



**RECLAMATION DISTRICT NO. 1000
BOARD OF TRUSTEES
REGULAR BOARD MEETING**

1633 GARDEN HIGHWAY
SACRAMENTO, CA 95833

**FRIDAY, DECEMBER 11, 2020
8:00 A.M.**

WEB & TELEPHONE MEETING ONLY

MODIFIED BROWN ACT REQUIREMENTS IN LIGHT OF COVID-19

In Compliance with CA Executive Orders N-25-20 and N-29-20 members of the Board of Trustees and members of the public will participate in this meeting by teleconference. The call-in information for the Board of Trustees and the public is as follows:

Please join the meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/810151517>

You can also dial in using your phone.

United States (Toll Free): 1 877 568 4106

United States: +1 (571) 317-3129

Access Code: 810-151-517

If you do not have the gotomeeting application downloaded, please allow yourself additional time prior to the meeting to install the free application on your computer, tablet or smartphone. The application is not required to participate via phone.

Any member of the public on the telephone may speak during Public Comment or may email public comments to kking@rd1000.org and comments will be read from each member of the public. During this period of modified Brown Act Requirements, the District will use best efforts to swiftly resolve requests for reasonable modifications or accommodations with individuals with disabilities, consistent with the Americans with Disabilities Act, and resolving any doubt whatsoever in favor of accessibility. Requests for reasonable modifications under the ADA may be submitted to the email address noted above, or by phone directly to the District.

All items requiring a vote of the Board of Trustees will be performed as a roll call vote to ensure votes are heard and recorded correctly. In addition, the meeting will be recorded and participation in the meeting via gotomeeting and/or phone will serve as the participants acknowledgment and consent of recordation.

AGENDA

1. PRELIMINARY

- 1.1. Call Meeting to Order
- 1.2. Roll Call
- 1.3. Approval of Agenda
- 1.4. Pledge of Allegiance
- 1.5. Oath of Office – Trustees Nick Avdis, Thomas Gilbert, Thomas Barandas, Debra G. Jones
- 1.6. Election of Board President and Vice President
- 1.7. Designation of Board Secretary
- 1.8. Conflict of Interest (*Any Agenda items that might be a conflict of interest to any Trustee should be identified at this time by the Trustee involved*)

2. PRESENTATIONS

- 2.1. No Scheduled Presentations

3. PUBLIC COMMENT (NON-AGENDA ITEMS)

Any person desiring to speak on a matter which is not scheduled on this agenda may do so under the Public Comments section. Speaker times are limited to three (3) minutes per person on any matter within RD 1000's jurisdiction, not on the Agenda.

Public comments on agenda or non-agenda items during the Board of Trustees meeting are for the purpose of informing the Board to assist Trustees in making decisions. Please address your comments to the President of the Board. The Board President will request responses from staff, if appropriate. Please be aware the California Government Code prohibits the Board from taking any immediate action on an item which does not appear on the agenda unless the item meets stringent statutory requirements (see California Government Code Section 54954.2 (a)).

Public comments during Board meetings are not for question and answers. Should you have questions, please do not ask them as part of your public comments to the Board. Answers will not be provided during Board meetings. Please present your questions to any member of RD 1000 staff via e-mail, telephone, letter, or in-person at a time other than during a Board meeting.

4. INFORMATIONAL ITEMS

- 4.1. [GENERAL MANAGER'S REPORT](#): Update on activities since the November 2020 Board Meeting.
- 4.2. [SUPERINTENDENT'S REPORT](#): Update on activities since the November 2020 Board Meeting.
- 4.3. [DISTRICT COUNSEL'S REPORT](#): Update on activities since the November 2020 Board Meeting.

5. CONSENT CALENDAR

The Board considers all Consent Calendar items to be routine and will adopt them in one motion. There will be no discussion on these items before the Board votes on the motion, unless Trustees, staff or the public request specific items be discussed and/or removed from the Consent Calendar.

- 5.1. APPROVAL OF MINUTES: Approval of Minutes from November 13, 2020 Regular Board Meeting.
- 5.2. TREASURER’S REPORT: Approve Treasurer’s Report for November 2020.
- 5.3. EXPENDITURE REPORT: Review and Accept Report for November 2020.
- 5.4. BUDGET TO ACTUAL REPORT: Review and Accept Report for November 2020.

6. SCHEDULED ITEMS

- 6.1. AUDITED FINANCIAL STATEMENTS YEAR END JUNE 30, 2020: Review and Receive the Audited Financial Statements for Year End June 30, 2020.
- 6.2. FINANCIAL PLAN: Review and Discuss Draft Comprehensive Financial Plan.

7. BOARD OF TRUSTEE’S COMMENTS/REPORTS

7.1. BOARD ACTIVITY UPDATES:

7.1.1. RD 1000 Committee Meetings Since Last Board Meeting

- Executive Committee (Smith & Burns) November 14, 2020
- Finance Committee (Gilbert, Smith, & Bains) December 1, 2020
- Executive Committee (Smith & Burns) December 2, 2020
- Finance Committee (Gilbert, Smith, & Bains) December 3, 2020

7.1.2. RD 1000 Committees No Meetings Since Last Board Meeting

- Legal Committee (Avis, Bains, & Christophel)
- Operations Committee (Smith, Lee-Reeder, & Christophel)
- Personnel Committee (Avis, Burns, & Christophel)
- Urbanization Committee (Burns, Gilbert, & Lee-Reeder)

7.1.3. Trustee’s Comments/Reports

8. CLOSED SESSION

- 8.1. No Scheduled Closed Session Items

9. ADJOURN



RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 4.1

TITLE: General Manager's Report – December 2020

SUBJECT: Update on activities since the November 2020 Board of Trustees Meeting

EXECUTIVE SUMMARY:

This Staff Report is intended to report the noteworthy activities and events of the District. Noteworthy activity from November included continued coordination on Natomas Levee Improvement Project with the United States Army Corps of Engineers, SAFCA and others, retirement of District Superintendent, Don Caldwell. In summary, the District had a productive and successful month. Our key activities and achievements are presented below:

BACKGROUND:

1. Administration Services

a. Comprehensive Financial Plan

- i. Worked with NBS to prepare draft Comprehensive Financial Plan for review by Finance Committee. Draft report was presented to Finance Committee on December 3, 2020.

b. District Election

- i. Coordination, preparation and conduction of the District's Election. Significant effort has been spent in consultation with District Counsel to prepare the election materials, including ballots, candidate statements, proxy forms and election guidelines.
- ii. Election was conducted on November 3, 2020. District received over 3,500 ballots. The Election Board confirmed the election results on November .

c. Human Resources

- i. The Operations Manager Position was advertised on October 30, 2020 and closes on December 30, 2020. The announcement was placed on the District's website and in CA Jobs Available. GM King also placed the announcement in trade/association publications.
- ii. On November 30, 2020, District Superintendent, Don Caldwell retired after nearly 28 years of service to the District.

2. District Operations

a. Routine Operations & Maintenance:

- i. District Crews continue to perform routine maintenance and operations of the District's infrastructure. See Agenda Item 4.2 (Superintendent's

TITLE: General Manager's Report – December 2020

Report) for more information regarding activities performed in November 2020.

3. Capital Improvement Projects

a. CIP Update

- i. District entered into Professional Services Agreement with KSN, Inc. on November 12, 2019. A kickoff meeting was held on December 2, 2019.
- ii. Condition Assessment and Facility Inventory finalized in December 2019.
- iii. KSN prepared Draft Final Report and presented the aforementioned report to the Board of Trustees on June 12, 2020.
- iv. On August 14, 2020, the Board of Trustees adopted the Capital Improvement Plan Update with minor revisions to the draft presented. The Final adopted CIP was provided to the Board on September 11, 2020.

b. Cal OES Grant

- i. GM King submitted an application on October 30, 2020 to Cal OES for grant funds to purchase mobile generators. Awaiting grant award announcement.

4. Natomas Levee Improvement Projects

a. Reach A

- i. The Corps issued its 95% plans for this reach early in August and 100% plans are due January 2021 which will address utility relocations and modifications to Pumping Plants 1A and 1B.
- ii. SAFCA is in the process of acquiring necessary right of way including 5 homes upstream of I-80 and 7 homes downstream; relocation assistance is being provided to existing residents of the acquired homes.
- iii. A virtual public meeting was held November 16; the issues raised by the public included tree removals, traffic safety and concerns about potential damage to homes due to construction activities
- iv. of trees will commence soon. Contract award is scheduled for September 2021 with cutoff wall and adjacent levee construction starting in spring 2022.

b. Reach B

- i. Clearing and grubbing has been completed including the removal of 3 residential structures.
- ii. Levee construction will commence in spring 2021 unless identified borrow sites become available sooner.

TITLE: General Manager's Report – December 2020

- iii. Design of the project to close the I-5 window crossing the Sacramento River in Reach B is complete but the bid process has been suspended pending negotiations between Caltrans and DWR/SAFCA on a framework agreement on all NLIP projects impacting Caltrans facilities.
- c. Reach C
 - i. The Reach C project was completed by SAFCA several years ago and the Districts' role is now providing annual maintenance activities in this reach.
- d. Reach D
 - i. The contract for reconstruction of Pumping Plant 4 is scheduled to be awarded by the end of 2020 with construction to commence in Spring 2021.
 - ii. The levee work on Reach D was completed last spring, but several "punch-list" items which impact District operations and maintenance have not been completed. The District continues to work with DWR and SAFCA to ensure the Corps' contractor addresses them to our satisfaction.
- e. Reach E
 - i. The Sacramento District design team has requested their partners at the Walla Walla District amend the previous plans to meet their standard for 65% design criteria. Despite the delay, 90% plans are still scheduled for January with contract award in July 2021 (construction 2022 and 2023).
 - ii. SAFCA and State DWR continue working on right of way acquisition.
- f. Reach F
 - i. Reach F is along the Natomas East Main Drain Canal from Sankey Road to Elverta Road. It is being designed concurrently with Reach G
 - ii. The Corps of Engineers and non-federal sponsors (NFS) held the 10% design review in August. The Corps preliminary design does not include cut-off walls but does include levee widening—currently on both land and waterside. NFS are recommending no waterside fill and will have our geotechnical consultant review the design which may suggest some cutoff walls and consistent design with Reach G.
 - iii. The project team reviewed the preliminary design and provided input on the proposed design. Current plans propose levee widening and potentially limited cutoff walls. Current schedule is for 35% plans by January 2021 with Contract Award in spring 2022.
- g. Reach G
 - i. Reach G is along the Natomas East Main Drain Canal from Elverta Road to south of Elkhorn Blvd. It is being designed concurrently with Reach F.

TITLE: General Manager's Report – December 2020

- ii. The Corps of Engineers and NFS held the 10% design review in August. The Corps preliminary design includes some limited cutoff walls and levee widening with landside slope flattening (3:1) and patrol road the entire length similar to Reach E.
 - iii. Next milestone is 35% plans in January 2021. Current schedule is for contract award in March 2022.
- h. Reach H
- i. Levee cutoff walls, slope flattening and levee restoration work has been completed for 2020. Patrol / maintenance road grading, fence relocations, and restoration of East Levee Road will continue into 2021 weather permitting.
 - ii. The permanent reconnection of the new discharge pipes placed during levee construction to the existing pipes at Pumping Plant 8 was completed except for two where the existing pipes that were found to have existing damage. A temporary connection for these two pipes was made for this flood season with a permanent fix proposed for 2021.
- i. Reach I
- i. Construction of the cutoff wall is complete.
 - ii. The separate contract (Reach I Contract 2) to construct a patrol / maintenance road and perform levee slope flattening has been delayed due to right of way acquisition issues with construction scheduled for 2023.

5. Miscellaneous

- a. DWR Flood Maintenance Assistance Program (FMAP)
- i. GM King received funding agreement for 2020/2021 FMAP application on December 4, 2019.
 - ii. As authorized by the Board on August 9, 2019 (RD 1000 Resolution No. 2019-08-05) GM King signed the funding agreement in January and returned to DWR for signatures.
 - iii. FMAP 2020/2021 Funding Agreement was executed in June 2020. District requested and received advance payment for the full grant amount.
 - iv. Vegetation Removal Solicitation for Proposals was issued in August 2020.
 - v. The District signed purchase order for the FMAP equipment purchases and received delivery of said vehicles in October 2020.
 - vi. District received one response to requests for bids for vegetation removal on September 1, 2020. General Manager King awarded contract to Emerald Services on September 9, 2020 as previously authorized by the Board of Trustees.

