acquired by the District.

Accounts Receivable – Customer Accounts Accounts receivable represents revenues earned but not collected. Receivables are uncollateralized. Any losses on uncollectible receivables are recognized when such losses become known or indicated. The allowance for doubtful accounts totaled \$91,649 and \$-0- at June 30, 2021 and 2020, respectively. The allowance is based on analysis of specific customers, taking into consideration the amount of past due accounts and an assessment of the customers' ability to pay.

Inventory Inventory represents pipes, meters, and various related materials that have been stated at cost determined by the first-in, first-out method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets Capital assets are defined by the District as assets that have an original cost or value of \$3,000 or more and an estimated useful live in excess of one year. Capital assets are recorded at cost while equipment contributed to the District is recorded at fair market value as of the date of donation. Maintenance and repair costs are expensed as incurred unless they extend the useful life of the asset.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated lives range from 10 to 50 years for buildings and improvements, and 5 to 10 years for office equipment, and machinery and equipment.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Restricted Assets The use of certain assets of the District are restricted by specific provisions of loan agreements, grants, or projects, or are related to customer deposits. Assets so designated are identified as restricted assets on the statement of net position. Restricted assets are classified as noncurrent if they are for acquisition or construction of capital assets, for liquidation of long-term debt, or are for other than current operations.

Compensated Absences Vested or accumulated sick leave, compensatory time, and vacation pay is recorded as an expense and liability as the benefits accrue to employees.

Customer Deposits Customer deposits represents amounts received from customers that are held as security for water service and are expected to be returned to customers upon termination of service.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period which will only be recognized as an outflow of resources (expense) in the future. District contributions subsequent to the measurement date related to the pension and OPEB plans, are reported as deferred outflows of resources in the statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the District's contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Differences between projected and actual earnings on OPEB plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the statement of net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan.

Net Pension Liability For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension and pension expense, information about the fiduciary net position of the District's 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.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Net Other Postemployment Benefits (OPEB) Liability 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. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The District's net position is classified as follows:

Net Investment in Capital Assets: Net investment in capital assets represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position: Restricted net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: Unrestricted net position represents resources available for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Classification of Revenues The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange-type transactions, such as providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. These are nonexchange transactions, such as interest income and property tax revenue.

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

Property Taxes The County of Shasta assesses, bills, and collects ad valorem property taxes for the District. Ad valorem property taxes levied in July 2020 are for the purpose of financing the budget of the 2021 fiscal year. Property tax revenue recognized for the 2021 fiscal year was levied in July 2020.

Key dates in the property tax cycle are as follows:

Fiscal year ended June 30, 2021	Revenues
Property taxes levied	July 1, 2020
Property taxes payable	November 1, 2020 and February 1, 2021
Property taxes delinquent	December 10, 2020 and April 10, 2021
Lien date	March 1, 2021

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Budgetary Accounting The District Manager submits a proposed operating budget to the District's Board of Directors for the fiscal year commencing the following July 1. The operating budget includes proposed expenses and the means of financing them. A public hearing is conducted to obtain taxpayer comments. Prior to September 7, the budget is legally enacted through action of the Board of Directors. The annual appropriations lapse at fiscal year-end.

Comparative Financial Information The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassifications Certain amounts in the June 30, 2020, financial statements have been reclassified to conform to the presentation of the June 30, 2021, financial statement presentation. These reclassifications have no effect on the previously reported change in net position.

2. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents:

June 30		2021		2020
Cash and Cash Equivalents				
Deposits (1)	\$	16,738	\$	10,085
Petty cash		300		300
Total Cash and Cash Equivalents	\$	17,038	\$	10,385

(1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The District segregates certain cash and cash equivalents that have legal or designated restrictions as to their use. The District is required under the terms of certain long-term debt covenants to segregate and maintain certain funds for debt service. The District also holds funds that may only be used for specific repairs. The District's Board of Directors has designated certain funds to be used for the specific purposes noted below. As a result, these funds are not available for general District expenses. Such designation can be removed at the discretion of the Board of Directors.

