

AGENDA

REGULAR MEETING OF RECLAMATION DISTRICT 900

FEBRUARY 17, 2022

Martha Guerrero, President

Norma Alcala, Trustee
Quirina Orozco, Trustee

Chris Ledesma, Trustee
Dawnte Early, Trustee

Greg Fabun, Interim General Manager/Secretary
Ralph Nevis, District Attorney

6:00 PM CALL TO ORDER

Pursuant to Government Code section 54953, as amended by Assembly Bill 361 (2021), and due to the State of Emergency declared by the Governor on March 4, 2020, members of Reclamation District 900 Board of Trustees and staff will participate in this meeting via a teleconference. To reduce the spread of COVID-19, members of the public may watch the meeting livestream at <https://youtu.be/PDqhXEgyPiw>. Those members of the public who wish to do so are invited to participate in the meeting via Zoom using the following access information: [Join Zoom meeting](#); or by phone +1 669 900 6833 US (San Jose). Meeting ID: 987 5494 7842; Passcode: 787137

If you need special assistance to participate in this meeting, please contact RD 900 at 916-371-1483. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.

GENERAL ADMINISTRATION – PART I

- 1A. PRESENTATIONS BY THE PUBLIC ON MATTERS NOT ON THE AGENDA WITHIN THE JURISDICTION OF THE DISTRICT. THE AGENCY IS PROHIBITED BY LAW FROM DISCUSSING ISSUES NOT ON THE AGENDA BROUGHT TO THEM AT THIS TIME.

CONSENT AGENDA – PART II

2. CONSIDERATION OF RESOLUTION 22-02-01 ADOPTING FINDINGS NECESSARY TO CONTINUE CONDUCTING RECLAMATION DISTRICT 900 BOARD MEETINGS VIA TELECONFERENCE PURSUANT TO ASSEMBLY BILL 361
Comment: This item seeks Board approval to continue remote (teleconference/videoconference) Board meetings by finding, pursuant to Assembly Bill 361 (AB 361), that the Board has reconsidered the circumstances of the state of emergency related to the COVID-19 Pandemic and that the Yolo County Public Health Officer continues to recommend measures to promote social distancing.
3. CONSIDERATION TO APPROVE THE RECLAMATION DISTRICT 900 ANNUAL FINANCIAL AUDIT REPORTS FOR FISCAL YEAR ENDED JUNE 30, 2021
Comment: This item presents to the Reclamation District 900 (RD 900/District) Board of Trustees (Board) the audited financial statements as of and for the year ended June 30, 2021, as well as the required communications from the auditor to the Board.
4. CONSIDERATION OF APPROVAL OF THE JANUARY 20, 2022 MEETING MINUTES

REGULAR AGENDA – PART III

5. DISTRICT PROJECT UPDATES
6. TRUSTEE COMMENTS
7. ADJOURN

I, Greg Fabun, Interim General Manager/Secretary, declare under penalty of perjury that the foregoing agenda for the January 20, 2022, meeting of Reclamation District 900 was posted on February 14, 2022, in the office of the City Clerk of the City of West Sacramento, 1110 West Capitol Avenue, West Sacramento, CA, and at the office of Reclamation District 900, 1420 Merkley Ave., Suite #4, West Sacramento, CA, and was available for public review.



Greg Fabun, Interim General Manager/Secretary
Reclamation District 900

All public materials related to an item on this agenda submitted to the District after distribution of the agenda packet are available for public inspection on the District's website at: www.rd900.org. Any document provided at the meeting by staff will also be available to the public. Any document provided at the meeting by the public will be available the next business day following the meeting.

MEETING DATE: February 17, 2022		ITEM # 2	
	SUBJECT:		
	<p align="center">CONSIDERATION OF RESOLUTION 22-02-01 ADOPTING FINDINGS NECESSARY TO CONTINUE CONDUCTING RECLAMATION DISTRICT 900 BOARD MEETINGS VIA TELECONFERENCE PURSUANT TO ASSEMBLY BILL 361</p>		
INITIATED OR REQUESTED BY: <input type="checkbox"/> Council <input checked="" type="checkbox"/> Staff <input type="checkbox"/> Other		REPORT COORDINATED OR PREPARED BY: Greg Fabun, Interim General Manager	
ATTACHMENT <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Information <input type="checkbox"/> Direction <input checked="" type="checkbox"/> Action	

OBJECTIVE

The objective of this report is to present sufficient information to the Reclamation District 900 (RD 900/District) Board of Trustees (Board) to continue remote (teleconference/videoconference) Board meetings by finding, pursuant to Assembly Bill 361 (AB 361), that the Board has reconsidered the circumstances of the state of emergency related to the COVID-19 Pandemic and that the Yolo County Public Health Officer continues to recommend measures to promote social distancing.

RECOMMENDED ACTION

Staff respectfully recommends that the Board adopt Resolution 22-02-01 finding that the Board has reconsidered the circumstances of the state of emergency and that the Yolo County Public Health Officer continues to recommend measures to promote social distancing.

BACKGROUND

Prior to the outbreak of the COVID-19 Pandemic (pandemic), the Ralph M. Brown Act (Brown Act) had numerous requirements for local government bodies wishing to meet remotely via teleconference or videoconference. These requirements are outlined in greater detail later in the report, but can generally be described as burdensome and, as a result, few bodies regularly met remotely.

In response to the outbreak of the pandemic, on March 4, 2020, Governor Gavin Newsom proclaimed a state of emergency related to the pandemic. That proclamation applies statewide and remains valid. On March 17, 2020, Governor Newsom issued Executive Order N-29-20 (Executive Order), which temporarily suspended certain Brown Act requirements. Namely, the Executive Order suspended requirements that:

- local bodies notice each teleconference location from which a member participates in a public meeting;
- each teleconference location be accessible to the public;
- members of the public be allowed to address the body at each teleconference conference location;
- the local body post agendas at all teleconference locations; and,
- at least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction.

Since that time, the Board has been conducting meetings via videoconference under the provisions of the Executive Order. On June 11, 2021—before the delta variant of COVID-19 was widespread in California—the Governor declared that the emergency Brown Act teleconferencing provisions would expire on September 30, 2021.

In light of the surge of COVID-19 spread since that time and recognizing a need for flexibility during future states of emergency, the Legislature passed, and the Governor signed AB 361. This legislation went into effect immediately upon the Governor's signing, September 16, 2021, and amended the Brown Act to add simplified procedures to make it easier to hold remote meetings during a state of emergency proclaimed by the Governor so long as certain other requirements are met.

In summary, the benefits of conducting remote meetings pursuant to AB 361 versus the alternative Brown Act procedure are as follows:

Brown Act Requirements (“Old Rules”)	AB 361 Rules
<ul style="list-style-type: none"> Agendas must be posted at each teleconference location All teleconference locations must be listed on the agenda 	<ul style="list-style-type: none"> Agendas do not need to be posted at each teleconference location
<ul style="list-style-type: none"> Each teleconference location must be accessible to the public, and the public must be allowed to offer comments from each location 	<ul style="list-style-type: none"> Local agencies do not need to allow public participation at each (or any) teleconference location, but instead must “clearly advertise” how members of the public can participate on the agenda Public participation must allow for either a call-in option or an internet-based service option to directly address the body in real-time during public comment In the event the meeting broadcast is disrupted, the meeting must pause until it is restored
<ul style="list-style-type: none"> At least a quorum of the legislative body must be present within the agency’s territory 	<ul style="list-style-type: none"> Legislative body members may participate from anywhere

ANALYSIS

AB 361 requires that legislative bodies make the following findings by majority vote within 30 days of each meeting held under the AB 361 exemptions to the Brown Act in order to continue conducting meetings remotely:

- a) The legislative body has reconsidered the circumstances of the state of emergency; and,
- b) Either: 1) the state of emergency continues to directly impact the ability of the members to meet safely in person; or 2) state or local officials continue to impose or recommend measures to promote social distancing.