TITLE: General Manager's Report – December 2020

- vii. Emerald began vegetation removal on September 23, 2020.
 - viii. District was notified by DWR of approval of FMAP funds for 2021/2022 and anticipates award of contract in early 2021. District will receive \$792K in award in FY 2021/2022. General Manager King has signed the FMAP 2021/2022 Funding Agreement and submitted to DWR on October 7, 2020.
- b. Sacramento Area Flood Control Agency (SAFCA)
- i. Board Meeting – November 19, 2020 (Attachment No. 1)
- c. System Wide Improvement Framework (SWIF)
- i. The District submitted a revised SWIF to the Central Valley Flood Protection Board and the United States Army Corps of Engineers on August 31, 2020, awaiting approval.
- d. Natomas Basin Hydraulic Model
- i. The District issued a Request for Qualifications (RFQ) for the Natomas Basin Hydraulic Model Project on July 31, 2020.
 - ii. District received two responses on August 31, 2020.
 - iii. Board of Trustees approved contract with CESI on October 9, 2020.

ATTACHMENTS:

- 1. SAFCA Board Meeting – November 19, 2020

STAFF RESPONSIBLE FOR REPORT:



Kevin L. King, General Manager

Date: 12/07/2020



Board of Directors Action Summary of November 19, 2020 - 3:00 PM

WEBEX MEETING

Directors/Alternates Present: Burns,
Conant, Frost, Harris, Holloway, Jennings,
Kennedy, Nava Nottoli, Peters, Reeder, Shah

Directors Absent: Ashby

ROLL CALL

PUBLIC COMMENTS - *No public comments were received by the Clerk via email or postal service prior to the meeting. No members of the public requested to comment during the meeting.*

EXECUTIVE DIRECTOR'S REPORT

- 1 [Information - Executive Director's Report for November 19, 2020 \(Johnson\)](#)

CONSENT MATTERS

Motion by Director Holloway and seconded by Director Burns, to approve Resolution Nos: 2020-110; 2020-111; 2020-112; 2020-113; 2020-114; 2020-115; 2020-116; 2020-117; 2020-118; 2020-119; 2020-120; 2020-121; 2020-122; and 2020-123 of Consent Matters.

AYES: Burns, Conant, Frost, Harris, Holloway, Jennings, Kennedy, Nava, Nottoli, Peters, Reeder, and Shah

NOES: (None)

ABSTAIN: (None)

ABSENT: Ashby

RECUSAL: (None)

- 2 [Approving the Action Summary for October 15, 2020 \(Russell\)](#)

- 3 [Resolutions - Authorizing the Executive Director to Execute Two Year Government Relations Services Contracts \(Johnson\)](#)
 - A. Resolution No. 2020-110 - The Gualco Group, Inc.
 - B. Resolution No. 2020-111 - Dawson And Associates, Inc.
 - C. Resolution No. 2020-112 - Steinberg And Associates

- 4 [Resolution No. 2020-113 - Authorizing the Executive Director to Enter Into A Management Agreement with Omochumne-Hartnell Water District for Construction, Operation, and Maintenance of Groundwater Recharge Facilities \(Bardini\)](#)

- 5 [Resolution No. 2020-114 - Authorizing the Executive Director to Execute Contract No. 1529 with Sacramento Valley Conservancy to Hold a Conservation Easement at the Magpie Creek Floodplain Conservation Project Site \(Ghelfi\)](#)

- 6 [Resolution No. 2020-115 - Authorizing the Executive Director to Execute Amendment No. 4 to Contract No. 1447 with Monument ROW for Real Estate Project Management and Support Services \(Campbell\)](#)

- 7 [Resolution No. 2020-116 - Authorizing the Executive Director to Execute Amendment No. 5 to Contract No. 1466 with Parsons Government Services Inc. for Project Scheduling Development and Analysis Support Services Related to American River Common Features 2016 Projects \(Campbell\)](#)

- 8 [Resolution No. 2020-117 - Authorizing the Executive Director to Execute Amendment No. 3 to Contract No. 1369 with Psomas For Survey, Mapping, Right of Way Surveys and Right of Way Engineering Services Related to the Natomas Levee Improvement Project \(Bassett\)](#)

- 9 [Resolutions - Authorizing the Executive Director to Amend Contracts Related to the Bryte Landfill Remediation Project \(Tibbitts\)](#)

A. Resolution No. 2020-118 - Amendment No. 4 to the Voluntary Cleanup Agreement with the State of California, Department of Toxic Substances Control

B. Resolution No. 2020-119 - Contract Change Order No. 5 to Contract No. 4444, Yolo County, California

10 [Resolution No. 2020-120 - Consideration of the Final Supplemental Environmental Assessment/Environmental Impact Report on the American River Watershed Common Features 2016 Project, Sacramento River East Levee \("SREL"\) Contract 2 Project as a Responsible Agency and Approving the Recommended Project \(Ghelfi\)](#)

11 [Resolutions - Authorizing the Executive Director to Execute Agreements with the County of Sacramento for Repair of Roadways Damaged by Construction of the American River Watershed Common Features, Natomas Levee Improvement Project \(Bassett\)](#)

A. Resolution No. 2020-121 - Reach A

B. Resolution No. 2020-122 - Reach B

12 [Resolution No. 2020-123 - Authorizing the Executive Director to Execute a Contract with Kleinfelder, Inc. for Geotechnical and General Engineering Consulting Services on the Lower American River in Support of the American River Common Features 2016 Project \(Tibbitts\)](#)

SEPARATE MATTERS

13 [Public Hearing - Resolution of Necessity No. 2020-124 - Authorizing an Eminent Domain Action to Acquire Certain Real Property Interests in Sacramento County Assessor's Parcel Numbers 274-0220-054 for the Reach A Component of the Natomas Levee Improvement Project - Property Owner: John Perry, as Trustee of the John Perry Separate Property Trust, Dated December 27, 2018 \(Bassett\) Pursuant to Section 1245.240 of the Cal Code of Civil Procedure this Item requires a 2/3 or 9 Member Approval Vote to pass](#)

Chairman Kennedy opened the Public Hearing. Chairman Kennedy asked whether any members of the public were attending the meeting that would like to comment during the Public Hearing. The Clerk stated she had received an email from Mr. Perry's Counsel, stating they would not be commenting or appearing (Attachment 1). No other public comments were received. Chairman

Kennedy closed the Public Hearing. Motion by Director Harris and seconded by Director Conant to approve Resolution No. 2020-124.

AYES: Burns, Conant, Frost, Harris, Holloway, Jennings, Kennedy, Nava, Nottoli, Reeder, and Shah

NOES: (None)

ABSTAIN: (None)

ABSENT: Ashby and Peters

RECUSAL: (None)

RECIEVE AND FILE

ADJOURN

Respectfully submitted,
Lyndee Russell



RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 4.2

TITLE: Superintendent's Report – December 2020

SUBJECT: Update on Activities Since the November 2020 Board of Trustees Meeting

EXECUTIVE SUMMARY:

This Staff Report is intended to inform the Board and serve as the official record of the activities the District's field staff engaged in for the month of November 2020. As well as provide information regarding District facility use and local weather impacts on District facilities and river levels.

The Superintendent report was created to provide monthly updates to the Board of Trustees on field related activities within the District boundaries, as well as provide a historical record. This allows for the District and the public the opportunity to refer back to data trends over time regarding the weather impact on District facilities, crew activities, and local river and canal conditions as well as general District activities from month to month.

RECOMMENDATION:

There are no staff recommendations, the information provided is strictly informational.

ATTACHMENTS:

1. Superintendent's Report Data Sheet

STAFF RESPONSIBLE FOR REPORT:

Donald Caldwell, Superintendent

Date: 12/03/2020

Kevin L. King, General Manager

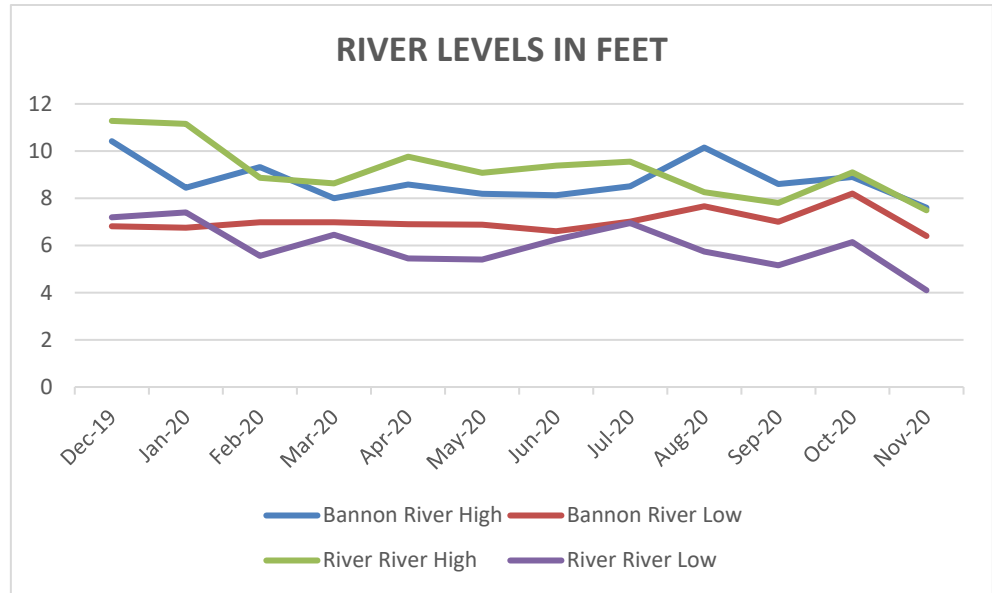
Date: 12/04/2020



**Superintendent's Report
November 2020**

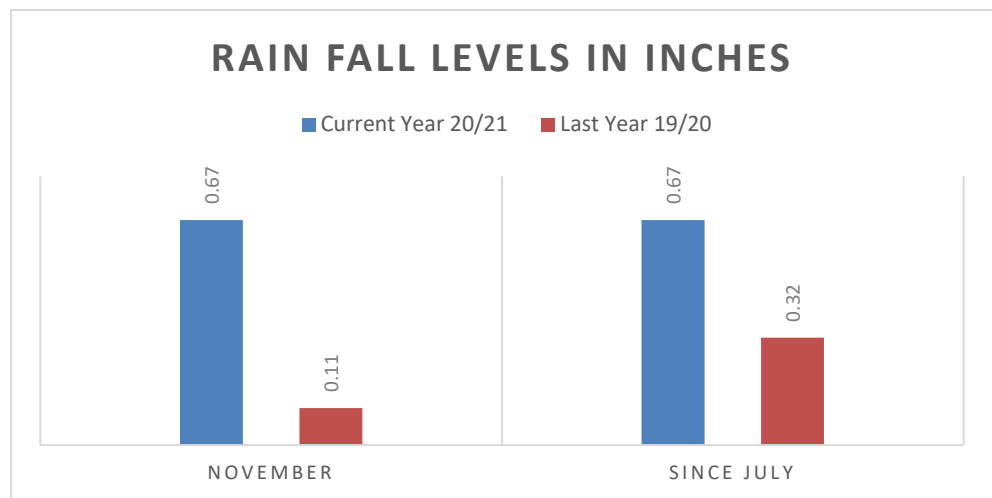
River Levels:
Bannon H: 8.9'
 L: 8.2'

River H: 9.1'
 L: 6.14'



Rain Fall Totals:
 November rain totals were 0.67"

Rain totals since July 1st were 0.67"



Safety Topics for the Month of November

Winter Weather Conditions – Dress appropriately for cold weather, monitor for and be careful on wet or icy surfaces while working or driving.

District Complaints

The District received 2 complaints since the November 13th Board Meeting. One complaint was regarding excessive vegetation in the District canals, an additional complaint was due to trash and debris and District property.

Superintendent's Report

The chart below represents various activities the field crew spent their time working on during the month of November 2020.