The following is a summary of restricted cash and cash equivalents:

June 30	2021	2020
Restricted Cash and Cash Equivalents		
Deposits (1):		
Externally Restricted		
Debt service	\$ 99,587	\$ 96,846
DWR filter plant debt reserves	262,563	261,516
Chestnut assessment district	-	25,001
Bureau of Reclamation muletown conduit reserve	37,112	37,051
Carr Fire repairs	261,051	301,456
Total Externally Restricted	660,313	721,870
Board Designated		
Expansion and modernization	104,407	104,324
Backwash pond savings account	15,060	64,337
Operational reserve	1,004	2,785
Customer deposits	107,938	103,239
Total Board Designated	228,409	274,685
Total Restricted Cash and Cash Equivalents	\$ 888,722	\$ 996,555
Current Restricted Cash and Cash Equivalents	\$ 481,109	\$ 594,749
Noncurrent Restricted Cash and Cash Equivalents	\$ 407,613	\$ 401,806

Collateral for Deposits

Under the *California Government Code*, California banks and savings and loan associations are required to secure deposits made by state or local governmental units by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. INVESTMENTS

Credit Risk – Investments

California Government Code, Section 53601, limits investments in commercial paper to “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The District has no investment policy that would further limit its investment choices. The District’s investments are unrated.

Fair Value Measurements

The District categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2021:

- Publicly traded stock of \$16,240 is valued daily based on the closing market price in the active exchange markets (level 1 inputs).

Concentration of Credit Risk – Investments

California Government Code, Section 53601, places the following concentration limits on the District’s investments:

No more than 10% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises and where otherwise noted; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 40% may be invested in bankers’ acceptances and no more than 30% may be invested in bankers’ acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; no more than 30% may be invested in medium-term notes; no more than 20% may be invested in mortgage passthrough and related securities; and no more than 30% may be invested in certain unsecured, unsubordinated obligations.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. CAPITAL ASSETS

Capital assets activity is as follows:

Year Ended June 30, 2021	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciated Capital Assets				
Land	\$ 69,196	\$ -	\$ -	\$ 69,196
Depreciated Capital Assets				
Buildings and improvements	11,561,004	-	-	11,561,004
Office equipment	57,209	-	57,209	-
Machinery and equipment	629,241	124,678	13,856	740,063
Total Depreciated Capital Assets	12,247,454	124,678	71,065	12,301,067
Totals at Historical Cost	12,316,650	124,678	71,065	12,370,263
Less: Accumulated Depreciation				
Buildings and improvements	6,560,442	222,755	-	6,783,197
Office equipment	57,209	-	57,209	-
Machinery and equipment	562,661	51,295	8,083	605,873
Total Accumulated Depreciation	7,180,312	274,050	65,292	7,389,070
Total Depreciated Capital Assets - Net	5,067,142	(149,372)	5,773	4,911,997
Capital Assets - Net	\$ 5,136,338	\$ (149,372)	\$ 5,773	\$ 4,981,193

5. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt:

Year Ended June 30, 2021	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
State water resource loan	\$ 391,595	\$ -	\$ 10,749	\$ 380,846	\$ 11,221
1978 Assessment District No. 2	22,005	-	22,005	-	-
Filter plant expansion	1,652,971	-	196,470	1,456,501	202,279
RCAC equipment loan	-	120,000	12,170	107,830	14,004
Total	\$ 2,066,571	\$ 120,000	\$ 241,394	\$ 1,945,177	\$ 227,504

State Water Resource Loan

The District was ordered to construct and operate backwash recycling procedures at the filter plant. Total project costs equaled \$933,143, with half of the money provided through a grant and the other half, \$431,170, from a 1.7% low interest loan through the State Revolving Fund, State Water Resources Control Board.