The Board’s last meeting was held remotely pursuant to AB 361. The recommendation before the Board is to adopt Resolution 22-02-01 making these findings so that the District’s public meetings may continue via teleconference pursuant to AB 361. Staff recommends adopting the resolution at this time so that the Board may continue to meet via teleconference at its March 17, 2022, meeting. The conditions set forth by AB 361 allowing the continuation of meetings under certain exemptions from the Brown Act remain in place as both the Governor’s proclamation of state of emergency and the Yolo County Health Officer’s recommended measures to support social distancing are in effect.

Alternatives

The District’s primary alternatives are as follows.

1. Adopt Resolution 22-02-01, making the findings required by AB 361; or
2. Adopt Resolution 22-02-01, making the findings required by AB 361 with directed revisions; or
3. Decline to adopt Resolution 22-02-01, thereby not making the findings required by AB 361.

Staff is prepared to implement Alternative 1. Staff would discourage any substantive revisions under Alternative 2, as such revisions may not comply with AB 361. Staff would also discourage Alternative 3 as the Yolo County Health Officer’s guidance is to avoid large in person gatherings due to the COVID-19 pandemic.

Coordination and Review

This report was prepared in coordination with District counsel.

Budget/Cost Impact

There is no direct budget or cost impact associated with this item.

ATTACHMENT

1. Yolo County Health Officer's Memorandum Recommending Continuation of Remote Public Meetings
2. Resolution 22-02-01



COUNTY OF YOLO

Health and Human Services Agency

Karen Larsen, LMFT
Director

Aimee Sisson, MD, MPH
Health Officer

MAILING ADDRESS
137 N. Cottonwood Street • Woodland, CA 95695
www.yolocounty.org

Date: September 22, 2021

To: All Yolo County Boards and Commissions

From: Dr. Aimee Sisson, Health Officer

Subject: Remote Public Meetings

In light of the ongoing public health emergency related to COVID-19 and the high level of community transmission of the virus that causes COVID-19, the Yolo County Public Health Officer recommends that public bodies continue to meet remotely to the extent possible. Board and Commissions can utilize the provisions of newly-enacted AB 361 to maintain remote meetings under the Ralph M. Brown Act and similar laws.

Among other reasons, the grounds for the remote meeting recommendation include:

- The continued threat of COVID-19 to the community. As of September 22, 2021, the current case rate is 24.1 cases per 100,000 residents per day. This case rate is considered “high” under the Centers for Disease Control and Prevention’s (CDC) framework for assessing community COVID-19 transmission; and
- The unique characteristics of public governmental meetings, including the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in public governmental meetings, and the challenges of ensuring compliance with safety requirements and recommendations at such meetings.

Meetings that cannot feasibly be held virtually should be held outdoors when possible, or indoors only in small groups with face coverings, maximal physical distance between participants, use of a portable HEPA filter (unless comparable filtration is provided through facility HVAC systems), and shortened meeting times.

This recommendation is based upon current conditions and available protective measures. The Public Health Officer will continue to evaluate this recommendation on an ongoing basis and will communicate when there is no longer such a recommendation with respect to meetings for public bodies.

Davis

600 A Street
Davis, CA 95616
Mental Health (530) 757-5530

West Sacramento

500 Jefferson Boulevard
West Sacramento, CA 95605
Service Center (916) 375-6200
Mental Health (916) 375-6350
Public Health (916) 375-6380

Winters

111 East Grant Avenue
Winters, CA 95694
Service Center (530) 406-4444

Woodland

25 & 137 N. Cottonwood Street
Woodland, CA 95695
Service Center (530) 661-2750
Mental Health (530) 666-8630
Public Health (530) 666-8645

ATTACHMENT 2

RESOLUTION 22-02-01

A RESOLUTION OF RECLAMATION DISTRICT 900 ADOPTING FINDINGS NECESSARY TO CONTINUE CONDUCTING BOARD MEETINGS VIA TELECONFERENCE PURSUANT TO ASSEMBLY BILL 361

WHEREAS, since March 17, 2020, the Reclamation District 900 Board of Trustees (Board) has been meeting via video conference under certain exemptions from the Brown Act pursuant to Executive Order N-29-20; and

WHEREAS, on September 16, 2021, the Governor signed into law Assembly Bill (AB) 361 which created exemptions from some of the Brown Act requirements regarding teleconference or videoconference public meetings during declared states of emergency so long as certain other conditions are met (Government Code Section (54953(e))); and

WHEREAS, the Board met for the first time pursuant to AB 361 for its October 2021, regular meeting as allowed by AB 361; and

WHEREAS, the Board adopted resolutions at its regular or special monthly meetings since October 2021 making findings to allow continued meetings by teleconference as allowed by AB 361; and

WHEREAS, the law requires legislative bodies to make certain findings pursuant to AB 361 in order to continue meeting via teleconference under the Brown Act; and

WHEREAS, pursuant to Government Code section 8635 et seq., the Board has the authority during a state of emergency to take all actions necessary to perform its functions in the preservation of law and order, preservation of the furnishing of local services, and protection of life and property, which includes the authority to direct meetings to be held via teleconference pursuant to this Resolution; and

WHEREAS, the Governor's proclaimed state of emergency due to the COVID-19 pandemic dated March 4, 2020, applies statewide and remains in place; and

WHEREAS, the Yolo County Health Officer continues to recommend social distancing measures in the interest of public health.

NOW, THEREFORE, IT IS HEREBY PROCLAIMED AND ORDERED that:

1. A state of emergency proclaimed by the Governor remains in effect related to the COVID-19 pandemic; and
2. The Reclamation District 900 Board of Trustees has reconsidered the circumstances of the state of emergency; and
3. Local officials (the Yolo County Health Officer) continue to recommend measures to promote social distancing; and
4. The Reclamation District Board of Trustees may continue to meet via teleconference pursuant to Government Code Section (54953(e)).

PASSED AND ADOPTED this 17th day of February 2022, by the following vote:

AYES:

NOES:

ABSENT:

Martha Guerrero, RD 900 President

ATTEST:

Ralph R. Nevis, RD 900 Attorney

MEETING DATE: February 17, 2022

ITEM # 3

**SUBJECT:**

**CONSIDERATION TO APPROVE THE RECLAMATION DISTRICT 900
ANNUAL FINANCIAL AUDIT REPORTS FOR FISCAL YEAR ENDED JUNE 30, 2021**

INITIATED OR REQUESTED BY:
 Council Staff

 Other
REPORT COORDINATED OR PREPARED BY:

Greg Fabun, Interim General Manager

ATTACHMENT Yes No Information Direction Action
OBJECTIVE

The objective of this report is to present to the Reclamation District 900 (RD 900/District) Board of Trustees (Board) the audited financial statements as of and for the year ended June 30, 2021, as well as the required communications from the auditor to the Board.

RECOMMENDED ACTION

Staff respectfully recommends that the Board approve the draft audit reports as of and for the year ended June 30, 2021, as presented.

BACKGROUND

The financial statement audit for Reclamation District 900 as of and for the Fiscal Year ended June 30, 2021, was performed by Cropper Accountancy Corporation, an independent public accounting firm. The audit was conducted in accordance with U.S. generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*, the Single Audit Act Amendments of 1996.

ANALYSIS

The auditor's opinion is unqualified in that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reclamation District 900, California as of June 30, 2021, 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, as well as accounting systems prescribed for special districts by the Office of the California State Controller.

The auditors noted two material weaknesses to report to the Board.

2021-1 Segregation of Duties. With the transition to the new governance structure, the General Manager position inherited, or was delegated overly broad management responsibilities, including the signer on all bank accounts and authorizer of all invoices, while retaining edit access in the accounting system. Recommendations to correct include assigning separation of duties, removing edit access for the General Manager in the accounting system and to provide independent review and approval of key reconciliations and reports, nonstandard journal entries, timesheets, payroll changes, accrued vacation calculation.

Management Response: Removing editing access in the accounting system has been completed. Many of the recommended review and approval actions are in place, however they have not been documented as being reviewed and approved. The recommendations will be implemented through a combination of new procedures, checklists and signature approvals.

2021-2 Accrual of Reimbursable Grant Costs. This weakness occurred when the previous General Manager invoiced a granting agency (DWR) for costs incurred without ensuring that the invoice was entered into the accounting system as a receivable. The issue was further compounded when the funds were received and booked as revenue in the wrong fiscal year. Recommendations to correct is that all grant billings are entered into the accounting system and cross fiscal year accruals be independently reviewed and approved.