RD 1000 Field Crew	*Field Hours Worked	Activity
	152	Grounds
	101	Pump Plant Maintenance
	120	Ditch Maintenance
	16	Levee Maintenance
	64	Garbage
	166	Weed Control
	236	Mowing
	80	Equipment Repair
	5	Equipment Haul/Move

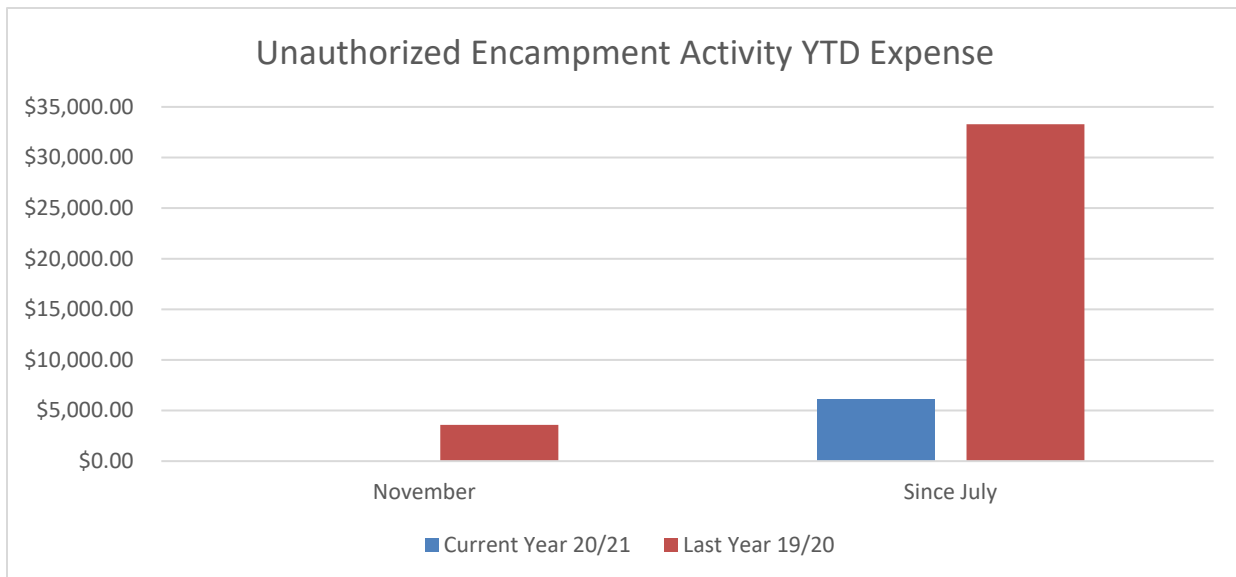
*Hours worked do not include the Superintendent's time.

Pumping

There was no pumping for the month of November.

Unauthorized Encampment Activity There was no unauthorized encampment activity for the month of November.

Unauthorized Encampment Activity – Year to Date This fiscal year to date the District spent a total of 84 crew hours on unauthorized encampments for a total cost to the district of \$6,063.12 This total includes labor,* equipment costs, materials and dump fees.





RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 4.3

TITLE: District Counsel's Report – December 2020

SUBJECT: Update on Activities Since the November 2020 Board of Trustees Meeting

EXECUTIVE SUMMARY:

Reclamation District 1000's (RD 1000; District) General Counsel, Rebecca Smith and/or Scott Shapiro to provide verbal report of work performed during the month of November 2020.

ATTACHMENTS:

None

STAFF RESPONSIBLE FOR REPORT:

Kevin L. King, General Manager

Date: 12/07/2020



RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 5.1

TITLE: Approval of Minutes

SUBJECT: Approval of Minutes from November 13, 2020 Regular Board Meeting

EXECUTIVE SUMMARY:

This staff report is intended to serve as the official record of monthly meetings of the Board of Trustees. This document details meeting participants, proof of items discussed, summaries of board meeting discussion, and actions taken by the Board. Staff recommends Board approval of meeting minutes (Attachment 1) from the November 13, 2020, Regular Board Meeting.

BACKGROUND:

The Ralph M. Brown Act (Gov. Code §54950 et seq.) governs meetings by public commissions, boards and councils, and public agencies in California. The Act facilitates public transparency and public participation in local government decisions. The Act also contains specific exemptions from the open meeting requirements where governmental agencies have a demonstrated need for confidentiality. To further comply with transparency, Reclamation District No. 1000 documents meetings of the Board of Trustees through Board Minutes.

RECOMMENDATION:

Staff recommends the Board approve the Minutes from the November 13, 2020, Regular Board Meeting.

ATTACHMENTS:

1. November 13, 2020, Board Meeting Minutes

STAFF RESPONSIBLE FOR REPORT:



Joleen Gutierrez, Administrative Service Manager

Date: 12/03/2020



Kevin L. King, General Manager

Date: 12/04/2020



**RECLAMATION DISTRICT NO. 1000
BOARD OF TRUSTEES
REGULAR BOARD MEETING**

**NOVEMBER 13, 2020
MEETING MINUTES**

In light of COVID-19 and in Compliance with CA Executive Orders N-25-20 and N-29-20, members of the Board of Trustees and members of the public participated in this meeting by teleconference. This meeting was recorded without objection. Present were: Board President Jeff Smith; Vice President Chris Burns; Trustee David Christophel; Trustee Elena Lee Reeder; Trustee Jag Bains; Trustee Nick Avdis; Trustee Thom Gilbert; General Manager Kevin King; Co-General Counsel Rebecca Smith; Co-General Counsel Scott Shapiro; Administrative Services Manager Joleen Gutierrez; Superintendent Don Caldwell; and Administrative Assistant Christina Forehand. District Engineering Consultant Scott Brown from Larsen Wurzel also attended the meeting.

1. PRELIMINARY

1.1. Call Meeting to Order

President Jeff Smith called the meeting to order.

1.2. Roll Call

ASM Gutierrez called the roll and established a quorum.

1.3. Approval of Agenda

General Manager Kevin King requested one change to the meeting agenda. Item 7.1.1 will have an added staff report for the Urbanization Committee meeting held on October 22, 2020.

MOVED/SECONDED: Trustee Avdis/Trustee Lee Reeder

AYES: Trustee Christophel, Trustee Bains, Trustee Lee Reeder, Trustee Smith, Trustee Avdis, Trustee Burns, Trustee Gilbert

NOES: None.

ACTION: November 13, 2020, Board Meeting Agenda is approved.

1.4. Pledge of Allegiance

District Superintendent Don Caldwell led the Pledge of Allegiance.

1.5. Conflict of Interest

No conflicts were identified.

2. PRESENTATIONS

No presentations were scheduled.

3. PUBLIC COMMENT (NON-AGENDA ITEMS)

There were no public comments.

4. INFORMATIONAL ITEMS

4.1. GENERAL MANAGER'S REPORT: Update on activities since the October 2020 Board Meeting.

General Manager King provided an overview of his activities. He made known election-related preparations have occupied staff time. GM King shared that he recently discovered a District funding opportunity through Cal-OES, a grant program for a power-shutoff response that fits nicely into our Capital Improvement Plan. District consulting firm KSN is preparing the grant with a request for two generators. The District hopes to receive an award.

GM King reports the District is close to finalizing its FY 2019-2020 Audit Report, in which he anticipates a clean audit.

GM King expressed his appreciation for the Election Board and their efforts in continued ballot counting. The District received several thousand ballots. To date, we are approximately 50% through the ballot count.

Comments

Trustee Avdis requested an election summary meeting to debrief and to discuss what we can do better and fine-tune our election process for next time. Trustee Avdis requested to discuss this item at the December Board meeting. GM King acknowledged room for improvement.

Trustee Avdis inquired about the Status of Reach H, cutoff wall, slope flattening, and restoration. Superintendent Caldwell stated the remaining work should be completed next week, weather permitting.

4.2. SUPERINTENDENT'S REPORT: Update on activities since the October 2020 Board Meeting.

A copy of the Superintendent's Report was included in the November 13, 2020 Board Packet.

4.3. DISTRICT COUNSEL'S REPORT: Update on activities since the October 2020 Board Meeting.

Co-General Counsel Smith reports her work has mostly been in support of the District's Board Election. Once ballots have been counted, she welcomes a discussion to improve the election process. Counsel Smith stated the District set out to expand voter participation and has absolutely achieved this goal.

5. **CONSENT CALENDAR**

The Board considers all Consent Calendar items to be routine and will adopt them in one motion. There will be no discussion on these items before the Board votes on the motion, unless Trustees, staff, or the public request specific items be discussed and/or removed from the Consent Calendar.

MOTION/SECONDED: Trustee Avdis/Trustee Gilbert

AYES: Trustee Christophel, Trustee Bains, Trustee Lee Reeder, Trustee Avdis, Trustee Burns, Trustee Gilbert

NOES: None.

ACTION: A motion to approve Consent Calendar Items 5.1, 5.2, 5.3, 5.4, 5.5 is approved.

- 5.1. APPROVAL OF MINUTES: Approval of Minutes from October 9, 2020, Regular Board Meeting.
- 5.2. TREASURER'S REPORT: Approve Treasurer's Report for October 2020.
- 5.3. EXPENDITURE REPORT: Review and Accept Report for October 2020.
- 5.4. BUDGET TO ACTUAL REPORT: Review and Accept Report for October 2020.
- 5.5. DECLARATION OF SURPLUS ASSETS AND DISPOSAL AUTHORIZATION: Review and Consider Declaration of Surplus Assets and Authorizing the General Manager to Dispose of Assets in 2020.

6. **SCHEDULED ITEMS**

- 6.1. RECOGNITION OF SERVICE: Review and Consider Adoption of Resolution No. 2020-11-01 Recognizing Trustee David Christophel for Service to the Community.

Trustee Smith opened the floor for comments. Trustees individually thanked Trustee David Christophel for his many years of service on the RD1000 Board, his commitment to the Community, and wished him well in his retirement.

Public Comment

Trustee-Elect Debra G. Jones thanked Trustee Christophel for his service to the District, his friendship, and wished him well in retirement.

MOVED/SECONDED: Trustee Avdis/Trustee Bains

AYES: Trustee Christophel, Trustee Bains, Trustee Lee Reeder, Trustee Smith, Trustee Avdis, Trustee Burns, Trustee Gilbert

NOES: None.

ACTION: Motion to adopt Resolution No. 2020-11-01 is approved.

6.2. RECOGNITION OF SERVICE: Review and Consider Adoption of Resolution No. 2020-11-02 Recognizing Superintendent Don Caldwell for Service to the Community.

General Manager King thanked Superintendent Don Caldwell for his nearly 30 years of service to the District and Community. Trustees individually thanked Mr. Caldwell and wished him well in retirement.

Public Comment

Trustee-Elect Debra G. Jones and Scott Brown from Larsen Wurzel individually thanked Mr. Caldwell and wished him well in retirement.

MOVED/SECONDED: Trustee Christophel/Trustee Lee Reeder

AYES: Trustee Christophel, Trustee Bains, Trustee Lee Reeder, Trustee Smith, Trustee Burns, Trustee Gilbert

NOES: None

ABSENT: Trustee Avdis

ACTION: Motion to adopt Resolution No. 2020-11-02 is approved.

6.3. RATIFICATION OF AUTHORIZATION TO SUBMIT GRANT APPLICATION: Review and Consider Ratification of Resolution No. 2020-11-03: Authorizing the General Manager to Submit Application for Grant Funding with State of California Governor’s Office of Emergency Services – Community Power Resiliency Allocation to Special Districts Grant Program and Authorization to Execute Funding Agreement.

General Manager King requested Board authorization to ratify Resolution No. 2020-11-03. This is a request to apply for grant funding with Cal-OES. If awarded, the grant will provide for 40% grant funding and 60% District funding. Grant funding is an excellent opportunity to supplement projects listed on our CIP plan.

Trustee Smith thanked the staff for continuing to seek out grant funding opportunities.

Trustee Burns inquired whether matching District funds are required and which planned fiscal year projects would be carried forward. If awarded the grant, GM King will come back to the Board to revisit CIP project funding priorities. In summary, Trustee Gilbert added the District would receive an extra 280k toward our CIP program.