Loan payments began in June 2019, with a loan duration of 30 years. Construction began in 2016 and was completed in early 2018.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Future payments of principal and interest to maturity are as follows:

Year Ending June 30	State Water Resource Loan		
	Principal	Interest	Total
2022	\$ 11,221	\$ 6,468	\$ 17,689
2023	11,412	6,277	17,689
2024	11,606	6,083	17,689
2025	11,803	5,886	17,689
2026	12,004	5,685	17,689
2027-2031	63,151	25,294	88,445
2032-2036	68,704	19,741	88,445
2037-2041	74,745	13,700	88,445
2042-2046	81,319	7,126	88,445
2047-2048	34,881	882	35,763
Totals	\$ 380,846	\$ 97,142	\$ 477,988

1978 Assessment District No. 2 Loan

In 1980 (1978 Special Assessment bonds were issued in 1980), the District issued bonds in the amount of \$481,400 to the Farmers Home Administration for system construction. The interest rate was 5% per issue. Principal was paid annually with interest payments due in January and July. Principal and interest payment on the 1980 series debt were paid from the proceeds of special tax assessments. The final payments on the loan were made during the year ended June 30, 2021.

Filter Plant Expansion Loans

Under the Safe Drinking Water Bond law of 1988, the Department of Water Resources provided two loans totaling \$4,600,000.

Upon completion of the project, the District commenced semiannual payments to the State for a period not to exceed 30 years until the principal amount of the loans is paid in full.

These are level annual repayments of principal and interest on the loans, based on a standard semiannual payment loan amortization method to be determined by the State. The standard loan amortization method incorporates the outstanding loan principal and the loan interest rates of 2.973% and 2.542% of the first and second loans, respectively.

Loan principal and interest payments are due and payable within 30 days from the date of the invoice. The first semiannual payment was due and payable October 1, 1997. The remaining amounts shall be made semiannually thereafter, commenced on April 1, 1998, until the principal amount of the loans is repaid in full. The final semiannual payment will be in an amount equal to the then unpaid portion of the principal amount of the loans plus interest accrued.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Future payments of principal and interest to maturity are as follows:

Year Ending June 30	Filter Plant Expansion Loans		
	Principal	Interest	Total
2022	\$ 202,279	\$ 40,937	\$ 243,216
2023	208,260	34,957	243,217
2024	214,418	28,799	243,217
2025	220,759	22,458	243,217
2026	227,286	15,930	243,216
2027-2029	383,499	11,631	395,130
Totals	\$ 1,456,501	\$ 154,712	\$ 1,611,213

Rural Community Assistance Corporation (RCAC) Equipment Loan

In November 2020, the District purchased a dump truck and a trailer for \$97,581, financed by a \$120,000 loan from the Rural Community Assistance Corporation (RCAC). The remaining loan proceeds were used for loan closing costs, modifications to the equipment, and other District maintenance costs. The interest rate on the loan is charged at 5% annually. The first payment of principal and interest was due October 13, 2020, with each payment due monthly thereafter until maturity, on September 1, 2027.

Future payments of principal and interest to maturity are as follows:

Year Ending June 30	RCAC Equipment Loan		
	Principal	Interest	Total
2022	\$ 14,004	\$ 4,653	\$ 18,657
2023	16,025	4,327	20,352
2024	16,845	3,507	20,352
2025	17,707	2,646	20,353
2026	18,613	1,740	20,353
2027-2028	24,636	830	25,466
Totals	\$ 107,830	\$ 17,703	\$ 125,533

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. NET PENSION LIABILITY

Qualified employees are covered under a cost-sharing multiple-employer defined benefit pension plan maintained by the California Public Employees' Retirement System (CalPERS).

Summary

Net pension liability, deferred outflows or resources, deferred inflows of resources, and pension expense are reported as follows:

June 30, 2021	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Public Agency Pool	\$ 1,747,920	\$ 410,032	\$ 116,889	\$ 329,896

Net pension liability, deferred outflows of resources, and deferred inflows of resources are reported in the accompanying statement of net position; pension expense is reported in the accompanying statement of revenues, expenses, and changes in net position.

Plan Description All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report (CAFR), which is available online at www.calpers.ca.gov.

Benefits Provided The California Public Employees' Pension Reform Act (PEPRA) took effect January 1, 2013 and changed the way CalPERS retirement and health benefits are applied and placed limits on member compensation. Employees hired after PEPRA are eligible for retirement as early as age 52 with five years of service, and employees hired prior to PEPRA are eligible for retirement as early as age 50 with five years of service. For employees hired before PEPRA, at age 55, the employee is entitled to a monthly benefit of 2.7% of the highest three years of compensation for each year of service. For employees hired after PEPRA, at age 62, the employee is entitled to a monthly benefit of 2.0% of the highest three years of compensation for each year of service.