Management Response: Management staff will monitor all invoicing and receivables to ensure proper recording in the financial system. Support staff will also be trained for proper recording of receivables by fiscal year and the General Manager will review and approve accruals.

Alternatives

It is recommended that the Board accept the Audit Report. There are no alternatives.

Coordination and Review

This report was prepared in coordination with the District Accountant and District Counsel.

Budget/Cost Impact

There is no direct budget or cost impact associated with this item.

ATTACHMENT

1. Reclamation District 900 Annual Financial Audit Report

ATTACHMENT 1

RECLAMATION DISTRICT 900, CALIFORNIA
A Blended Component Unit of the City of West Sacramento

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

WITH INDEPENDENT AUDITORS' REPORTS THEREON

Year Ended June 30, 2021

RECLAMATION DISTRICT 900, CALIFORNIA

P.O. Box 673

West Sacramento, California 95691

Tel: (916) 371-1483

BOARD OF TRUSTEES

Elected Officials

**Martha Guerrero
Chris Ledesma
Quirina Orozco
Norma Alcala
Dawnte West**

**President
Trustee
Trustee
Trustee
Trustee**

DISTRICT MANAGEMENT

G. Fabun Acting District Manager and Secretary

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Reclamation District 900, California
West Sacramento, California

We have audited the accompanying financial statements of the governmental activities and major funds of Reclamation District 900, California, (the District) as of June 30, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reclamation District 900, California as of June 30, 2021, 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, as well as accounting systems prescribed for special districts by the Office of the California State Controller.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparisons (Schedule 1 and 2), the schedules of changes in net OPEB liability and related ratios (Schedule 3) and the Schedule of the District's OPEB Contributions (Schedule 4) identified as Required Supplementary Information (RSI) in the accompanying 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 RSI 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion to provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CROPPER ACCOUNTANCY CORPORATION
WALNUT CREEK, CALIFORNIA
February 10, 2022

BASIC FINANCIAL STATEMENTS

RECLAMATION DISTRICT 900, CALIFORNIA

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>
	<u>2021</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS:	
Cash	\$ 122,994
Pooled cash and investments in County Treasury	8,657,754
Assessments receivable, net of allowance for doubtful accounts	129,566
Receivable from RD 537	77,647
Grant reimbursement receivable	66,576
Prepaid expenses	95,601
Net OPEB asset	7,124
Fixed assets, net of accumulated depreciation	<u>14,900,343</u>
TOTAL ASSETS	24,057,605
DEFERRED OUTFLOWS OF RESOURCES - OPEB	<u>32,504</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,090,109</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES:	
Accounts payable and other accrued expenses	\$ 156,677
Payroll related accruals	25,789
Deferred revenue	<u>664</u>
Total liabilities	<u>183,130</u>
DEFERRED INFLOWS OF RESOURCES - OPEB	<u>80,557</u>
NET POSITION:	
Invested in capital assets, net of \$-0- related debt	14,900,343
Unrestricted	<u>8,926,079</u>
Total net position	<u>23,826,422</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 24,090,109</u>

See independent auditors' report and notes to these financial statements

RECLAMATION DISTRICT 900, CALIFORNIA

Statement of Activities
Year Ended June 30, 2021

	2021			
	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Contributions and Grants	Governmental Activities
GOVERNMENTAL ACTIVITIES:				
Flood Protection	\$ 2,042,761	\$ 795,142	\$ 66,576	\$ (1,181,043)
 GENERAL REVENUES:				
Property assessments				2,475,557
Interest				79,232
Unrealized gains on investments				(44,118)
Reimbursements and other				<u>9,667</u>
Total general revenues				<u>2,520,338</u>
 CHANGE IN NET POSITION				1,339,295
 NET POSITION, BEGINNING OF YEAR BEFORE MERGER				21,428,830
 Merger with annexed portion of Reclamation District No. 537				<u>1,058,297</u>
 NET POSITION, END OF YEAR				<u><u>\$ 23,826,422</u></u>

See independent auditors' report and notes to these financial statements

RECLAMATION DISTRICT 900, CALIFORNIA

Balance Sheet - Governmental Fund

June 30, 2021

	<u>Governmental Fund</u>	
	<u>2021</u>	
ASSETS		
ASSETS:		
Cash and cash equivalents	\$	122,994
Pooled cash and investments in County Treasury		8,657,754
Assessments receivable		129,566
Grants receivable		66,576
Prepaid expenses		<u>95,601</u>
TOTAL ASSETS	\$	<u><u>9,072,491</u></u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable and other accrued expenses	\$	162,580
Deferred revenue		<u>664</u>
Total liabilities		<u>163,244</u>
FUND BALANCES:		
Nonspendable		95,601
Committed		144,860
Unassigned		<u>8,668,786</u>
Total fund balances		<u>8,909,247</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u><u>9,072,491</u></u>

See independent auditors' report and notes to these financial statements

RECLAMATION DISTRICT 900, CALIFORNIA
 Reconciliation of the Balance Sheet of
 Governmental Fund to the Statement of Net Position - Government-wide
 June 30, 2021

	<u>2021</u>
TOTAL GOVERNMENTAL FUND BALANCES	\$ 8,909,247
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES BUT NOT INCLUDED IN THE GOVERNMENTAL FUND:	
Capital assets, net of accumulated depreciation, have not been included as financial resources in governmental fund activity.	14,900,343
OPEB related debt applicable to the governmental activities are not due and payable in the current period and accordingly are not report as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the gvoernment-wide statements for governmental activities.	
Net OPEB asset	7,124
Deferred outflows of resources related to OPEB	32,504
Deferred inflows of resources related to OPEB	(80,557)
Some of the revenue will be collected after year end, but is not available soon enough to pay for the current period's expenditures, and, therefore, is reported as unavailable revenue in the governmental funds.	77,647
Long-term liabilities, consisting of compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds	<u>(19,886)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 23,826,422</u></u>

See independent auditors' report and notes to these financial statements

RECLAMATION DISTRICT 900, CALIFORNIA
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Fund
Year Ended June 30, 2021

	Governmental Fund
	<u>2021</u>
REVENUES:	
Property assessments	\$ 2,475,557
Charges for services	1,025,919
Federal and state grants	66,576
Interest	79,232
Unrealized gains (losses) on investments	(44,118)
Reimbursements and other	<u>9,667</u>
Total revenues	<u>3,612,833</u>
 EXPENDITURES:	
Flood Protection:	
Operations and maintenance	355,149
Labor and related	872,991
Administration	330,241
Rehabilitation and capital outlay	<u>397,819</u>
Total expenditures	<u>1,956,200</u>
 CHANGE IN FUND BALANCES	 1,656,633
 FUND BALANCES, BEGINNING OF YEAR BEFORE MERGER	 6,410,001
 Merger with annexed portion of Reclamation District No. 537	 <u>842,613</u>
 FUND BALANCES, END OF YEAR	 <u><u>\$ 8,909,247</u></u>

See independent auditors' report and notes to these financial statements

RECLAMATION DISTRICT 900, CALIFORNIA

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2021

	<u>2021</u>
CHANGE IN FUND BALANCES - GOVERNMENTAL FUND	\$ 1,656,633
AMOUNTS REPORTED IN GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION IS DIFFERENT BECAUSE:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(285,520)
OPEB expense reported in the governmental fund includes the employer contributions made. In the Statement of Activities, OPEB expense includes the change in the net OPEB asset (liability) and related change in OPEB amounts for deferred inflows and deferred outflows of resources.	202,170
Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and, therefore, is reported as unavailable revenue in the governmental fund. This is the net change in unavailable revenue for the current period.	(230,778)
Change in the liability for compensated absences is not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources.	<u>(3,210)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,339,295</u></u>

See independent auditors' report and notes to these financial statements

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

1. DESCRIPTION OF THE DISTRICT AND SIGNIFICANT ACCOUNTING POLICIES

The District

Reclamation District 900, California (the “District”) was created by Act of the Legislature in the Statutes of 1911. The District is situated in Yolo County. The District operates under the laws of the Water Code of the State of California, Division 15, Sections 50000 through 53900.