Other Funding Opportunities

GM King updated the Board on other funding opportunities he is pursuing. He made known a CFD was created some time ago by the City of Sacramento with an allocation for dredging along the Main Drain. After a study and conclusion that dredging would not be cost-beneficial, GM King has submitted a list of other projects to the City for review. GM King is awaiting approval to use

the 675k funding toward other needed District projects (i.e., a spare transformer for Plant 1B and other projects for Plants 1B and 1A).

We heard from DWR FMAP that this is the last year that they approve equipment purchases. In 2021-2022 we may not be able to buy equipment, but the good news is we are caught up with equipment purchases.

There were no public comments.

MOVED/SECONDED: Trustee Burns/Trustee Gilbert

AYES: Trustee Christophel, Trustee Bains, Trustee Lee Reeder, Trustee Smith, Trustee Avdis, Trustee Burns, Trustee Gilbert

NOES: None

ACTION: A Motion to ratify Resolution 2020-11-03 authorizing the General Manager to apply for grant funding with the State of California Office of Emergency Services – Community Power Resiliency Allocation to Special Districts Grant Program and authorization to execute the funding agreement.

7. BOARD OF TRUSTEE’S COMMENTS/REPORTS

7.1. BOARD ACTIVITY UPDATES:

7.1.1. [RD 1000 Committee Meetings Since Last Board Meeting](#)

- Executive Committee Meeting (Smith & Burns) November 4, 2020

GM King added the minutes from the Urbanization Committee Meeting Minutes held on October 22, 2020. Trustee Lee Reeder thanked GM King for placing articles in N Magazine to reach constituents with messaging about the District’s CIP, Superintendent Don Caldwell’s history with the District, and the District’s infrastructure. GM King added we might have another opportunity to run an article about our Financial Plan in January. He added that he has also been in contact with Natomas Buzz, and there may be an opportunity to participate in a community event in December.

Trustee Burns requested the Board to consider posting recorded public meetings to the District’s website. He has received questions from the public concerning why our videos are not published online. He feels it would benefit the District and aid in earning another Transparency Award.

Trustee Avdis commented on the Urbanization Committee Meeting. He appreciates the recurring space in N Magazine. He would like the District to consider publishing an article in the next few months to reflect on the recent election.

Trustee Avdis requested meeting minutes from the 2:2 meeting with Natomas Mutual Water Company. He believes the District needs to be more engaged, aligned, and

closer with its partners at NWMC. General Manager King will provide the meeting minutes at the December Board meeting.

8. CLOSED SESSION

No Closed Session Items

9. ADJOURN

MOVED/SECONDED: Trustee Burns/Trustee Gilbert

AYES: Trustee Christophel, Trustee Bains, Trustee Lee Reeder, Trustee Smith, Trustee Avdis, Trustee Burns, Trustee Gilbert.

NOES: None

ACTION: Motion to adjourn meeting is approved.



RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 5.2

TITLE: Treasurer's Report

SUBJECT: Approve Treasurer's Report for November 2020

EXECUTIVE SUMMARY:

This Staff Report is intended to inform the Board of the current total funds in the District's checking and money market accounts, Sacramento County Treasurer Fund, State Treasurer Local Agency Investment Fund (LAIF), and the City of Sacramento Pooled Investment Fund.

The Staff Report attachment provides the monthly beginning and ending balances of its Operations and Maintenance cash flow. The report considers the current month's receipts, fund to fund transfers, accounts payable, and payroll.

Noteworthy fund and cash flow items during November 2020 are featured in the attached Treasurer's Report.

BACKGROUND:

Income and Cash

The District maintains funds in the California State Controller Local Agency Investment Fund (LAIF), the Sacramento County Treasurer, and Bank of the West. The District's primary source of income is property assessments. Assessments are collected through respective Sacramento and Sutter County tax bills.

Annually, the Board of Trustees approves a Resolution designating officers and signatories to the Operations and Maintenance Fund held by the Sacramento County Treasurer. The District's Financial Reserve Policy guides current, future, and unexpected funding requirements. The District's Investment Policy guides investments made by the District of any surplus or reserve funds it may have.

RECOMMENDATION:

Staff recommends the Board approve the November 2020 Treasurer's Report.

FINANCIAL IMPACT:

None.

TITLE: Treasurer's Report – November 2020

ATTACHMENTS:

1. Treasurer's Report November 2020

STAFF RESPONSIBLE FOR REPORT:



Joleen Gutierrez, Administrative Services Manager

Date: 12/03/2020



Kevin L. King, General Manager

Date: 12/04/2020

Reclamation District 1000
Treasurer's Report
November 2020

Treasurer's Report for November 2020

November 2020		Ending Balance @ 11/30/20
Total Funds at 11/30/20		8,316,297.77
Bank of the West - Checking*		156,375.25
Bank of the West - Money Market		525,677.63
Bank of the West FMAP		120,178.91
Sacramento County Treasurer		4,368,167.34
State Treasurer - Local Agency Investment Fund		988,044.77
City of Sacramento - Pool A		2,157,853.87

Included in O&M cash flow below
Included in O&M cash flow below

November 2020 - Operations and Maintenance Cash Flow	Money Market	Operating Checking *	Combined O&M
Beginning Balance at 11/1/20	425,673.96	173,049.81	598,723.77
Transfers from money market to operating account	(231,051.20)	231,051.20	-
Transfers from operating account to money market account	81,051.20	(81,051.20)	-
Transfers from LAIF to money market account	250,000.00	-	250,000.00
Transfer from FMAP account	-	81,051.20	81,051.20
Current months receipts	-	82,628.34	82,628.34
Monthly interest income	3.67	-	3.67
Accounts Payable*	-	(215,361.02)	(215,361.02)
Payroll	-	(114,993.08)	(114,993.08)
Ending Balance at 11/30/20	525,677.63	156,375.25	682,052.88

*See Attached Check Register

Current months receipts are made up of the following:

Refund of bank fee from Bank of the West	40.00
Voided check credit	4.51
Refund from ACWA	995.00
Security patrol reimbursement from NBC	5,000.00
Capital asset auction proceeds	76,464.00
Unidentified bank deposit	124.83
	<u>82,628.34</u>



RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 5.3

TITLE: Expenditure Report

SUBJECT: Review and Accept Report for November 2020

EXECUTIVE SUMMARY:

This Staff Report is intended to advise the Board of monthly expenditures and provide an explanation of any expenses outside of the usual course of business. Staff recommends the Board review and accept the Expenditure Report for November 2020.

Expenses

The Administrative Services Manager reviews and the General Manager approves expenditures. This activity is disclosed monthly as an attachment to this staff report. The Expenditure Report (Attachment 1) reveals typical District spending for the month. Items of note are a payment to PAPE in the amount of \$78,148 for vegetation management services This expense was budgeted and will be reimbursed from the FMAP Grant account.

RECOMMENDATION:

Staff recommends the Board review and accept the Expenditure Report for November 2020.

FINANCIAL IMPACT:

None.

ATTACHMENTS:

1. November 2020 Expenditure Report
2. Financial Expense Comparison Summary

STAFF RESPONSIBLE FOR REPORT:



Joleen Gutierrez, Administrative Services Manager

Date: 12/03/2020



Kevin L. King, General Manager

Date: 12/04/2020

November 2020 Expenditure Report

Type	Date	Num	Name	Memo	Amount	Balance
Cash and Investments						173,049.81
1010.00 - Bank of the West Checking Acct						173,049.81
General Journal	11/01/2020		City of Sacramento	Void check # 40923	4.51	173,054.32
General Journal	11/02/2020		Bank of the West	Bank fee refund	40.00	173,094.32
Check Bill Pmt	11/02/2020	EFT	Bank of the West		-40.00	173,054.32
-Check Bill Pmt	11/03/2020	50252	Joe Countryman	Election 2020	-500.00	172,554.32
-Check Bill Pmt	11/03/2020	50253	Kristi Conner	Election 2020	-500.00	172,054.32
-Check Bill Pmt	11/03/2020	50254	Vanessa Sonnier	Election 2020	-500.00	171,554.32
-Check Bill Pmt	11/04/2020	9061960831	Comcast	8155600381146169	-236.09	171,318.23
-Check Bill Pmt	11/04/2020	11042020	Sacramento County Utilities		-227.40	171,090.83
-Check Bill Pmt	11/04/2020	50255	Airgas NCN	2140381	-535.71	170,555.12
-Check Bill Pmt	11/04/2020	50256	Appeal - Democrat	Cust 02100903	-1,120.24	169,434.88
-Check Bill Pmt	11/04/2020	50257	Grow West	105860	-135.60	169,299.28
-Check Bill Pmt	11/04/2020	50258	Powerplan	1108514	-15.54	169,283.74
-Check Bill Pmt	11/04/2020	50259	Smile Business Products	103404	-206.48	169,077.26
-Check Bill Pmt	11/04/2020	50260	Steve Yaeger Consulting	Inv 2020-10	-2,520.00	166,557.26
-Check Bill Pmt	11/04/2020	50261	Valley Tire Center, Inc.	218041	-266.10	166,291.16
-Check Bill Pmt	11/04/2020	50262	Valley Truck & Tractor Company	51458	-142.75	166,148.41
-Check Bill Pmt	11/04/2020	50263	Yolo County Public Works	000051	-266.50	165,881.91
General Journal	11/04/2020			11/4/20 payroll wages	-32,933.76	132,948.15
General Journal	11/04/2020			11/4/20 payroll taxes	-12,807.10	120,141.05
General Journal	11/05/2020		ACWA	Dues overpayment refund from ACWA	995.00	121,136.05
General Journal	11/05/2020		The Natomas Basin Conservancy	Security patrol reimbursement	5,000.00	126,136.05
General Journal	11/05/2020			Proceeds from auction sale	76,464.00	202,600.05
-Check Bill Pmt	11/06/2020	50264	Joe Countryman	Election 2020	-500.00	202,100.05
-Check Bill Pmt	11/06/2020	50265	Kristi Conner	Election 2020	-500.00	201,600.05
-Check Bill Pmt	11/06/2020	50266	Vanessa Sonnier	Election 2020	-500.00	201,100.05
-Check Bill Pmt	11/09/2020	1001704742	Cal Pers	Gutierrez 457	-914.09	200,185.96
-Check Bill Pmt	11/10/2020		Cal Pers	QuickBooks generated zero amount transaction for bill payment stub	0.00	200,185.96
-Check Bill Pmt	11/11/2020	1001706259	Cal Pers	CalPERS 457	-350.00	199,835.96
-Check Bill Pmt	11/12/2020	50267	ACWA JPIA	204	-1,829.14	198,006.82
-Check Bill Pmt	11/12/2020	50268	AT&T	9391052144	-295.29	197,711.53
-Check Bill Pmt	11/12/2020	50269	Carson Landscape Industries	1080	-730.00	196,981.53
-Check Bill Pmt	11/12/2020	50270	Chavez Accountancy Corporation	R11125	-1,870.00	195,111.53
-Check Bill Pmt	11/12/2020	50271	County of Sacramento - Municipal Servces	Inv 62451	-104.70	195,006.83
-Check Bill Pmt	11/12/2020	50272	Emerald Site Services, Inc	Inv 32588 FMAP	-78,148.00	116,858.83