Retirement after age 55 will increase the percentage rate to a maximum of 2.7% for employees hired before PEPRA and to a maximum rate of 2.5% at age 67 for employees hired after PEPRA. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from CalPERS, members' accumulated contributions are refundable with interest credited through the date of separation.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Contributions For employees hired before PEPR, active plan members are required to contribute 7.0% of their salary. For employees hired after PEPR, active plan members are required to contribute 6.25% of their salary. Also, the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. For employees hired before PEPR, the required employer contribution rate for the fiscal year ended June 30, 2021, was 14.194% (miscellaneous) or 8.794% (miscellaneous, second tier) of annual payroll. For employees hired after PEPR, the required employer contribution rate for the fiscal year ended June 30, 2021, was 7.732% of annual payroll. The District's contributions to CalPERS for the fiscal year ended June 30, 2021 were \$229,216, and equaled 100% of the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension At June 30, 2021, the District reported a net pension liability of \$1,747,920 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts and the State, actuarially determined. At June 30, 2021, the District's proportion was 0.04144%.

For the year ended June 30, 2021, the District recognized pension expense of \$329,896. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 12,466
Differences between expected and actual experience	90,075	-
Net difference between projected and actual earnings on pension plan investments	51,925	-
Changes in proportion	-	66,028
Differences between actual and proportionate share of contributions	38,816	38,395
District contributions subsequent to the measurement date	229,216	-
Total	\$ 410,032	\$ 116,889

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The \$229,216 reported as deferred outflows of resources related to the pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Years Ending June 30	
2022	\$ 942
2023	21,862
2024	16,220
2025	24,903
Total	\$ 63,927

Actuarial Assumptions The total pension liability in the June 30, 2021, actuarial valuation were determined using the following actuarial assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by age and service
Investment rate of return	7.15%

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 adjusted to account for assumed administrative expenses.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The tables below reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Rate of Return	
		Years 1 - 10	Years 11+
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	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%		

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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at a statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share 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 if it were calculated using a discount rate that is one percent point lower (6.15%) or one percent point higher (8.15%) than the calculated rate:

June 30, 2021	1% Decrease	Current	1% Increase
	(6.15%)	Discount Rates (7.15%)	(8.15%)
District's proportionate share of the net pension liability	\$ 2,601,723	\$ 1,747,290	\$ 1,042,450

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

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The District has established a Retiree Healthcare Plan (HC Plan) under the CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA), and participates in an agent multiple-employer defined benefit retiree healthcare plan. The HC Plan provides lifetimes healthcare insurance for eligible employees and their eligible family members through the District's group health insurance plan, which covers both active and retired members. The HC Plan does not issue a separate stand-alone financial report.

Benefits Provided

The HC Plan provides employees who retire directly from the District, at the applicable minimum CalPERS retirement age of 50 or 52 (as described in note 6), with a minimum of ten years of CalPERS service credit (at least five years of which must be service to the District), payments for CalPERS medical insurance premiums for employee plus dependents, starting at 50% of the employer contribution and increasing 5% per year, up to 100% in the 20th year of service. The maximum benefits are set annually. At the measurement date of June 30, 2020, the monthly benefit caps were \$767 single, \$1,461 retiree plus spouse, and \$1,868 family.

Employees Covered

Employees covered by the benefit terms of the HC Plan consisted of:

June 30, 2021

Inactive HC Plan members or beneficiaries currently receiving benefit payments	6
Active HC Plan members	9
Total	15

Contributions

Benefit provision are established and may be amended by the District's Board of Directors. The HC Plan provides for the District to contribute 100% of the cost of health insurance premiums for retiree and their eligible family members. For the fiscal year ended June 30, 2021, the District contributed \$106,428 representing premium payments on behalf of retired employees. In addition, the District made a prefunding contribution of \$100,000 to the CalPERS Employee Retirement Benefit Trust (CERBT).