On November 14, 2019, the Yolo Local Agency Formation Commission adopted a resolution reorganizing Reclamation District No. 900 as a Subsidiary District to the City of West Sacramento and is currently governed by the City Council.

By agreement dated October 21, 2019 and effective July 1, 2020 after detachment and annexation of Reclamation District No. 537 territory located within the boundaries of the City of West Sacramento, certain assets of Reclamation District No. 537 were transferred to Reclamation District No. 900. Those assets transferred include the following: (1) land rights and facilities, including the pumping plant; (2) land rights with regard to levees previously operated and maintained by Reclamation District No. 537, including roads, and (3) 93% of Reclamation District No. 537 funds on hand as of the reorganization date. In addition, the detached and annexed area will remain a separate Benefit Assessment Area from the current area of Reclamation District No. 900.

Reporting Entity

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service and a special financing relationship.

The District has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District’s financial statements. However, the City of West Sacramento (the City) exercises such oversight responsibility over the District since reorganization as a Subsidiary District in November 2019. The City Council transitioned as trustees of the District January 2020. Accordingly, the District’s financial statements will also be presented as a blended component unit of the City of West Sacramento as of and for the year ended June 30, 2021.

Basis of Presentation and the Measurement Focus of Accounting

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as applicable

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

to governmental units. As required by GASB, the basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Government fund financial statements
- Notes to the basic financial statements

Government-wide financial statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long term) economic resources and obligations of the reporting government are reporting in the government-wide financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and –like transactions are recognized when the exchange takes place. Such is the same approach used in the preparation of the fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government’s assessment pool if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function.

Fund financial statements – In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The District uses an availability period of 90 days for all revenues.

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect “available spendable resources”, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

As the District does not operate on a fee-for-service basis, but rather from property assessments, the accompanying financial statements are presented as a governmental fund basis, rather than on a proprietary fund basis.

Currently, the District has only one governmental fund, the General Fund. The General Fund is the general operating and maintenance fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The District has adopted a fund balance policy in accordance with GASB 54 requirements. The following fund balance classifications were adopted:

- **Nonspendable Fund Balance** – for funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact. Prepaid expenses are reflected as nonspendable fund balances in the accompanying financial statements.
- **Restricted Fund Balance** – for funds that are mandated for specific purposes by external parties, constitutional provisions, or enabling legislation. There are no restricted funds as of June 30, 2021.
- **Committed Fund Balance** – for funds set aside for specific purposes by the District’s highest level of decision-making authority (Board of Trustees) pursuant to formal action taken, such as a majority vote or resolution. These committed funds cannot be used for any other purpose unless the Board of Trustees removes or changes the specific use through the same type of formal action taken to establish the commitment. Board of Trustee action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined with the release of the financial statements.

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

The Board of Trustees has committed \$144,860 in funds to cover future OPEB costs as of June 30, 2021 and has set aside such funds in a separate account in the County Treasury.

- **Assigned Fund Balance** – for funds constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. As of June 30, 2021, the Board of Trustees has not assigned any funds.
- **Unassigned Fund Balance** – The residual positive net resources of the general fund in excess of what can properly be classified in one of the above four categories.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Governmental Fund Net Assets. The Statement of Revenues, Expenditures, and Changes in Fund Net Assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net assets. The Statement of Cash Flows of a proprietary fund provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 and all Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for its proprietary operations.

The District has no proprietary funds as of June 30, 2021.

Assessments

The District requires an annual special assessment for revenue to continue reclamation functions, specifically, the operation and maintenance of the internal drainage system. Compliant with Article XIID of the State Constitution, commonly referred to as Proposition 218, and the Proposition 218 Omnibus Implementation Act (Government Code §53750 et seq.), a balloting proceeding was conducted. Through this proceeding, property owners approved, and the board subsequently adopted, an assessment to begin collection in fiscal year 2018/2019 at a rate of \$381.02 per equivalent benefit unit. The board also has discretionary authority to increase such rate by up to 2.25 percent each following year, if deemed necessary, based on the annual change in the Construction Cost Index (CCI) for the 20-city average with Base Year 1913 = 100, published by the Engineering News-Record (ENR). For fiscal year 2020/2021, the board increased the assessment to \$393.07 per equivalent benefit unit from \$387.92 in the 2019/2020 fiscal year.

As stated in Note 1 and effective July 1, 2020, certain territory within the boundaries of the City of West Sacramento previously part of Reclamation District No. 537 and certain assets of Reclamation District No. 537 were transferred to Reclamation District No. 900. The detached and annexed area will remain a separate Benefit Assessment Area from the current area of Reclamation District No. 900 with a benefit assessment of \$0.20 per \$100 of assessed value for the fiscal year 2020/2021.

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

Yolo County bills and collects a majority of the assessments through property tax bills. Yolo County credits the general fund account maintained by the County Treasurer for 50% of the total assessment in December, 45% in April, and the remaining 5% in June. Those assessments unable to be added to the County Tax Bills are billed and collected directly by the District.

Budgets and Budgetary Accounting

State law does not require the District's governing board to adopt a budget. The District's governing board adopts a budget each year, which is used as a management tool.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2021, the District reported deferred outflows of resources related to OPEB, due to a change of assumptions and experience of investment gains/losses.

In addition to liabilities, the statement of net position reports 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 future period(s) and, accordingly, will not be recognized as an inflow of resources (revenue) until such time. As of June 30, 2021, the District reported deferred inflows of resources related to OPEB, due to a change of assumptions.

Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments

Investments are generally stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounts Receivable

Receivables are reflected at estimated net realizable value. As of June 30, 2021, an allowance for doubtful accounts of \$3,784 was estimated based on management judgment and the aging of delinquent receivables.

Capital Assets

Capital assets, which include level improvements, a pump station, and various types of equipment, are recorded as assets in the government-wide financial statements. For the fund financial statements, capital outlays are recorded as expenditures of the general fund. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation and recorded as capital contributions in the accompanying financial government-wide financial statements.

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

The District's capitalization thresholds are \$2,500 for office equipment, \$5,000 for field equipment, \$50,000 for pumps and improvements, and \$100,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase the values, change capacities, or extend the useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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

Asset Class	Years
Machinery and equipment	7
Vehicles	8
Generators	20
Pump Stations and levee improvements	15 - 50

Compensated Absences

Accumulated unpaid employee vacation benefits as well as 25% of untaken sick leave benefits are recognized as a liability of the District on the government-wide financial statements. The General Fund generally liquidates compensated absences. The balance at June 30, 2021 was \$19,886.

Net OPEB Liability

For purposes of measuring the Net OPEB liability, deferred outflows of resources, 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, if any, 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

Subsequent Events

Management has evaluated subsequent events through February 10, 2022, the date upon which the financial statements were available to be issued. Based on such evaluation, no additional adjustments to or disclosures in the financial statements were deemed necessary.

New Accounting Pronouncements

GASB 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 by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources 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 requirements of this Statement were originally effective beginning fiscal 2020 and has been postponed by one year as a result of GASB Statement No. 95 and was amended by GASB Statement No. 97. Management does not believe that the implementation of this standard will have a significant effect upon the District's financial reporting.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of this Statement (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information will also enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. This statement was originally effective beginning fiscal 2021 but has been postponed by one year as a result of GASB Statement No. 95. Management does not believe this statement will have any effect on the District's financial reporting.

GASB Statement No. 91, *Conduit Debt Obligations* – The primary 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 issuers, (2) arrangements with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

This statement is originally effective beginning fiscal 2022 but has been postponed by one year as a result of GASB Statement No. 95. Management does not believe this statement has any effect on the District's financial reporting.

GASB Statement No. 92 – *Omnibus 2020* – The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing certain practice issues during implementation and application of certain GASB statements. This statement addresses a variety of topics and includes specific provisions about the following:

- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.

The requirements of this Statement are effective in varying reporting periods by topic but generally for fiscal years beginning after June 15, 2021. This statement has no effect on the District's financial reporting.