Bill Pmt							
-Check	11/12/2020	50273	Interstate Oil Company	41-0068266		-3,336.59	113,522.24
Bill Pmt							
-Check	11/12/2020	50274	PAPA	QAC C 77507		-50.00	113,472.24
Bill Pmt							
-Check	11/12/2020	50275	Stillwater Sciences	Inv 1679801		-2,903.20	110,569.04
Bill Pmt							
-Check	11/12/2020	50276	Terrapin Technology Group	Inv 20-1556		-826.19	109,742.85
Bill Pmt							
-Check	11/12/2020	50277	The Sacramento Bee	Acct 339553		-1,729.20	108,013.65
Bill Pmt							
-Check	11/12/2020	11122020	Alhambra & Sierra Springs	33167566169212		-61.86	107,951.79
Bill Pmt							
-Check	11/12/2020	301438	Berkshire Hathaway Homestate Companies	Policy REWC122900		-2,114.42	105,837.37
Bill Pmt							
-Check	11/12/2020	566567568	Cal Pers	October Pension		-13,609.07	92,228.30
Bill Pmt							
-Check	11/12/2020	31743913523	City of Sacramento	Acct 7029676079		-4.65	92,223.65
Bill Pmt							
-Check	11/12/2020	80021371986	Waste Management of Sacramento			-500.93	91,722.72
Bill Pmt							
-Check	11/12/2020	1001706583	Cal Pers	Inv 16224702		-300.00	91,422.72
Bill Pmt							
-Check	11/12/2020	50278	Joe Countryman	Election 2020		-500.00	90,922.72
Bill Pmt							
-Check	11/12/2020	50279	Kristi Conner	Election 2020		-500.00	90,422.72
Bill Pmt							
-Check	11/12/2020	50280	Vanessa Sonnier	Election 2020		-500.00	89,922.72
Transfer	11/12/2020			Funds Transfer		-2,903.20	87,019.52
Transfer	11/12/2020			Funds Transfer		2,903.20	89,922.72
Transfer	11/12/2020			Funds Transfer		-78,148.00	11,774.72
Transfer	11/12/2020			Funds Transfer		78,148.00	89,922.72
Transfer	11/12/2020			Funds Transfer		78,148.00	168,070.72
Transfer	11/12/2020			Funds Transfer		150,000.00	318,070.72
Transfer	11/12/2020			Funds Transfer		2,903.20	320,973.92
Bill Pmt							
-Check	11/13/2020	50281	Joe Countryman	Election 2020		-500.00	320,473.92
Bill Pmt							
-Check	11/13/2020	50282	Kristi Conner	Election 2020		-500.00	319,973.92
Bill Pmt							
-Check	11/13/2020	50283	Vanessa Sonnier	Election 2020		-500.00	319,473.92
Bill Pmt							
-Check	11/13/2020	50284	Viking Shred	Shred		-60.00	319,413.92
Bill Pmt							
-Check	11/13/2020	EFT	Napa Auto Parts	20906137		-663.57	318,750.35
Check	11/13/2020	EFT	ADP	Payroll Fees		-97.22	318,653.13
Bill Pmt							
-Check	11/13/2020	EFT	Cal Pers	457		-350.00	318,303.13
Bill Pmt							
-Check	11/18/2020	1001710533	Cal Pers	December		-17,801.84	300,501.29
Bill Pmt							
-Check	11/18/2020	AOQPL9AZ	Streamline Brookman Protection Services, Inc.	Inv 107835		-200.00	300,301.29
Bill Pmt							
-Check	11/18/2020	50285		Inv 20-138		-8,100.00	292,201.29
Bill Pmt							
-Check	11/18/2020	50286	Downey Brand LLP			-21,488.30	270,712.99
Bill Pmt							
-Check	11/18/2020	50287	US Bank Corp	Acct Ending 4049		-5,177.10	265,535.89
Bill Pmt							
-Check	11/18/2020	50288	Valley Tire Center, Inc.	218041		-1,256.58	264,279.31
General Journal	11/19/2020			11/19/20 payroll wages		-35,398.03	228,881.28
General Journal	11/19/2020			11/19/20 payroll taxes		-15,508.86	213,372.42
Check	11/20/2020	EFT	Bank of the West			-10.00	213,362.42
Bill Pmt							
-Check	11/24/2020	1074668386	Verizon Blankinship & Associates, Inc.	972466087-00001		-425.36	212,937.06
Bill Pmt							
-Check	11/24/2020	50289		Inv 7186		-1,993.63	210,943.43

Bill Pmt			Green Light Termite and					
-Check	11/24/2020	50290	Pest	000212000		-75.00	210,868.43	
Bill Pmt			Larsen Wurzel & Associates			-1,631.25	209,237.18	
-Check	11/24/2020	50291						
Bill Pmt			MBK Engineers			-4,452.75	204,784.43	
-Check	11/24/2020	50292	Occupational Health					
Bill Pmt			Centers of CA	Inv 69550926		-48.00	204,736.43	
-Check	11/24/2020	50294	Smile Business Products	103404		-204.56	204,531.87	
Bill Pmt			SMUD	7000000317		-29,270.47	175,261.40	
-Check	11/24/2020	50295						
Bill Pmt			Norstar Industries, Inc.	Inv 58522		-234.18	175,027.22	
-Check	11/24/2020	50296						
Bill Pmt			Cal Pers			-350.00	174,677.22	
-Check	11/27/2020	EFT						
Check	11/27/2020	EFT	ADP			-81.47	174,595.75	
General								
Journal	11/27/2020			Caldwell final payroll		-6,600.33	167,995.42	
General								
Journal	11/27/2020			Caldwell final payroll		-11,745.00	156,250.42	
General								
Journal	11/27/2020			Unidentified deposit on 11/27/20		124.83	156,375.25	
Total 1010.00 · Bank of the West Checking Acct							<u>-16,674.56</u>	<u>156,375.25</u>
Total Cash and Investments							<u>-16,674.56</u>	<u>156,375.25</u>
							<u>-16,674.56</u>	<u>156,375.25</u>

Activity Summary

Transfers from money market account	231,051.20
Transfers to money market account	-81,051.20
Transfers from FMAP account	81,051.20
Voided check	4.51
Refund of bank fee	40.00
Refund from ACWA	995.00
Security patrol reimbursement (NBC)	5,000.00
Proceeds from auction sale	76,464.00
Unidentified bank deposit	124.83
Payroll disbursements	-114,993.08
Accounts payable disbursements	-215,361.02
	<hr/>
Net activity	<u>-16,674.56</u>



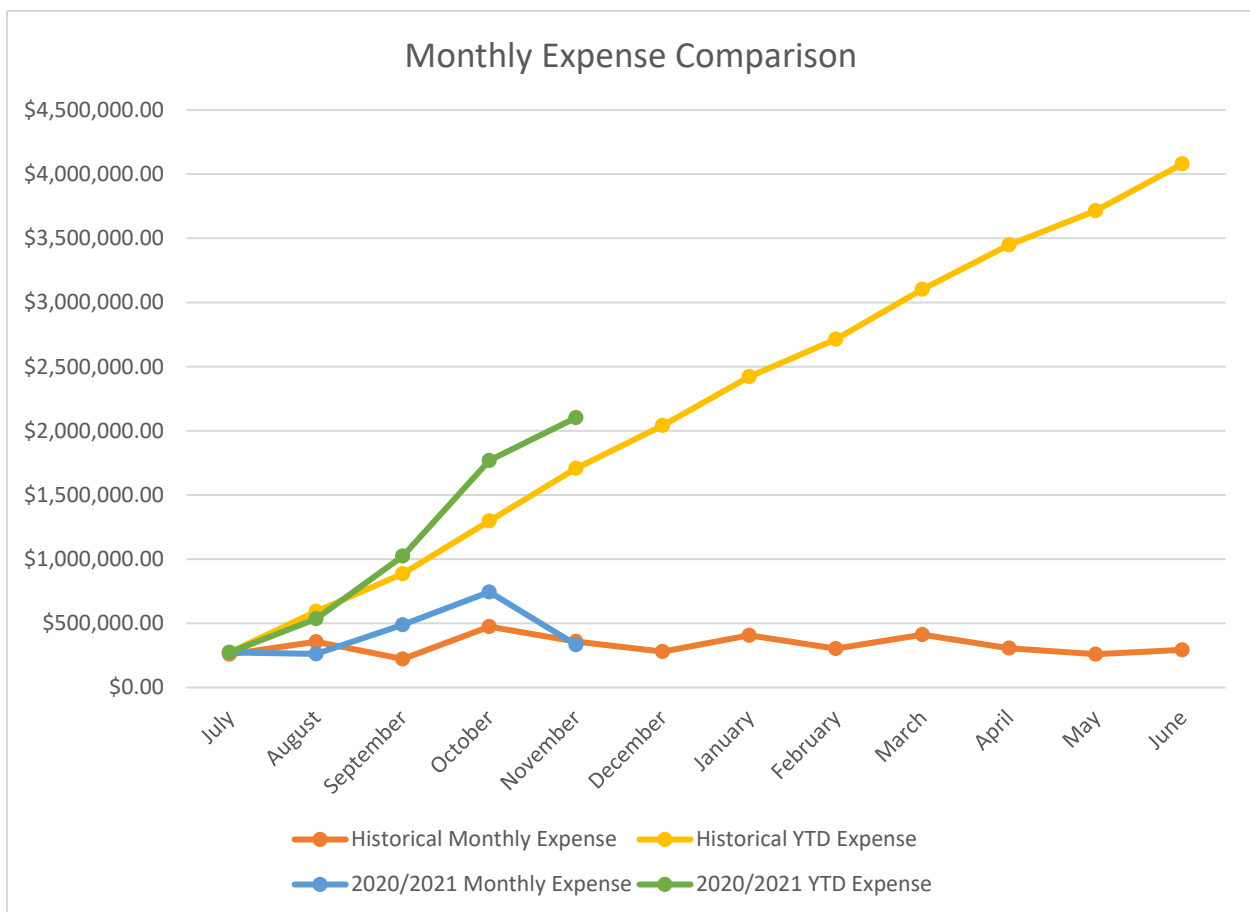
Monthly Historical Expense Comparison

The graph below compares current fiscal year monthly expenses as of November 2020 to historical monthly expense trends for the last four fiscal years. As of November 30, 2020, the District's expenses are trending slightly higher for the fiscal year. The increase is directly attributable to the District's annual insurance liability premium, FMAP equipment purchases, and yearly herbicide purchase. The District's monthly expense are on par with prior fiscal years.

The graph also compares the cumulative year to date costs and historical year to date expense trends for fiscal year 2016/2017 through fiscal year 2019/2020.

Variations in the current year to date expenses compared to the historical year to date expenses are due to single expense budgeted items that are currently reimbursed by grant funding. This includes expenses incurred directly related to the approved FMAP expenses.

When comparing year to date expenses to historical expenses, the District is trending slightly higher due to its costs mentioned above.





RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 5.4

TITLE: Budget to Actual Report

SUBJECT: Review and Accept Report for November 2020

EXECUTIVE SUMMARY:

This Staff Report is intended to provide a monthly budgetary snapshot of how well the District is meeting its set budget goals for the fiscal year. The monthly Budget to Actual Report contains a three-column presentation of actual expenditures, budgeted expenditures, and percentage of the Budget. Each line item compares budgeted amounts against actual to date expenses. Significant budgeted line item variances (if any) will be explained in the Executive Summary of this report.

Attachment 1 provides a year to date report for the month ending November 30, 2020. The report reveals the District is at 107% for Election Costs, this is due to previously discussed changes in election law requiring the District to offer mail-in voting and the subsequent expenses related to this change to comply with state law. Other line items that are at or near 100% of the budget have been discussed in previous meetings and are one-time annual expenses.

BACKGROUND:

The Board of Trustees adopts a budget annually in June. District staff prepares the Budget, which shows the current year budget versus expenditures and a proposed budget for the next year.

Three Board committees review the draft budget before being presented to the full Board for adoption in June. The Personnel Committee reviews the wage and benefits portion of the Budget. The Operations Committee reviews the Capital expenditures Budget. After the two committees review and make recommendations to the Budget, the final draft is prepared for the Finance Committee to consider. After review by the Finance Committee, the final Budget is presented to the Board for adoption at a regular Board meeting.


RECOMMENDATION:

Staff recommends the Board review and accept the Budget to Actual Report for November 2020.