Net OPEB Liability

The District's net OPEB liability for the HC Plan is measured as the total OPEB liability, less the HC Plan's fiduciary net position. The net OPEB liability of the HC Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The June 30, 2021, total OPEB liability was based on the actuarial methods and assumptions as shown below.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.00%
Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rate	5.40% ⁽¹⁾

(1) Decreasing to an ultimate rate of 4.00% in year 2076 and later.

Mortality is based on CalPERS 2017 Experience Study. CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. The table includes mortality improvements using the MW Scale 2020 generationally.

Long-Term Expected Rate of Return

As of June 30, 2021, the long-term expected rates of return for each major investment class in the HC Plan's portfolio are as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	
		Years 1 - 10	Years 11+
Global equity	59%	4.80%	5.98%
Fixed income	25%	1.10%	2.62%
REITs	8%	3.20%	5.00%
Treasury Inflation Protected Securities	5%	0.25%	1.46%
Commodities	3%	1.50%	2.87%
Total	100%		

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB Statement No. 75 requires that the discount rate used for valuing liabilities is based on the yield or index rate for the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to fund the OPEB liabilities, GASB Statement No. 75 allows use of a rate up to the expected rate of return on the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate. As the District holds a prefunding trust, the discount rate is based on the expected rate of return on HC Plan investments. As of June 30, 2021, the discount rate is 7.00%.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Changes in the Net OPEB Liability

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

Year Ended June 30, 2021	
Total OPEB Liability	
Service cost	\$ 62,326
Interest	99,514
Benefit payments - including refunds of employee contributions	(111,714)
Net Change in Total OPEB Liability	50,126
Total OPEB Liability - Beginning of Year	1,415,166
Total OPEB Liability - End of Year (a)	1,465,292
Plan Fiduciary Net Position	
Contributions - employer	111,714
Net investment income	39,437
Benefit payments - including refunds of employee contributions	(111,714)
Administrative expense	(547)
Net Change in Plan Fiduciary Net Position	38,890
Plan Fiduciary Net Position - Beginning of Year	1,116,381
Plan Fiduciary Net Position - End of Year (b)	1,155,271
Net OPEB Liability - End of Year ((a) - (b))	\$ 310,021
Plan fiduciary net position as a percentage of the total OPEB liability	78.84%
Covered-employee payroll	\$ 921,757
District's net OPEB liability as a percentage of covered-employee payroll	33.63%

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

The following presents the District's net OPEB liability calculated using the discount rate of 7.00%, as well as the District's net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

June 30, 2021	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	\$ 496,180	\$ 310,021	\$ 156,219

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

The following presents the District's net OPEB liability calculated using the healthcare cost trend rate of 5.40%, as well as the District's net OPEB liability if it was calculated using a healthcare trend rate that is one percentage point lower (4.40%) or one percentage point higher (6.40%) than the current rate:

June 30, 2021	1% Decrease (4.40%)	Health Cost Trend Rates (5.40%)	1% Increase (6.40%)
Net OPEB liability	\$ 150,527	\$ 310,021	\$ 504,066

Plan Fiduciary Net Position

Detailed information about the HC Plan's fiduciary net position is available from CalPERS which issues a publicly available financial report on CERBT that can be obtained at www.calpers.ca.gov.

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

For the year ended June 30, 2021, the District recognized OPEB expense of (\$49,981). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 632,698
Net difference between projected and actual earnings on HC Plan investments	34,907	-
Change in assumptions	49,155	-
District contributions subsequent to the measurement date	206,428	-
Total	\$ 290,490	\$ 632,698

Amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30

2022	\$ (134,240)
2023	(131,093)
2024	(128,602)
2025	(105,068)
2026	(49,633)
Total	\$ (548,636)

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. RESTRICTED NET POSITION

Restricted net position consists of assets that are restricted by external parties. These purposes and amounts are outlined in note 2.

9. RISK MANAGEMENT

The District has obtained general liability, auto liability, public officials' liability, workers' compensation, and property coverage through the Association of California Water Agencies - Joint Powers Insurance Authority (JPIA), a joint powers authority of the California public water agencies.