GASB Statement No. 93 – *Replacement of Interbank Offering Rate* – This Statement applies to governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate. This Statement is originally effective beginning fiscal 2021 but has been postponed by one year as a result of GASB Statement No. 95. Management believes this Statement will have no effect on the District's financial reporting.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2023. The primary objective of this Statement is to improve financial reporting by requiring governments to report and disclose assets and liabilities related to these public/private partnership (PPP) arrangements consistently. The required disclosures will allow users to understand the scale and significance of a government's PPP and evaluate a government's future obligations and assets resulting from PPP relationships. This statement is effective beginning fiscal 2023. Since the District does not have any such arrangements, this statement will have no effect on the District's financial reporting.

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authority Guidance*. The objective of this statement is to provide temporary relief to governments in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements and

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

implementation guides. The postponements range from one year to 18 months as indicated in the statements listed above.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party’s information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange transaction. The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. Under this Statement, a government generally should recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term. The subscription asset should initially be measured as the sum of (1) the initial subscription liability, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalized implementation costs, less any incentives received for the vendor at or before the commencement of the subscription term. Management is evaluating the effect, if any, that this Statement may have on the District’s financial reporting.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, effective for fiscal years beginning after June 15, 2021 relative to Section 457 plans, while the remainder of the new Statement is effective immediately. The primary objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units without a governing board, and for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that a potential component unit without a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. In addition, this Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan, and clarifies that Statement No. 84 should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consist of the following:

	<u>2021</u>
Cash on hand	\$ 500
Deposits with Financial Institutions	122,494
Pooled Cash and Investments with County Treasury	<u>8,657,754</u>
Total Cash and Investments	<u>\$ 8,780,748</u>

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

The District has not adopted an investment policy. The District relies on the Yolo County Treasury to maintain investments in accordance with the State of California policies. The external investment pool with the Yolo County Treasury is described as follows:

Yolo County Treasury

As provided for by the California Government Code, the District maintains cash in the Yolo County Pooled Investment Fund (County Treasury). The County Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Investment gains and losses are proportionately shared by the participants as increases or reductions in earnings. The value of the pool shares in the County Treasury, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's portion in the pool.

The County Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County Treasury are either secured by federal depository insurance or are collateralized.

The County Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. Treasury notes and agency obligations, state registered warrants and municipal notes, local agency bonds, the State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit and repurchase or reverse repurchase agreements.

The County Treasurer is overseen by the Board of Supervisors Investment Committee, pursuant to Government Code, and must adhere to an annual investment policy that prohibits investments that have the possibility of returning a zero or negative yield if held to maturity.

Investments Authorized by the District's Investment Policy

The District invests in investment types authorized for the entity by the California Government Code 53601.

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 values to changes in market interest rates. The County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

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 risk is measured by the assignment of a rating by the nationally recognized statistical rating organization. As of June 30, 2021, the County Treasury is not rated.

The District has no limitation on the amount that can be invested in any one issuer beyond that stipulated in the California Government Code.

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 recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District and the California Government Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: the California Government Code requires that a financial institution secure deposits made by state and local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

All bank deposits as of June 30, 2021 are insured by the Federal Depository Insurance Corporation (FDIC).

Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available. Additional disclosure detail required by Government Accounting Standards Board Statement No. 3, No. 31, No. 40, and GASB Technical Bulletin 94-1, regarding cash deposits and investments, are presented in the financial statements of the County of Yolo for the year ended June 30, 2021.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2021, the District held no individual investments. All investments are held in pooled investments funds.

Within the external investment funds, deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments in such pooled funds are an uncategorized input not defined as Level 1, Level 2, or Level 3 input. The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

3. CAPITAL ASSETS

A summary of current-year changes to capital assets, the total of which is recorded in the government-wide statements, is shown as follows:

	<u>June 30, 2020</u>	<u>Merger July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2021</u>
Pump stations and related	\$ 14,984,743	\$ 596,938	\$ -	\$ -	\$ 15,581,681
Furniture and equipment	42,028	-	-	-	42,028
Vehicles and moving equipment	1,377,498	-	-	-	1,377,498
Construction in progress	<u>1,725,884</u>	<u>-</u>	<u>315,264</u>	<u>-</u>	<u>2,041,148</u>
	18,130,153	596,938	315,264	-	19,042,355
Accumulated depreciation	<u>(3,082,326)</u>	<u>(458,902)</u>	<u>(600,784)</u>	<u>-</u>	<u>(4,142,012)</u>
Net capital assets	<u>\$ 15,047,827</u>	<u>\$ 138,036</u>	<u>\$ (285,520)</u>	<u>\$ -</u>	<u>\$ 14,900,343</u>

4. RETIREMENT PLANS

The District provides pension benefits for all of its full-time employees through a defined contribution plan (a money purchase plan) of the Internal Revenue Code. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately upon employment. The District contributes 14% of the employees' salary each year. The District's contributions for each employee (and interest allocated to the employees' account) are fully vested after five years of continuous service. District contributions for, and interest forfeited by, employees who leave employment before six years of service are used to reduce the District's current-period contribution requirement.

The District contributed \$55,782 for the year ended June 30, 2021 to the money purchase plan, including available forfeitures. The plan is administered through the Equitable Company.

During the year ended June 30, 2020, the Board of Trustees approved an additional deferred compensation retirement plan under Section 457 of the Internal Revenue Code. As of June 30, 2021, such a retirement account has been established with CalPERS with the General Manager as Administrator. Partial funding is anticipated in the near future.

5. OTHER POSTEMPLOYMENT HEALTHCARE BENEFIT PLAN

Plan Description. The postemployment healthcare benefit plan was formally adopted by resolution in June 2015, though the District had been paying benefits for three retirees on a pay-as-you-go basis prior to adopting a formal plan. Postemployment medical benefits will be made to all qualifying retirees with benefits consistent with those offered to active employees (the district contribution is capped at 80% of the average of Sacramento area CalPERS rates). There is

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

dependent coverage but no survivor benefit. Retiree benefits are paid to employees who have attained age 60 with twenty years of service.

Funding Policy. During the year ended June 30, 2020, the District entered into a formal trust agreement with CalPERS to fund the Net OPEB liability and funded \$220,127 during the year ended June 30 2021. In addition, the District has committed and set aside funds at the County for this purpose in the amount of \$144,860 as of June 30, 2021.

Employees Covered

As of the June 30, 2021 actuarial valuation, the following number of current and former employees were covered by the benefit terms under the Plan:

Active employees	6
Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>9</u>

Contributions

The District's plan and its contribution requirements established by board resolution, the Employee Handbook and according to current year CalPERS rates for active employees (with an 80% contribution cap). For the fiscal year ended June 30, 2021, the District made benefit payments to the health plan provider of \$26,020 on a pay-as you-go basis.

Net OPEB Liability

The District's Net OPEB Liability was measured on June 30, 2021, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated June 30, 2021.

That valuation is based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.25%
Inflation	2.5% per annum
Salary Increases	2.75% per annum
Investment rate of Return	6.25%, based on the Building Block Method
Mortality Rate	Derived using CalPERS' 2017 Active Mortality Table for Miscellaneous and Schools Employees
Retirement rate	Derived using tables from the 2017 CalPERS 2.0% @62 rates for Miscellaneous Employees experience
Healthcare trend rate	4% per annum

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The discount rate has been set equal to the long-term expected rate of return on investments.

Changes in the OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability = (a) – (b)
Balance at June 30, 2020, measurement date	\$ 326,989	\$ 132,882	\$ 194,107
Changes recognized for the measurement period			
Service cost	19,488	-	19,488
Interest	21,042	31,004	(9,962)
Employer contributions	-	220,127	(220,127)
Administrative expenses	-	(151)	151
Experience (gains) losses	-	-	-
Benefit payments for retiree healthcare	(26,020)	(26,020)	-
Changes in assumptions	9,219	-	9,219
Net change in net OPEB liability	23,729	224,960	(201,231)
Balance as of June 30, 2021, measurement date	\$ 350,718	\$ 357,842	\$ (7,124)

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

The following presents the Net OPEB Liability of the District if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement period ended June 30, 2021:

	1% Decrease (5.25%)	Current Discount Rate	1% Increase (7.25%)
Net OPEB Liability (Asset)	\$ (32,856)	\$ (7,124)	\$ 40,922

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

The following presents the Net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement period ended June 30, 2021:

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

	1% Decrease <u>(3.0%)</u>	Current Trend Rate <u>(4.0%)</u>	1% Increase <u>(5.0%)</u>
Net OPEB Liability (Asset)	\$ (47,321)	\$ (7,124)	\$ 43,667

OPEB Plan Fiduciary Net Position

The District's Fiduciary Net Position is \$357,842 as the OPEB liability has been formally funded in a CERBT funding vehicle through a trust agreement with CalPERS (CERBT Asset Allocation Strategy 2).