ATTACHMENTS:

1. Budget to Actual Report November 2020

STAFF RESPONSIBLE FOR REPORT:



Joleen Gutierrez, Administrative Services Manager

Date: 12/03/2020



Kevin L. King, General Manager

Date: 12/04/2020

Reclamation District No. 1000
Budget to Actual Comparison
July 1, 2020 to November 30, 2020 (Five Months Ending of Fiscal 2021)

	Year to Date July 1, 2020 to November 30, 2020	Budget	Percent of Budget
Operation & Maintenance Income			
Property Assessments	3,181	2,250,000	0.14%
Rents	11,004	30,000	36.68%
Interest Income	16,276	95,000	17.13%
SAFCA - O/M Assessment	-	1,400,000	0.00%
Misc Income	342	-	Not Budgeted
FMAP Grant	636,400	601,337	105.83%
Annuitant Trust Reimbursement	-	70,000	0.00%
Security Patrol Reimbursement	5,000	45,000	11.11%
Development Impact Fees	-	1,400,000	0.00%
Proceeds from sale of capital assets	76,464	-	Not Budgeted
Total	748,667	5,891,337	12.71%
Restricted Fund			
Metro Airpark Groundwater Pumping	-	25,000	0.00%
Total Combined Income	748,667	5,916,337	12.65%
Administration, Operations and Maintenance - Expenses			
Administration			
Government Fees/Permits	2,053	12,500	16.42%
Legal	22,808	97,000	23.51%
Liability/Auto Insurance	139,330	150,000	92.89%
Office Supplies	721	5,500	13.11%
Computer Costs	11,427	24,000	47.61%
Accounting/Audit	8,020	47,050	17.05%
Admin. Services	6,820	17,000	40.12%
Utilities (Phone/Water/Sewer)	7,110	23,700	30.00%
Mit. Land Expenses	4,847	6,200	78.18%
Administrative Consultants	17,722	128,000	13.85%
Assessment/Property Taxes (SAFCA - CAD)	8,027	8,000	100.34%
Admin - Misc./Other Expenses	104	8,250	1.26%
Memberships	32,855	40,800	80.53%
Office Maintenance & Repair	5,710	27,000	21.15%
Payroll Service	905	6,000	15.08%
Public Relations	2,873	45,000	6.38%
Small Office & Computer Equipment	3,912	12,000	32.60%
Election	41,754	39,000	107.06%
Conference/Travel/Professional Development	152	20,500	0.74%
Sub Total	317,150	717,500	44.20%
Personnel/Labor			
Wages	433,645	1,214,658	35.70%
Group Insurance	60,477	130,000	46.52%
Worker's Compensation Insurance	16,408	30,000	54.69%
OPEB - ARC	-	-	Not Budgeted
Dental/Vision/Life	10,975	25,887	42.40%
Payroll Taxes	30,737	91,000	33.78%
Pension	123,145	201,148	61.22%
Continuing Education	231	5,000	4.62%
Trustee Fees	11,700	40,000	29.25%
Annuitant Health Care	33,626	91,032	36.94%
Sub Total	720,944	1,828,725	39.42%

Operations

Power	157,313	500,000	31.46%
Supplies/Materials	6,701	25,000	26.80%
Herbicide	103,492	120,000	86.24%
Fuel	13,641	50,000	27.28%
Field Services	3,662	63,100	5.80%
Field Operations Consultants	5,533	20,000	27.67%
Equipment Rental	-	5,000	0.00%
Refuse Collection	5,004	30,000	16.68%
Equipment Repair/Service	1,028	16,000	6.43%
Equipment Parts/Supplies	24,512	60,000	40.85%
Facility Repairs	32,845	211,000	15.57%
Shop Equipment (not vehicles)	-	5,000	0.00%
Field Equipment	-	14,000	0.00%
Misc/Other 2	20	500	4.00%
Utilities - Field	3,737	11,500	32.50%
Government Fees/Permits - Field	928	12,000	7.73%
FEMA Permits	-	1,500	0.00%

Sub Total	358,416	1,144,600	31.31%
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Equipment

Equipment	-	-	Not Budgeted
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Sub Total	-	-	
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Consulting/Contracts/Memberships

Engineering/Technical Consultants	28,395	375,000	7.57%
Security Patrol	31,500	80,000	39.38%
Temporary Admin	14,250	15,000	95.00%

Sub Total	74,145	470,000	15.78%
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FMAP Expenditures

LOI/SWIF (Consultants)	19,683	-	Not Budgeted
Equipment	415,727	381,337	109.02%
Operations & Maintenance (Field)	81,051	220,000	36.84%
Administrative	-	-	Not Budgeted

Sub Total	516,461	601,337	85.89%
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Total A, O & M Expenses

1,987,116	4,762,162	41.73%
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Capital Expenses

Capital Office Upgrades	-	20,000	0.00%
Capital RE Acquisition	-	50,000	0.00%
Capital Office Facility Repair	-	30,000	0.00%
Document Management	-	-	Not Budgeted
Capital Facilities (including SCADA)	13,976	2,700,000	0.52%

Sub Total	13,976	2,800,000	0.50%
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Total All Expenditures

2,001,092	7,562,162	26.46%
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RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 6.1

TITLE: Audited Financial Statements Year End June 30, 2020

SUBJECT: Review and Receive the Audited Financial Statements for Year End June 30, 2020.

EXECUTIVE SUMMARY:

This Staff Report is prepared to present Fiscal Year 2019/2020 Reclamation District No. 1000 (RD 1000; District) Audited Financial Statements for year ended June 30, 2020 to the Board of Trustees, as provided in Attachment 1.

RD 1000 ended Fiscal Year 2019/2020 in a stable financial position and received the best possible audit opinion from Richardson & Company LLP (Auditor), indicating RD 1000 staff follows accounting rules and applies them correctly. The following is from page two of the Independent Auditor's Report to the Board of Trustees signed by Richardson & Company LLP:

"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 the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts. "

RECOMMENDATION:

Staff recommends the Board of Trustees review and receive the Reclamation District No. 1000 Audited Financial Statements for year end June 30, 2020.

ATTACHMENTS:

1. Audited Financial Statements for Year End June 30, 2020.
2. Governance Letter 2020
3. Management Letter 2020

STAFF RESPONSIBLE FOR REPORT:



Kevin L. King, General Manager

Date: 12/03/2020

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

Audited Financial Statements
and Other Reports

June 30, 2020 and 2019

RECLAMATION DISTRICT NO.1000, CALIFORNIA

Audited Financial Statements
and Other Reports

June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Reclamation District No. 1000
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Reclamation District No. 1000 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Emphasis of Matters

As discussed in Note F to the financial statements, the District's actuary applied Section 3.7.7(c)4 of Actuarial Standard of Practice No. 6, as revised, and determined age adjusted health insurance premiums are not necessary in the calculation of the District's net other postemployment benefits (OPEB) liability, and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments. Had the actuary included age adjusted health insurance premiums in the calculation of the net OPEB liability, the OPEB liability may have been significantly larger in the amount. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures – budget and actual – is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Trustees
Reclamation District 1000

Prior Year Financial Statements

The financial statements of the District as of and for the year ended June 30, 2019 were audited by other auditors whose report dated December 4, 2019 expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 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 and 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.

Richardson & Company, LLP

December 1, 2020

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Our discussion and analysis of the Reclamation District No. 1000, California (the District) financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020

- At the end of the year, the District’s net position is \$51.2 million, of which \$42.5 million is invested in capital assets and \$8.7 million is unrestricted.
- As of June 30, 2020, the District’s General Fund reported a total fund balance of \$9.6 million, of which \$9.5 million has been assigned or committed by the Board.
- The District’s capital asset balances were \$42.5 million at year-end, decreasing slightly due to \$866 thousand in capital additions offset by \$1.4 million in depreciation.
- The District has no long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Annual Report consists of three parts, Management’s Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplemental Information (RSI). The Basic Financial Statements include the Government-wide financial statements and the Fund Financial Statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes the entire District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference representing net position. Over time, increases or decreases in the District’s net position is one indicator of whether its financial health is improving or deteriorating.

The government-wide financial statements of the District report on one category, Governmental activities, as the District does not have business-type activities.

Governmental Activities - All of the District’s basic services are included here. Assessment revenue and restricted capital project reimbursements finance almost all of the District’s flood protection activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District’s significant funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has one type of fund, the Governmental Fund.

Governmental Fund – All of the District’s basic services are included in the Governmental Fund, which focuses on how resources flow in and out. The balance remaining at year-end is available for spending. The governmental fund statements provide a detailed short-term view to determine whether there are more or fewer financial resources that can be spent in the near future to finance

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

the District's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, we describe the relationship between governmental activities and governmental funds through the reconciliations and in the notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the Basic Financial Statements and accompanying notes, this report presents certain required supplementary information (RSI) concerning the District's budget and actual on a budgetary basis, as well as required pension and OPEB schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets and deferred outflows of resources less liabilities and deferred inflows of resources equaled \$51.2 million at the close of the most recent fiscal year.

The largest portion of the District's net position (83%) reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment) with the majority being levees, canals or pump stations. The District uses these capital assets to provide flood protection services. Consequently, these assets are not available for future spending. There is no related debt associated with the District's investments in its capital assets.

TABLE 1
Condensed Statement of Net Position
June 30, 2020, 2019 and 2018
(in thousands)

	2020	2019	2018
Current and other assets	\$ 9,996	\$ 10,743	\$ 9,658
Capital assets	<u>42,523</u>	<u>43,036</u>	<u>43,771</u>
Total assets	<u>52,519</u>	<u>53,779</u>	<u>53,429</u>
Deferred outflows of resources	<u>\$ 593</u>	<u>\$ 389</u>	<u>\$ 469</u>
Current and other liabilities	<u>\$ 1,808</u>	<u>\$ 2,587</u>	<u>\$ 2,033</u>
Deferred inflows of resources	<u>\$ 67</u>	<u>\$ 58</u>	<u>\$ 50</u>
Net position:			
Invested in capital assets, net	\$ 42,523	\$ 43,036	\$ 43,771
Unrestricted net position	<u>8,714</u>	<u>8,487</u>	<u>8,044</u>
Total net position	<u>\$ 51,237</u>	<u>\$ 51,523</u>	<u>\$ 51,815</u>

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Capital Assets, Net of Related Debt

As part of the implementation of GASB Statement No. 34, the District retroactively recognized infrastructure assets not previously required to be recognized. GASB Statement No. 34 requires prospective reporting of infrastructure but allows for retroactive application. The District opted to record infrastructure (predominantly levee improvements) retroactively to 1984, the earliest year in which documentation of historical costs was available.

The 2019-2020 capital purchases and additions were:

- Building improvements: roof repair for Plant 1, \$23,000; new security system, \$9,000
- Equipment: two utility tractors, \$117,000; Tiger mower, \$180,000
- Vehicles and equipment: six maintenance trucks and related equipment, \$286,000
- Office equipment: office furniture, \$14,000; office copier, \$10,000; computer server, \$9,000
- SCADA system: An additional \$205,000 was added to the SCADA construction in progress during the fiscal year

The 2018-2019 capital purchases and additions were:

- Equipment: Caterpillar truck, \$90,000; Dodge truck \$57,000
- Office equipment: Office improvements and furnishings, \$57,000
- Pump equipment and improvements: Sealing and asphalt repair, \$31,000
- SCADA system: An additional \$375,000 was added to the SCADA construction in progress during the fiscal year.

The District depreciates capital assets using the straight-line method over the estimated lives of the assets. During the 2020 and 2019 fiscal year, \$1,379,398 and \$1,338,628 respectively in depreciation expense was recognized.

There is no associated debt with any capital assets.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Change in Net Position for Governmental Activities

The following table indicates the changes in net position for the governmental activities:

TABLE 2
Condensed Statement of Activities
Years Ended June 30, 2020, 2019 and 2018
(in thousands)

	2020	2019	2018
Program Revenues:			
Charges for services	\$ 57	\$ 29	\$ 20
Operating grants	1,400	1,400	1,400
Capital Contributions	703	388	510
General Revenues:			
Assessment revenues	2,305	2,279	2,268
Investment earnings	171	180	94
Miscellaneous income	2	13	24
Total Revenues	4,638	4,289	4,316
Expenses:			
Flood Protection	4,924	4,581	4,558
Change in net position	(286)	(292)	(242)
Net position, beginning of year	51,523	51,815	52,057
Net position, end of year	\$ 51,237	\$ 51,523	\$ 51,815

The District's net position decreased by \$285,855 during the current fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At fiscal year end June 30, 2020, the District's governmental fund reported a combined fund balance of almost \$9.6 million, an increase of \$594 thousand from the previous year's fund balance. This increase is due to current year revenues exceeding current year expenditures. Of the total \$9.6 million fund balances, approximately \$9.5 million has been assigned for specific purposes, and \$79 thousand in prepaid expenses is considered nonspendable.

Revenues in the District's governmental funds were \$4.8 million in fiscal year 2019/20. Assessment revenue of \$2.3 million represents 48% of revenue for the governmental funds. Expenditures from governmental funds were \$4.2 million, which resulted in a change in fund balance of \$593,882.