June 30, 2021	JPIA Pooled Amount	Commercial Insurance Additional Coverage
General, auto, and public officials' liability	\$ 5,000,000	\$ 55,000,000
Cyber	\$ -	\$ 5,000,000 *
Workers' compensation	\$ 2,000,000	\$ 4,000,000
Property coverage	\$ 100,000	\$ 500,000,000

**\$5,000,000/occurrence, \$5,000,000 aggregate*

Each member's share of pooled insurance costs depends on the losses of all members. In addition, the cost to a member district will also depend on the loss experience of that district. Districts with a consistent record of costly claims will pay more than districts with a consistent record of less serious claims activity. Settled claims resulting from the risks identified above have not exceeded insurance coverage in the past three years. No significant reductions in insurance coverage from the prior year have been made.

A representative of each member district, appointed by the board of directors of that district, serves on the board of directors of the JPIA. The board of directors is responsible for deciding the risks the JPIA will underwrite, monitoring the costs of claims, and arranging financial programs. Each member of the board of directors has an equal vote in matters concerning the JPIA.

The District's share of year-end assets, liabilities, and fund equity is not calculated by the JPIA. Separately issued financial statements can be requested from the JPIA.

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. COMMITMENTS AND CONTINGENCIES

Federal Financial Assistance Program

The District participated in a federal financial assistance program for the repair and rehabilitation to the backwash pond due to damage caused by the Carr Fire in 2018. The program is subject to financial and compliance audits by the grantor or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

COVID-19

The novel coronavirus, COVID-19, was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The ongoing pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly-evolving situation. The impact of the pandemic on the District's operations and financial performance will depend on future developments, including government mandates and duration of the pandemic, all of which are uncertain and difficult to predict. As a result, it is not currently possible to assess the overall impact of COVID-19 on the District's future. However, if the pandemic continues, the disease could have a material adverse effect on the District's results of operations, financial condition, and cash flows. Management is monitoring the situation on a daily basis in order to mitigate the potential impact of COVID-19 on the District's operations and financial performance.

WIIN Act

The WIIN Act is a comprehensive federal legislation relating to water infrastructure. Section 4011 of Subtitle J outlines the authority and direction for the Secretary of the Interior to negotiate contracts for repayment terms, which may include prepayments, lump sum, or accelerated payments, on existing water service contracts. The contract amendment results in a perpetual repayment contract providing for Project Water Service and Facilities Repayment with the United States Bureau of Reclamation. While the amendment guarantees a perpetual contract, it does not guarantee a water allocation. A coalition of California environmental interest groups is challenging the validity of the perpetual contracts of nearly one hundred water purveyors throughout California, including the District. The outcome is uncertain and could result in reverting to the previous water service contract.

Project Commitments

Project commitments are as follows:

	Remaining Project Commitment
June 30, 2021	
Backwash repair and rehabilitation project	\$ 490,537

Clear Creek Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

11. SUBSEQUENT EVENTS

Water Purchases

In August 2021, the District entered into a water transfer agreement with the City of Redding to purchase 1,200 acre feet of water, for a total cost of \$460,790.

In March 2022, the District entered into a water transfer agreement with the McConnell Foundation to purchase 1,100 acre feet of water at a total cost of \$275,000. The terms of the agreement were later amended to increase the allocation to 1,120 acre feet, for a total cost of \$280,000.

Although water purchases are routine operations, these transactions are of note due to the high cost and limited availability of water during the current period of drought.

Line of Credit

In December 2021, the District obtained a \$250,000 line of credit from Tri-Counties Bank to cover water transfer agreement costs, which bears interest at 2% over the Wall Street Journal Prime Rate. At the time the line of credit was established, the interest rate was 3.25%. Accrued interest payments are due monthly, beginning January 20, 2022. The line of credit matures December 20, 2026, on which date all principal and accrued interest will be due and payable.

12. AUDIT REQUIREMENTS FOR CALIFORNIA SPECIAL DISTRICTS

Pursuant to *California Government Code*, Section 26909(b), the audit report is required to be filed with the California State Controller's Office within 12 months of the fiscal year-end under examination. The District did not comply with this requirement for the fiscal year ended June 30, 2021.