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining Service lifetime (EARSL)

OPEB Expense and Deferred Outflows Related to OPEB

As of June 30, 2021, deferred inflows and outflows of resources related to OPEB are from the following sources:

	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
Differences between projected and actual return on assets	4,128	12,850
Differences between expected and actual experience	2,817	-
Changes in assumptions	<u>25,559</u>	<u>67,707</u>
Balance at June 30, 2021	<u>\$ 32,504</u>	<u>\$ 80,557</u>

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

Net OPEB expense for the year ended June 30, 2021 is derived as follows:

	<u>2021</u>
Service cost	\$ 19,488
Interest cost	21,042
Expected return on assets	(14,941)
Administrative expense	151
Recognition of experience gain (loss) deferrals	303
Recognition of assumption change deferrals	(6,249)
Recognition of investment (gain) loss deferrals	<u>(1,837)</u>
Net OPEB expense	<u>\$ 17,957</u>

Net OPEB expense does not include \$26,020 employer contributions for retiree healthcare benefits.

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

<u>Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense</u>		
Fiscal Year Ending June 30:	Net Deferred Inflows of Resources	Net Deferred Outflows of Resources
2022	\$ 4,340	\$ (12,123)
2023	4,340	(12,123)
2024	4,340	(12,123)
2025	2,964	(12,121)
2026	2,964	(8,910)
Thereafter	<u>13,556</u>	<u>(23,157)</u>
	<u>\$ 32,504</u>	<u>\$ (80,557)</u>

6. CONTINGENCIES

The District has programs for public liability and property damage. There have been no settlements related to these programs that exceed insurance coverage during the 2020-21 fiscal year. The District retains the risk for all loss exposure in excess of insurance coverage. Claims, expenditures, and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated.

The District periodically receives Federal, State, and local funds for specific purposes and is subject to compliance requirements. Such funding is subject to review and audit by the awarding agencies at their discretion. If such audits were to disallow any expenditure, the District could potentially be liable to return funds. Management believes that such amounts, if any, would not

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

have a significant effect on the financial position of the District. This is not considered a probable contingency and no liability has been reported on these financial statements.

7. LEASE COMMITMENTS

The District leases office space and equipment with minimum lease commitments during the next five years as follows:

<u>Fiscal Year Ending June 30:</u>	
2022	\$ 9,193
2023	-
2024	-
2025	-
2026	-

8. RELATED PARTY TRANSACTIONS

On November 14, 2019, the Yolo Local Agency Formation Commission adopted a resolution reorganizing Reclamation District No. 900 as a Subsidiary District to the City of West Sacramento, and the City Council became the new trustees of the District. The following summarizes cash receipts and disbursements, as well as accounts receivables from and payables to the City of West Sacramento, as of and for the year ended June 30, 2021 are as follows:

	<u>2021</u>
<u>Cash receipts:</u>	
Property assessments received	\$ 5,717
Operations and maintenance charges received from City of West Sacramento on behalf of WSAFCA	<u>795,142</u>
Total cash receipts from City of West Sacramento	<u>\$ 800,859</u>
<u>Cash disbursements:</u>	
Water and sewer charges paid	\$ 603
Other reimbursements and charges paid	<u>63,355</u>
Total cash disbursed to City of West Sacramento	<u>\$ 63,958</u>
Accounts receivable from the City of West Sacramento	<u>\$ 107,544</u>
Accounts payable to the City of West Sacramento	<u>\$ 29,421</u>

9. REORGANIZATION WITH RECLAMATION DISTRICT NO. 537

By agreement dated October 21, 2019 and effective July 1, 2020, pending detachment and annexation of Reclamation District No. 537 territory located within the boundaries of the City of West Sacramento, certain assets of Reclamation District No. 537 were transferred to Reclamation District No. 900. Assets transferred included the following: (1) land rights and facilities, including the pumping plant; (2) land rights with regard to levees previously operated and maintained by

RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements

Year Ended June 30, 2021

Reclamation District No. 537, including roads, and (3) 93% of Reclamation District No. 537 funds on hand, after settlement of accounts receivable and payable as of June 30, 2020. As of June 30, 2021, the District has recognized a receivable from Reclamation District No. 537 in the amount of \$77,647 due related to the reorganization.

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

RECLAMATION DISTRICT 900, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2021

	2021		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Assessments	\$ 2,430,272	\$ 2,475,557	\$ 45,285
Charges for services	730,786	1,025,919	295,133
Federal and state grants	189,000	66,576	(122,424)
Interest	10,000	79,232	69,232
Unrealized gains (losses) on investments	-	(44,118)	(44,118)
Reimbursements and other	9,000	9,667	667
Total revenues	3,369,058	3,612,833	243,775
EXPENDITURES:			
Flood Protection:			
Operations and maintenance	370,000	355,149	14,850
Labor and related	969,000	872,991	96,009
Administration	260,000	330,241	(70,240)
Repair, replacements, and rehabilitation	878,153	397,819	480,335
Total expenditures	2,477,153	1,956,200	520,954
CHANGE IN FUND BALANCE	891,905	1,656,633	(277,179)
FUND BALANCE, BEGINNING OF YEAR BEFORE MERGER	6,410,001	6,410,001	-
Merger with annexed portion of Reclamation District No. 537	-	842,613	-
FUND BALANCE, END OF YEAR	\$ 7,301,906	\$ 8,909,247	\$ (277,179)

RECLAMATION DISTRICT 900, CALIFORNIA
Schedule of Expenditures - Budget and Actual - General Fund
Year Ended June 30, 2021

	2021		Variance - Favorable (Unfavorable)
	Budget	Actual	
OPERATIONS AND MAINTENANCE:			
Facilities:			
Facilities - power	\$ 80,000	\$ 78,142	\$ 1,858
Facilities - fuel	5,000	24,739	(19,739)
Supplies and materials	10,000	-	10,000
Facilities - repairs	10,000	-	10,000
Shop equipment	20,000	-	20,000
Herbicide	60,000	60,570	(570)
Field services	5,000	50,618	(45,618)
Debris and trash disposal	25,000	22,377	2,623
Professional fees:			
Pesticide consultants	10,000	13,219	(3,219)
Engineering	40,000	14,862	25,138
Maintenance and other	5,000	750	4,250
Equipment:			
Fuel	40,000	-	40,000
Repair and servicing	20,000	34,422	(14,422)
Parts and supplies	20,000	43,813	(23,813)
Purchases	10,000	-	10,000
Rental	10,000	11,638	(1,638)
	<u>\$ 370,000</u>	<u>\$ 355,150</u>	<u>\$ 14,850</u>
LABOR AND RELATED:			
Compensation and related:			
Administrative salary and wages	\$ 170,000	\$ 168,361	\$ 1,639
Field salary and wages	350,000	264,096	85,904
Overtime	8,000	-	8,000
Payroll taxes	60,000	33,344	26,656
Medical insurance	75,000	91,152	(16,152)
Dental insurance	6,000	2,963	3,037
Retiree medical	165,000	220,127	(55,127)
Retirement plan	75,000	55,782	19,218
Workers' compensation insurance	50,000	27,573	22,427
Uniforms	5,000	5,055	(55)
Training and licensing	5,000	4,538	462
	<u>\$ 969,000</u>	<u>\$ 872,991</u>	<u>\$ 96,009</u>
ADMINISTRATION:			
Insurance	\$ 55,000	\$ 57,034	\$ (2,034)
Professional fees:			
Professional services - legal	45,000	54,990	(9,990)
Professional services - accounting and payroll	45,000	51,823	(6,823)
Professional services - assessment administration	30,000	31,644	(1,644)
Professional services - COWS shared services	-	29,421	(29,421)
Rent	15,000	15,000	-
Office:			
Office - utilities and janitorial	6,600	9,513	(2,913)
Office- supplies	13,400	11,432	1,968
Office - equipment	10,000	7,721	2,279
Memberships	10,000	10,770	(770)
Permits and fees	25,000	36,227	(11,227)
Other	5,000	14,665	(9,665)
	<u>\$ 260,000</u>	<u>\$ 330,240</u>	<u>\$ (70,240)</u>
REPAIR, REPLACEMENTS, AND REHABILITATION:			
Capital - facilities	\$ 707,449	\$ 347,350	\$ 360,099
Capital - levee related	170,704	50,468	120,236
	<u>\$ 878,153</u>	<u>\$ 397,818</u>	<u>\$ 480,335</u>