At fiscal year end June 30, 2019, the District's governmental fund reported a combined fund balance of almost \$9.0 million, an increase of \$551 thousand from the previous year's fund balance. This increase is due to current year revenues exceeding current year expenditures. Of the total \$9.0 million fund balances, approximately \$8.9 million has been assigned for specific purposes, and \$65 thousand is considered nonspendable.

Revenues in the District's governmental funds were \$4.4 million in fiscal year 2018/19. Assessment revenue of \$2.3 million represents 52.3% of revenue for the governmental funds. Expenditures from governmental funds were \$3.8 million, which resulted in a change in fund balance of \$550,655.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended June 30, 2020 and 2019

Fund Balances

The Board has adopted a policy establishing various types of fund balances. Assignments and balances are determined by board action and General Manager discretion based on the type of fund. These individual fund assignments can be unassigned by the Board of Trustees. The emergency flood fight fund has been established by the General Manager and the other assigned funds by Resolution 2012-6 of the Board of Trustees.

Fund balances as of June 30, 2020 and 2019 are as follows:

TABLE 3
Fund Balances
 June 30, 2020 and 2019

<u>Fund Type</u>	<u>June 30, 2020</u> <u>Fund Balance</u>	<u>June 30, 2019</u> <u>Fund Balance</u>
Nonspendable fund balance	\$ 78,909	\$ 64,870
Assigned fund balances:		
Emergency Flood Fight	1,500,000	1,500,000
General capital	4,629,578	4,146,187
Operating reserve	<u>3,356,457</u>	<u>3,260,005</u>
Total assigned fund balances	9,486,035	8,906,187
Unassigned	-	-
Total fund balances	<u>\$ 9,564,944</u>	<u>\$ 8,971,062</u>

GENERAL BUDGETARY HIGHLIGHTS

The following is a summary of budget and actual results for the District's General Fund revenues and other financing sources for the years ended June 30, 2020 and 2019:

TABLE 4
Fund Revenues - Budget to Actual Comparisons
 Year Ended June 30, 2020

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>
Revenues:			
Property assessments	\$ 2,250,000	\$ 2,306,058	\$ 56,058
O & M reimbursement from SAFCA	1,400,000	1,400,000	-
Capital contributions and grants	574,000	898,023	324,023
Fees for service	-	36,054	36,054
Use of money and property	85,000	192,150	107,150
Other	<u>-</u>	<u>2,549</u>	<u>2,549</u>
Total	<u>\$ 4,309,000</u>	<u>\$ 4,834,834</u>	<u>\$ 525,834</u>

**RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**
Years Ended June 30, 2020 and 2019

**Fund Revenues - Budget to Actual Comparisons
Year Ended June 30, 2019**

	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Property assessments	\$ 2,250,000	\$ 2,259,046	\$ 9,046
O & M reimbursement from SAFCA	1,400,000	1,400,000	-
Reimbursements from CalOES	-	507,778	507,778
Fees for services	-	9,115	9,115
Use of money and property	70,000	200,377	130,377
Other	-	6,757	6,757
Total	<u>\$ 3,720,000</u>	<u>\$ 4,383,073</u>	<u>\$ 663,073</u>

Changes from the Amount Originally Budgeted

Changes made to the original budget can be found in the Required Supplementary Information.

Actual Revenues/Financing Sources Compared with Final Budgeted Amounts

Actual revenues recognized by the District's Governmental Fund were \$525,834 more than budget in fiscal year 2019/20. The variance resulted primarily from the Natomas Central Mutual Water Company capital reimbursement not budgeted for in fiscal 2020 and interest income realization being more than expected.

Actual revenues recognized by the District's Governmental Fund were \$663,073 more than budget in fiscal year 2018/19. The variance resulted primarily from the CalOES reimbursement not budgeted for in fiscal 2019 and interest income realization being more than expected.

Actual Expenditures/Other Financing Uses Compared with Final Budgeted Amounts

Following is a summary of current year and prior year budget and actual results for the District's General Fund expenditures (See Table 5). The favorable variances resulted from operations and administration.

**TABLE 5
Fund Expenditures – Budget to Actual Comparisons
Year Ended June 30, 2020**

	Budget	Actual	Favorable (Unfavorable) Variance
Flood Protection:			
Maintenance and operation	\$ 3,054,938	\$ 2,673,063	\$ 381,875
Administration	1,002,900	701,665	301,235
Capital outlay	737,100	866,224	(129,124)
Total expenditures	<u>\$ 4,794,938</u>	<u>\$ 4,240,952</u>	<u>\$ 553,986</u>

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Fund Expenditures – Budget to Actual Comparisons
Year Ended June 30, 2019

	Budget	Actual	Favorable (Unfavorable) Variance
Flood Protection:			
Operations	\$ 2,690,000	\$ 2,454,907	\$ 235,093
Administration	900,000	779,967	120,033
Capital outlay	<u>1,045,150</u>	<u>609,544</u>	<u>435,606</u>
Total expenditures	<u>\$ 4,635,150</u>	<u>\$ 3,844,418</u>	<u>\$ 790,732</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the District has \$65.8 million invested in capital assets including land, buildings, infrastructure, and equipment before depreciation (See Table 6).

Table 6
Changes in Capital Assets

	As of June 30, 2020	As of June 30, 2019	Increase (Decrease)
Lands and rights of way	\$ 2,221,333	\$ 2,208,583	\$12,750
Buildings, pump plants and improvements (including construction in progress)	33,516,581	33,278,766	237,815
Infrastructure	26,514,781	26,514,781	-
Equipment and vehicles	<u>3,519,860</u>	<u>2,943,152</u>	<u>576,708</u>
Total capital assets	<u>\$ 65,772,555</u>	<u>\$ 64,945,282</u>	<u>\$ 827,273</u>

During the year, the District received a Flood Maintenance Assistance Program (FMAP) grant for \$570,000; of this amount, \$305,100 was budgeted for field equipment additions for fiscal 2020. With this funding, two tractors and a mower were acquired at a cost of \$296,579.

As of June 30, 2019, the District has \$64.9 million invested in capital assets including land, buildings, infrastructure, and equipment before depreciation (See Table 7).

Table 7
Changes in Capital Assets

	As of June 30, 2019	As of June 30, 2018	Increase (Decrease)
Lands and rights of way	\$ 2,208,583	\$ 2,208,583	\$ -
Buildings, pump plants and improvements (including construction in progress)	33,278,766	32,856,655	422,111
Infrastructure	26,514,781	26,514,781	-
Equipment and vehicles	<u>2,943,152</u>	<u>2,767,719</u>	<u>175,433</u>
Total capital assets	<u>\$ 64,945,282</u>	<u>\$ 64,347,738</u>	<u>\$ 597,544</u>

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

Debt Administration

As of June 30, 2020 and 2019 , the District had no long-term debt.

CAPITAL PROJECTS

- ***Capital Improvement Plan (update)***

The Board of Trustees approved a Professional Services Agreement with Kjeldesn, Sinnock & Neudeck, INC. (KSN) on November 8, 2019 to update the District's Capital Improvement Plan. KSN completed the Capital Improvement Plan Update (CIP) in August 2020.

Focusing on the pumping system, to identify improvements to allow the District to carry out its mission of flood protection, the CIP was developed by the following methods:

- Ranking how critical a Pumping Plant is by the capacity to remove precipitation from the basin and the importance of the area it serves – a criticality rating or consequence of failure
- Determining how likely a Pumping Plant is to fail to perform as designed, or likelihood of failure.
- Determining relative risk for each Pumping Plant, which is a combination of the consequence of failure and likelihood of failure.

Potential projects to address potential deficiencies were identified by the following methods:

- Field condition assessment of each Pumping Plant
- Establishing of the Level of Service each plant would optimally provide and comparing performance against the criteria
- Defining the typical life cycle for the major Pumping Plant components, including major cost- effective maintenance items to extend the useful life.

In several cases two or more of the above methods identified potential projects at pumping plants. The results of the Condition assessment, Level of Service, and Life Cycle Analysis showed that the system is overall in good working order, with several of its plants replaced within the last decade. Of the District's two most critical Pumping Plants, Plant 1B was found to be in very good working order, with some projects needed to maintain its condition, while Plant 8 has several life cycle replacements that are coming due concurrently resulting in a major overhaul project, plus the outfall pipe has premature wearing and is recommended for evaluation and remediation up to replacement.

As the most critical plants, major replacements are recommended for Plant 8 and a handful of smaller improvement and life cycle replacements for Plant 1B. Other replacements mostly tied to life cycle and upgrades such as backup power generation were recommended to increase the reliability of the overall system. Over a 30-year planning horizon, a program of upgrades to maintain reliability of the system resulted in the following un-escalated CIP expenditures for Pumping Plants:

- \$30.9 million (M) in the first decade 2021-2030, with \$28.1M planned in the first 6 years.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

- \$8.1M over years 2031-2040
- \$26.9M over years 2041-2050, with several recently replaced critical components reaching the end of their useful lives.

In addition to \$65.9M for Pumping Plants over 30 years, the following expenditures are recommended to be budgeted:

- Annual budget of \$55,000 to perform cost-effective preventive maintenance is recommended for the duration of the CIP, or \$1.65M over 30 years.
- Annual budget of \$900,000 for life cycle replacement of culverts and drains, or \$27M over 30 years.

The net recommended budget for the portion evaluated is \$94.55M from 2021-2050, or an average of nearly \$3.2M per year. The above costs were left un-escalated so implementation can be modified and adjusted into the District's financial plan which is currently being formulated.

Supervisory Control and Data Acquisition System (SCADA)

The District adopted a SCADA (Supervisory Control and Data Acquisition) Master Plan in 2017. With its implementation, the District will be able to remotely monitor canal levels and operations at its pumping stations. This will improve public safety and allow for a more efficient monitoring and operations of its interior drainage and flood control system. Eventually, the SCADA system can be expanded to allow for remote operations of its pumping plants, as well as security monitoring in the future. In FY 2017-2018, the District completed plans and specifications for implementing Phase 1 of the SCADA system; a portion of the costs are eligible for reimbursement through a Bureau of Reclamation federal grant coordinated through an agreement with the Natomas Mutual Water Company. A contract for construction of the Phase 1 facilities was awarded in July 2018 in the amount of \$448,000.

As of June 30, 2020, the Phase 1 SCADA system was largely complete with final punch-list items remaining to be finished by the contractor. Project is anticipated to be closed out by December 31, 2020.

Significant Capital Projects on District Facilities Undertaken By Others

The Natomas Levee Improvement Project (NLIP):

NLIP is funded by the Sacramento Area Flood Control Agency (SAFCA) and Natomas Basin Project (Federal Project) funded by the United States Army Corps of Engineers (USACE) with State and SAFCA cost sharing. The goal of the combined levee system improvements protecting the Natomas Basin is to provide at least 200-year flood protection as required by the State's Urban Level of Flood Protection (ULOP) standards. Levee improvements and associated works completed to date have been funded through a combination of SAFCA funds (voter approved SAFCA Capital Assessment Districts) and State funds from the Proposition 1E Bond. These funds have been sufficient to complete 50% of the total levee improvements needed to provide the 200-year flood protection between 2006 and 2013. It should be noted the improvements completed to date addressed the highest risk areas based on studies done to date, as well as previous experience during flood events.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

It is anticipated that the remaining work will be completed by the USACE as part of the Natomas Basin Project authorized by Congress in the 2014 Water Resources Reform and Development Act (WRRDA). Despite the availability of federal funds, construction had been delayed due to construction contracting issues. However, work commenced in August 2018 on Reach D along the Natomas Cross Canal and additional construction contracts were awarded for construction in 2019, which are under construction as of June 30, 2020. Additionally, the USACE completed designs/specifications on Reach B improvements and awarded a construction contract in late 2019; Reach B improvements were initiated in June 2020.

Completion of the entire project is anticipated by 2024 or 2025. However, this schedule is dependent on annual federal appropriations and the timely acquisition of necessary rights of way and relocations of utilities, which interfere with the levee improvements.

OPERATIONS AND MAINTENANCE

The District saw significant rainfall in the 2018-2019 flood season. After a mostly dry fall and early winter, several large storms moved through the area beginning in February 2019 through May 2019. Between the period of February 14, 2019 and April 15, 2019, the District was on 24-hour patrol for 37 days, as required by the District's Emergency Action Plan when river levels reached monitoring stages. However, drier weather patterns returned during the 2019-2020 flood season, and the District was on 24-hour patrol for only a handful of days as a result.