13. FUTURE GASB IMPLEMENTATION

In June 2017, GASB issued Statement No. 87, *Leases*. This statement improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2021, will have on the District's financial statements, if any.

Required Supplementary Information

Clear Creek Community Services District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2021	2020	2019
District's proportion of the net pension liability	0.04144%	0.04134%	0.04156%
District's proportionate share of the net pension liability	\$ 1,747,920	\$ 1,655,329	\$ 1,564,994
District's covered-employee payroll	\$ 1,130,360	\$ 1,100,107	\$ 1,175,201
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	158.89%	140.86%	151.03%
Plan fiduciary net position as a percentage of the total pension liability	72.76%	73.13%	71.95%

Years Ended June 30	2018	2017	2016	2015
District's proportion of the net pension liability	0.04126%	0.04201%	0.01802%	0.01663%
District's proportionate share of the net pension liability	\$ 1,626,577	\$ 1,459,355	\$ 1,236,614	\$ 1,034,741
District's covered-employee payroll	\$ 1,036,236	\$ 658,572	\$ 585,429	\$ 388,187
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	246.99%	238.15%	211.23%	266.56%
Plan fiduciary net position as a percentage of the total pension liability	67.69%	68.33%	72.89%	76.49%

See the accompanying notes to the required supplementary information.

Clear Creek Community Services District

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2021		2020		2019	
Contractually required contribution	\$	229,216	\$	156,457	\$	240,637
Contributions in relation to the contractually required contribution		(229,216)		(156,457)		(240,637)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	1,130,360	\$	1,100,107	\$	1,175,201
Contributions as a percentage of covered-employee payroll		20.28%		14.22%		20.48%

Years Ended June 30	2018		2017		2016		2015	
Contractually required contribution	\$	215,778	\$	169,347	\$	118,900	\$	93,933
Contributions in relation to the contractually required contribution		(215,778)		(169,347)		(118,900)		(93,933)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	1,036,236	\$	658,572	\$	585,429	\$	388,187
Contributions as a percentage of covered-employee payroll		20.82%		25.71%		20.31%		24.20%

See the accompanying notes to the required supplementary information.

Clear Creek Community Services District

SCHEDULE OF CHANGE IN DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

Years Ended June 30	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 62,326	\$ 74,074	\$ 71,741	\$ 60,882
Interest	99,514	147,921	137,704	141,292
Difference between expected and actual experience	-	(760,890)	-	(256,202)
Changes of assumptions	-	34,415	-	60,264
Benefit payments - including refunds of employee contributions	(111,714)	(76,316)	(66,554)	(66,228)
Net Change In Total OPEB Liability	50,126	(580,796)	142,891	(59,992)
Total OPEB Liability - Beginning of Year	1,415,166	1,995,962	1,853,071	1,913,063
Total OPEB Liability - End of Year (a)	1,465,292	1,415,166	1,995,962	1,853,071
Plan Fiduciary Net Position				
Contributions - employer	111,714	34,423	202,761	388,138
Net investment income	39,437	65,441	70,678	64,009
Benefit payments	(111,714)	(76,316)	(66,554)	(66,228)
Other expenses	-	-	(1,175)	-
Administrative expense	(547)	(233)	(474)	(345)
Net Change in Plan Fiduciary Net Position	38,890	23,315	205,236	385,574
Plan Fiduciary Net Position - Beginning of Year	1,116,381	1,093,066	887,830	502,256
Plan Fiduciary Net Position - End of Year (b)	1,155,271	1,116,381	1,093,066	887,830
Net OPEB Liability - End of Year ((a) - (b))	\$ 310,021	\$ 298,785	\$ 902,896	\$ 965,241
Plan fiduciary net position as a percentage of total OPEB liability	78.84%	78.89%	54.76%	47.91%
Covered-employee payroll	\$ 921,757	\$ 1,165,401	\$ 995,360	\$ 995,360
District's net OPEB liability as a percentage of covered-employee payroll	33.63%	25.64%	90.71%	96.97%

See the accompanying notes to the required supplementary information.