RECLAMATION DISTRICT NO. 900

Schedule 3 – Schedule of Changes in the Net OPEB Liability and Related Ratios
Measurement Period Ended June 30

Measurement Period	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB Liability:				
Service cost	\$ 19,488	\$ 20,549	\$ 37,674	\$ 36,666
Interest on the total OPEB liability	21,042	18,355	22,181	11,645
Changes in assumptions	9,219	20,846	(94,437)	-
Benefit payments	(26,020)	(16,601)	(14,810)	(14,240)
Experience (gains) losses	<u>-</u>	<u>3,423</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	23,729	46,572	(49,392)	34,071
Total OPEB liability - beginning	<u>326,989</u>	<u>280,417</u>	<u>329,809</u>	<u>295,738</u>
Total OPEB liability – ending (a)	350,718	326,989	280,417	329,809
Plan Fiduciary Net Position:				
Contribution - employer	220,127	152,001	-	-
Net investment income (loss)	31,004	(2,481)	-	-
Benefit payments	(26,020)	(16,601)	-	-
Administrative expense	<u>(151)</u>	<u>(37)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	224,960	132,882	-	-
Plan fiduciary net position - beginning	<u>132,882</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position – ending (b)	<u>357,842</u>	<u>132,882</u>	<u>-</u>	<u>-</u>
Net OPEB Liability (asset) – ending (a) –(b)	<u>\$ (7,124)</u>	<u>\$ 194,107</u>	<u>\$ 280,417</u>	<u>\$ 329,809</u>
Plan fiduciary net position as a percentage of the total OPEB liability	102%	41%	0%	0%

RECLAMATION DISTRICT NO. 900

Schedule 4 – Schedule of Changes in the Net OPEB Liability and Related Ratios
Measurement Period Ended June 30

Fiscal Year Ended June 30 ¹	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially Determined Contribution (ADC)	NA	NA	N/A	N/A
Contribution in relation to the ADC	\$220,127	\$152,001	\$ 14,810	\$ 14,640

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2021 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation Rate	2.5%
Payroll Growth Rate	2.75% per annum
Investment Rate of Return	6.25% per annum
Healthcare Cost Trend Rate	4% per annum
Retirement Age	2.0% @62
	The probabilities of retirement are based on the 2017 CalPERS Experience Study for Miscellaneous Employees experience
Mortality	Pre-retirement mortality probability based on 2017 Active Mortality Table for Miscellaneous and Schools Employees

¹ Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to ten years as information becomes available.

OTHER REPORT

DRAFT

**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 Trustees of
Reclamation District 900, California
West Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Reclamation District 900, California (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 and have issued our report dated February 10, 2022.

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) to determine the audit 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 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 and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule as item 2021-1 and 2021-2 to be material weaknesses.

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 deficiency 2021-3, described in the accompanying schedule, to be a significant deficiency.

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 determination of financial statement amounts. 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

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
February 10, 2022

Section II – Financial Statement Findings

Finding 2021-1 SEGREGATION OF DUTIES (Material Weakness)

Criteria: A key element in a system of internal control over financial reporting is separation of duties, reducing the risk of error and/or financial statement fraud, as well as risk of theft or mismanagement of funds. The functions of authorization, custody of assets, and recording in the books and records should be performed by separate individuals.

Condition: With the board transition, the new General Manager became the signer on all bank accounts and authorizer of all invoices, while retaining edit access in the accounting system. In addition, certain key reports and financial analysis (such as balance sheet reconciliations and nonstandard journal entries) do not evidence independent review and approval.

Cause: In prior years, certain elements of the system of internal control were performed by the board of trustees in order to provide segregation of duties (the authorization function). During the year ended June 30, 2021, duties had not yet been reassigned to ensure proper segregation.

Effect: The risk of error or fraud is more likely without adequate segregation of duties and independent oversight.

Recommendation: The organization can overcome the effects of a small accounting department by increasing staff or the level of supervision, as well as enlisting board members to perform some functions. Specifically we recommend the following:

- Design duties to ensure separation outlined above and include such duties in job descriptions
- Reassign edit access within the accounting system
- Provide for independent reviews and approvals of :
 - Key reconciliations and reports,
 - Nonstandard journal entries
 - Timesheets
 - Payroll changes
 - Accrued vacation calculation

Finding 2021-2 ACCRUAL OF REIMBURSABLE GRANT COSTS (Material Weakness)

Criteria: Generally accepted accounting principles require that costs reimbursable through grants and contracts be accrued as a receivable when costs are incurred rather than when billed.

Condition: Material audit adjustments were required to properly accrue grant receivables in the correct fiscal period.

Effect: Material revenues were not recorded in the correct fiscal year.

Cause: Grant invoices (via letter or government form) were not recorded in the accounting system when billed. We noted one grant billing prepared outside of the accounting system and not reflected as a receivable as of June 30, 2021.

Recommendation: The District should prepare all grant billings within the QuickBooks accounting system. Such accruals should be independently reviewed and approved.

Finding 2021 -3 FINANCIAL POLICIES AND PROCEDURES (Significant Deficiency)

Criteria: Formal financial policies and procedures are part of an effective system of internal control, strengthening the control environment.

Condition: The District has not yet documented their financial policies and/or procedures.

Effect: Without formal financial policies and procedures, the District cannot ensure that internal controls have been properly designed, including proper segregation of duties.

Recommendation: Financial policies and procedures should include, but not be limited to, the following:

- *Revenue recognition*
- *Segregation of duties and delegation of authority and reviews and approvals*
- *Balance sheet account reconciliations and the monthly close*
- *Key OPEB actuarial assumptions*
- *Grant billing and compliance*
- *Petty cash control and surprise counts*
- *Capital assets, including capitalization thresholds and depreciation method*
- *Vendor management*
- *Timesheet approvals and payroll processing*
- *General computer controls including access, data backup, and physical security*

**REGULAR MEETING OF THE
RECLAMATION DISTRICT 900
January 20, 2022
Minutes**

Pursuant to Government Code section 54953, as amended by Assembly Bill 361 (2021), and due to the State of Emergency declared by the Governor on March 4, 2020, members of the Reclamation District 900 Board of Trustees participated in this regular meeting using the Zoom meeting platform. To reduce the spread of COVID-19, members of the public were invited to watch the meeting livestream at <https://youtu.be/LdepbEcPh7c>.

The meeting was called to order at 6:04 PM by President Guerrero. Also in attendance at the meeting were: Trustees Ledesma, Orozco, Early and Alcalá; Interim General Manager Fabun and District Counsel Nevis.

GENERAL ADMINISTRATION – PART I

Entry No. 1

Heard General Administration Functions as follows:

A. None.

District Counsel Nevis reported that the Board met in closed session at 5:30 on the one personnel matter on the closed session agenda and took no reportable action.

CONSENT AGENDA – PART II

Entry No. 2

Consideration of Resolution 22-01-02 Adopting Findings Necessary to Continue Conducting Reclamation District 900 Board Meetings Via Teleconference Pursuant to Assembly Bill 361.

Entry No. 3

Consideration of Authorization to Amend the Shared Services Agreement with the City of West Sacramento.