Clear Creek Community Services District
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB

Years Ended June 30	2021		2020		2019		2018	
Actuarially determined contribution	\$	91,560	\$	91,504	\$	151,451	\$	161,555
Contributions in relation to the actuarially determined contribution		206,428		111,714		34,423		202,761
Contribution Deficiency (Excess)	\$	(114,868)	\$	(20,210)	\$	117,028	\$	(41,206)
Covered-employee payroll	\$	921,757	\$	1,165,401	\$	995,360	\$	995,360
Contributions as a percentage of covered-employee payroll		22.40%		9.59%		3.46%		20.37%

See the accompanying notes to the required supplementary information.

Clear Creek Community Services District

SCHEDULE OF INVESTMENT RETURNS - OPEB

Years Ended June 30	2021	2020	2019	2018
Annual money-weighted rate of return - net of investment expense	6.73%	11.68%	12.85%	14.34%

See the accompanying notes to the required supplementary information.

Clear Creek Community Services District

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

1. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Changes in Benefit Terms

There were no significant changes of benefit terms during the measurement period ended June 30, 2020.

Changes in Assumptions

There were no changes in major assumptions during the measurement period ended June 30, 2020.

2. NET OPEB LIABILITY

Changes in Benefit Terms

There were no significant changes in benefit terms during the measurement period ended June 30, 2020.

Changes in Assumptions

During the measurement period ended June 30, 2020, the healthcare cost trend rate decreased 1.1% to 5.4%.

OTHER REPORTS SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Clear Creek Community Services District
Anderson, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clear Creek Community Services District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as item 2021-001 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Report on Compliance and Other Matters

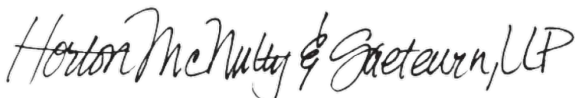
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our engagement and described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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



December 15, 2022

Chico, California

FINDINGS SECTION

Clear Creek Community Services District

SCHEDULE OF FINDINGS

June 30, 2021

INTERNAL CONTROL (Financial Reporting)

2021-001

Material Weakness

Condition Current-year audit procedures identified material adjustments needed to properly state the financial statements on the accrual basis. Bank reconciliations and other account reconciliations were not completed throughout the year.

Criteria Accounting records must be maintained on the accrual basis of accounting to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Timely and complete reconciliation of all accounts must be in place. Internal control over financial reporting should be established and maintained to reduce the risk of misstatement to an acceptable level.

Effect Material misstatements were not identified by the District's internal control structure.

Cause The District experienced a turnover in key personnel. In addition, the general ledger software in use during the year under audit was not conducive to performing reconciliations within the software.

Recommendation We recommend that management use the accrual basis of accounting to record all transactions and implement procedures to ensure that all activity relating to the accounting period regularly reconciled and accurately captured.

Response The District's management will implement procedures to comply with the recommendation.

Clear Creek Community Services District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2021

ACCOUNTS RECEIVABLE

2020-001

Condition During the course of our audit we noted that the Water Customers Accounts Receivable Balance on the District's general ledger differed from the accounts receivable subsidiary ledger by \$197,223. This was caused by an accounting error to Water Customers Accounts Receivable Balance and does not appear to be a loss of revenue (see Cause). The account balance was corrected at June 30, 2020 (see Perspective).

Criteria The Water Customers Subsidiary accounts receivable ledger was not materially misstated based upon audit procedures performed. However, the District's management did not have the correct information during the year to use for decision-making because the subsidiary ledger was not reconciled to the general ledger.

Effect The Water Customers Accounts Receivable amount reported on the District's general ledger was materially misstated.

Cause The District does not reconcile their accounts receivable subsidiary ledger with the related general ledger balance.

Perspective The total Water Accounts Receivable Balance at June 30, 2020 was \$202,870 and the audit adjustment required to correct the balance was \$197,223 or 97% of the June 30, 2020 balance.

Recommendation We recommend that the District reconcile their customer accounts receivable subsidiary ledger to the general ledger to investigate and correct any errors or irregularities on a monthly basis.

Current Status Fully implemented.