Entry No. 4

Consideration of Approval of the Amended District Pay Scale.

Entry No. 5

Consideration of approval of the December 16, 2021 and January 7, 2022 meeting minutes.

MOTION: Orozco	SECOND: Ledesma	AYES: Guerrero, Ledesma, Orozco, Alcalá, Early
NOES: None	ABSTAIN: None	ABSENT: None

The Consent Agenda passed 5-0, by roll call vote.

REGULAR AGENDA – PART III

Entry No. 6

District Project Updates:

Interim General Manager Fabun reported out on the items contained in the Progress Report with additional information on the following.

Staff will work with EPS HR Consulting to conduct a second recruitment for the General Manager position. This recruitment will at no cost to the District.

SWIF: consultant (LWA) making good progress towards clearing/resolve encroachments.

Blacker Canal: Kickoff meeting with project team to be held on Jan 24. A site visit to meet w/ residents that expressed concern regarding potential impacts to habitat is scheduled for Jan 25.

Corp Yard Project: Project complete. Certificate of Occupancy expected any day and move expected in February. Triamid donated forklift to the District. President Guerrero and Board expressed desire for a proclamation and ribbon cutting to commemorate the new Corp Yard. Mr. Fabun answered questions about what equipment and office will be housed at the new Corp Yard.

Emergency preparedness training w/ City being postponed to date TBD due to rise in COVID cases.

Kinect Project (N/W corner of Jefferson and Lake Washington): Mr. Fabun reported that he is working with the City and the developer to reach a maintenance agreement/solution for the affected drainage canal as the project encroaches within 5-7 feet canal shoulder.

AB 921: President Guerrero reported that she is gathering legislative support for our bill, soon to be introduced by Senator Pan under a different number. She stressed the importance of the bill for the flood project and for the District and asked that the Board members jointly sign a letter of support once the bill is introduced.

WSAFCA: No funding for the Flood Project in the IIJA Spend Plan. Now counting on the end of the Continuing Resolution and passage of the FY 22 E&WD Appropriations Bill for the programmed New Start and construction funding. Lobbying effort now focused on extra \$17M in the FY 22 Corps Work Plan and aligning messaging for funding in the FY 23 President's Budget request.

Entry No. 7

None.

Entry No. 8

Adjourned at 6:27 PM

MOTION: Orozco
NOES: None

SECOND: Alcala
ABSTAIN: None

AYES: Guerrero, Ledesma, Orozco, Alcala, Early
ABSENT: None

The adjournment passed 5-0, by roll call vote.



Greg Fabun, Interim General Manager/Secretary
Reclamation District 900



Progress Report

February 17, 2021

ADMINISTRATION/FINANCE

ASSESSMENT ADMINISTRATION

No updates to report.

CORRECTIVE ACTION PLAN

The Board adopted a Corrective Action Plan (CAP) at a Special Board Meeting on March 25, that addresses the findings from the 2019/20 District Single audit. The following table shows progress for the remaining planned action as stated in the CAP:

Finding	Recommendation	Target Date	Complete Date
2020-3	Written policies and procedures to comply with "Uniform Guidance" for federal awards	2/28/22	In-Progress

SHARED SERVICES AGREEMENT

Agreement extended through September 26, 2022.

RECRUITMENTS

Second General Manager recruitment in progress. Applications have been slim.

COMPUTER/IT ASSESSMENT

An evaluation of the District's computer/IT systems was completed on April 12. Recommendations include computer upgrades, installation/use of Office 365, and creating a OneDrive account for the District for file sharing. A CIP budget request was approved by the Board in June with the adoption of FY 2021/22 budget. Staff is working with the City's IT division to recommend and spec the new equipment. It is expected to have the new equipment on board and operational for the transition to the new Drever Corp Yard facility later this fiscal year.

OPERATION AND MAINTENANCE

LEVEE MAINTENANCE

Nothing new to report. The tarped area is holding up well and is still on "standby" for repair at the end of flood season. Inspections of levees are performed weekly, and all areas remain in good condition.

DRAINAGE

Pump Station Maintenance: Routine/periodic maintenance at pump stations will continue throughout the rainy season.

Canal/Detention Facilities Maintenance: Application of herbicides to control broad leaf vegetation and routine maintenance of canals and detention facilities will continue throughout the rainy season.

Staff is also preparing and staging supplies and equipment for the move to the new Corp Yard, expected end of February.

SYSTEMWIDE INVESTMENT FRAMEWORK (SWIF)

WSAFCA is still waiting for a response/approval from the USACE on the final SWIF. LWA is continuing work to identify all levee encroachments and to research status on whether they are permitted by the CVFPB. Staff was able to amend the 2021 Flood Maintenance Assistance Program (FMAP) agreement to cover costs associated with this effort in 2021 (~\$10,600). Staff will also request an amendment to the 2022 FMAP Agreement to include SWIF costs.

PROJECTS

BLACKER CANAL STABILITY PROJECT

The notice of grant award from FEMA was received via Cal OES. The award was based on the total project cost at time of grant application (\$1.359M). The federal share is 75% (~\$1.02M). The District share is 25% (~\$340k). Staff will request additional grant funds to cover requirements from the USFW Biological Opinion (biological monitors, dewatering) and to account for increase cost of construction as it has been roughly 3 years since the original grant application was submitted. Cal OES has assured staff that the additional work will be covered. Construction is expected to occur in 2022.

Environmental: Staff is working with Marcus Bole & Associates to finalize the Mitigated Negative Declaration (MND) as well as permitting requirements with US Fish & Wildlife, the USACE, the RWQB and the CA Dept of Fish & Wildlife. Changes vacating the previous Administration's definitions of Waters of the US has complicated matters with the USACE for making jurisdictional determinations decisions.

Plans and Specifications: Plans are being updated to include additional cross sections and the dewatering requirement. The construction cost estimate will also be updated.

DREVER CORP YARD PROJECT

All work is complete, and the certificate of occupancy has been issued. Staff is getting quotes for movers. Hope to move end of February or early March depending on mover availability.

CalTrans Trash Capture Project

No update on this item.

PERIODIC LEVEE INSPECTIONS

DWR/USACE

No update on this item.

EMERGENCY PREPAREDNESS

2021 EMERGENCY PREPARATION/FLOOD SEASON COORDINATION

Emergency preparedness training with the City has been rescheduled to March 9.

COORDINATION WITH OTHER AGENCIES

SB 901 (PAN FLOOD CONTROL BILL)

Senator Pan has introduced the draft bill [SB 901](#). Key components of the bill include: 1) authorize the West Sacramento flood project; 2) Expand RD 900 boundaries to incorporate State MA 4; and 3) the Board of Trustees for RD 900 to be composed of 5 members selected and appointed by the City Council of the City of West Sacramento. Section 3 will likely face major opposition and may need to be removed as was done in previous bill iterations. Staff is working with the City's Public Relations Manager and the City's state lobbyist to move this legislation forward. The team is also working to gain support to include an extension of the SB 5 deadline to achieve 200-yr level of flood protection from 2025 to a later date, up to 2030.

CENTRAL VALLEY FLOOD PROTECTION BOARD (CVFPB)

No updates to report.

CITY OF WEST SACRAMENTO

Staff is coordinating with the City's Development Engineering Division on the Kinect Apartments to find a workable maintenance solution for the drainage canal that is on the southern border of the development (MC-10 discharge to main drain canal system).

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY (WSAFCA)

Congress is extending the current CR to March 11 and also making good progress on an FY 22 Omnibus Appropriations Bill, which would be completed before the end of the CR. The Omnibus Bill will include the New Start and \$17.9 M in construction funding for the West Sac Project. WSAFCA will request the Corps to include an additional \$17M in funding in the FY 22 Work Plan that will be issued within 60 days following passage of the Bill. Also due in March is the FY 23 President's Budget request. We would "expect" ~ \$62 million for the West Sac Project in the budget request; however, given the potential for overlap between the FY 22 Appropriations and FY 23 President's Budget Request, it is unclear what the level of funding will be.

FUTURE

March 17, 2022 – WSAFCA Board Meeting, 9 am

March 17, 2022 – RD 900 Board Meeting, 6 pm