Outside of the flood season, the District performed normal operations and maintenance activities including mowing canals/levees; spraying both terrestrial and aquatic pesticides to manage the vegetation, minor repairs to facilities, garbage/debris removal and pump station maintenance. As was the case in 2017-2018 and 2018-2019, the District continues to experience a considerable increase in unauthorized encampment activity within its floodways. This activity resulted in a significant increase in trash and debris removal and impacted the District's efficiency in other operations due to the presence of unauthorized encampments within the floodway. As was the case in 2018-2019, the District worked with the Central Valley Flood Protection Board and California Assembly Member Jim Cooper to introduce Assembly Bill No. 1958, to address the critical safety infrastructure of the levee system and restrict certain activities. After unanimous support in the Assembly, AB 1958 was unfortunately withdrawn by the bill author after it became evident that the legislation was not going to make it through the Senate without significantly modifying the bill's language, which would have eroded its efficacy.

As noted in previous years, the District has assumed full operations and maintenance responsibility for all 21 miles of levee improvements completed to date as part of the NLIP, including the remaining grassland vegetation along the levees. While the levees are improved and significantly reduce the flood risk in the District, they include a much larger footprint to operate and maintain. The District is currently studying options for the most efficient method to maintain the expanded levee footprint and is developing an Annual Operations and Maintenance Plan to determine the resources needed to meet its responsibility.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

PLANNING

The District solicited requests for qualifications for a Comprehensive Financial Plan and Assessment Rate Study on March 2, 2020. The District received Statements of Qualifications from three (3) firms including NBS on April 3, 2020 in accordance with the Request for Qualifications. The District's Finance Committee reviewed the submittals on April 21, 2020. NBS was recommended by the Finance Committee for award of a Professional Services Agreement for the project. On May 8, 2020 the Board of Trustees approved retention of NBS, Inc. to perform a comprehensive financial plan in 2020-2021.

In general, the District was seeking a qualified financial consultant to evaluate the District's current and forecasted financial position, develop a comprehensive financial plan, evaluate existing assessment rate structure, and if needed based on results of the comprehensive financial plan, develop legally defensible assessment rates. The broad objective of the study is to ensure the financial stability to fund operations and needed capital investment, including rehabilitation, replacement and modernization of the District's infrastructure.

1. Conduct a detailed review of the District's operating and capital improvement budgets and develop a Comprehensive (10-year) Finance Plan that promotes financial sustainability and maintains adequate reserve levels.
2. Evaluate the existing assessment rate structure and model assessment rate structure.
3. Meet and/or confer with staff as needed and attend up to three daytime meetings/workshops with the Financial Committee and three evening meetings/workshops with the District Board of Directors to present and discuss results of the studies and obtain their input. Attend the public hearing where the water rates are considered for adoption.
4. Obtain all necessary records, data, and statistics from District and conduct analyses as required to address the scope of work.
5. Preliminary Reports
 - a. Prepare preliminary finance plan.
 - b. Prepare a comprehensive administrative record that shows the calculations for cost of service and allocation of costs;
 - c. Prepare preliminary reports of assumptions for assessment rate, and provide tentative rate recommendations; and
 - d. Present preliminary reports and tentative rates to the Financial Committee and the District's Board of Directors.
6. Draft Final Reports
 - a. Incorporate changes pursuant to comments received from the District's Board; and
 - b. Present revised reports and rate recommendations to the District Board of Trustees at a regularly scheduled Board meeting.
7. Final Reports
 - a. Incorporate changes pursuant to comments received at the Board meeting presentation;
 - b. Provide an electronic copy of the report, with spreadsheets in Excel format; and
 - c. Present the final reports and recommended rates to the Board of Trustees and members of the public at a formal public hearing.
8. Supply a schedule for deliverables.
9. Provide an easy-to-use rate model of the final rate structure for the District to use in rate forecasting.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2020 and 2019

It is anticipated that the Board will review the draft comprehensive financial plan in December 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District office at:

Reclamation District No. 1000, California
1633 Garden Highway
Sacramento, CA 95833

Submitted by:
Kevin King, General Manager

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 8,180,407	\$ 10,031,115
Receivables:		
Assessments	18,000	19,521
Interest	41,014	53,673
Grants	-	132,915
Receivable from SAFCA	1,400,000	8,115
Other receivables, net of allowance of \$2,863	103,385	215,180
Prepaid expenses	78,909	64,870
Inventory	174,241	174,241
Net OPEB asset	-	43,691
Capital assets, net	<u>42,522,912</u>	<u>43,036,086</u>
TOTAL ASSETS	<u>52,518,868</u>	<u>53,779,407</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	324,621	380,281
Other postemployment benefits	<u>268,517</u>	<u>8,541</u>
	<u>593,138</u>	<u>388,822</u>
LIABILITIES		
Accounts payable	139,550	113,920
Accrued payroll expense	47,676	50,795
Deposits	51,545	33,573
Due to SAFCA	-	1,141,650
Long-term liabilities		
Accrued vacation	111,791	57,205
Net pension liability	1,281,711	1,189,937
Net OPEB liability	<u>175,827</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,808,100</u>	<u>2,587,080</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	56,166	56,476
Other postemployment benefits	<u>10,522</u>	<u>1,600</u>
	<u>66,688</u>	<u>58,076</u>
NET POSITION		
Net investment in capital assets	42,522,912	43,036,086
Unrestricted	<u>8,714,306</u>	<u>8,486,987</u>
TOTAL NET POSITION	<u><u>\$ 51,237,218</u></u>	<u><u>\$ 51,523,073</u></u>

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

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
PROGRAM EXPENSES		
Governmental activities:		
Flood protection	\$ 4,924,301	\$ 4,580,955
PROGRAM REVENUES		
Charges for services	57,357	28,986
Operating grants and contributions	1,400,000	1,400,000
Capital contributions and grants	<u>703,157</u>	<u>388,118</u>
NET PROGRAM EXPENSES	(2,763,787)	(2,763,851)
GENERAL REVENUES		
Assessments	2,304,536	2,278,567
Interest income	170,847	180,506
Miscellaneous	2,549	13,157
TOTAL GENERAL REVENUES	<u>2,477,932</u>	<u>2,472,230</u>
CHANGE IN NET POSITION	(285,855)	(291,621)
Net position at beginning of year	<u>51,523,073</u>	<u>51,814,694</u>
NET POSITION AT END OF YEAR	<u><u>\$ 51,237,218</u></u>	<u><u>\$ 51,523,073</u></u>

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

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

BALANCE SHEETS – GENERAL FUND

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 8,180,407	\$ 10,031,115
Receivables:		
Assessments	18,000	19,521
Interest	41,014	53,673
Grants	-	305,702
Reimbursements receivable from SAFCA	1,400,000	8,115
Other	103,385	42,394
Other assets	<u>78,909</u>	<u>64,870</u>
TOTAL ASSETS	<u><u>\$ 9,821,715</u></u>	<u><u>\$ 10,525,390</u></u>
 LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 139,550	\$ 113,920
Due to SAFCA	-	1,141,650
Accrued payroll expense	47,676	50,796
Deposits	<u>51,545</u>	<u>33,573</u>
TOTAL LIABILITIES	<u>238,771</u>	<u>1,339,939</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>18,000</u>	<u>214,389</u>
 FUND BALANCES		
Nonspendable	78,909	64,870
Assigned	<u>9,486,035</u>	<u>8,906,192</u>
TOTAL FUND BALANCES	<u><u>9,564,944</u></u>	<u><u>8,971,062</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 9,821,715</u></u>	<u><u>\$ 10,525,390</u></u>

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

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION – GENERAL FUND

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Fund balance - total governmental funds, June 30,	\$ 9,564,944	\$ 8,971,062
Amounts reported for governmental activities in the statement of net position are different because:		
Assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Capital assets, net of accumulated depreciation	42,522,912	43,036,086
Inventory	174,241	174,241
Deferred outflows related to pensions and OPEB are not reported in the government funds		
	593,138	388,822
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued vacation	(111,791)	(57,205)
Net pension liability	(1,281,711)	(1,189,937)
Net OPEB (liability) asset	(175,827)	43,691
Deferred inflows related to pensions and OPEB are not reported in the government funds		
	(66,688)	(58,076)
Some revenues are not recognized in governmental funds because they do not represent current financial resources that are recognized in the Statement of Activities:		
Unavailable revenue	<u>18,000</u>	<u>214,389</u>
Net position - governmental activities, June 30,	<u>\$ 51,237,218</u>	<u>\$ 51,523,073</u>

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

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND

For the Year Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUES		
Property assessments	\$ 2,306,058	\$ 2,259,046
O & M reimbursements	1,400,000	1,400,000
Capital contributions and grants	898,023	507,778
Fees for services	36,054	9,115
Use of money and property	192,150	200,377
Other revenues	2,549	6,757
TOTAL REVENUES	<u>4,834,834</u>	<u>4,383,073</u>
EXPENDITURES		
Current:		
Flood protection		
Maintenance and operations	2,673,063	2,454,907
Administration	701,665	779,967
Capital outlay	866,224	609,544
TOTAL EXPENDITURES	<u>4,240,952</u>	<u>3,844,418</u>
EXCESS OF REVENUES OVER EXPENDITURES	593,882	538,655
OTHER FINANCING SOURCES		
Proceeds from sale of capital assets	-	12,000
OTHER FINANCING SOURCES	<u>-</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCE	593,882	550,655
Fund balance at beginning of year	<u>8,971,062</u>	<u>8,420,407</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,564,944</u>	<u>\$ 8,971,062</u>

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

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –
GENERAL FUND

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net change in fund balance - total governmental funds for the year ended June 30	\$ 593,882	\$ 550,655
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital outlay	866,224	609,544
Depreciation expense	(1,379,398)	(1,338,628)
Gain on asset disposals		6,400
Proceeds from sale of capital assets		(12,000)
Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities		
Change in unavailable revenue	(196,389)	(100,137)
Some expenses in the Government-wide Statement of Activities that do not require the use of current financial resources are not reported as revenues and expenses in the governmental funds.		
Change in accrued vacation	(54,586)	26,083
Change in deferred outflows of resources related to employee pensions and OPEB	204,316	(80,591)
Change in deferred inflows of resources related to employee pensions and OPEB	(8,612)	(7,560)
Change in employee net pension liability	(91,774)	55,920
Change in OPEB asset/liability	<u>(219,518)</u>	<u>(1,307)</u>
Change in net position - governmental activities for the year ended June 30	<u>\$ (285,855)</u>	<u>\$ (291,621)</u>

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

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Reclamation District No. 1000 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Background: The District was formed under an Act of the Legislature of the State of California on April 18, 1911. The District is governed under a Board of Trustees and operates and maintains seven pumping stations, 42.61 miles of federal project levees, ten miles of non-project levees in the Pleasant Grove area, and 180 miles of canals and ditches in Sacramento and Sutter Counties.

Basis of Presentation – Government-wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Basis of Presentation – Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within 90 days of the end of the current fiscal period. Amounts not received within the 90 day availability period are reported as unavailable revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Payable balances consist primarily of payables to vendors.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax assessment revenues, reimbursement revenues and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the District and accounts for revenues collected to provide services and finance the fundamental operations of the District. The Fund is charged with all costs of operations.

Budgets: Budgets are adopted on a basis consistent with generally accepted accounting principles and in accordance with the District’s policies and procedures. Budgetary control is exercised by major object. Budgetary changes, if any, during the fiscal year require the approval of the District’s Board of Trustees. Unencumbered budget appropriations lapse at the end of the fiscal year.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items and deposits are reported in the fund financial statements as nonspendable fund balance to indicate they do not constitute resources available for appropriation.

Inventory: The District has on-hand significant amounts of large rock for emergency levee repair. Estimated remaining balances are recorded at cost on a first-in, first-out basis. During the years ended June 30, 2020 and 2019, inventory was not included in the fund financial statements as these are not considered current financial resources.

Capital Assets: Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the District are stated at historical cost or estimated historical cost, if actual historical cost is not available. Contributed capital assets are recorded at their estimated fair market value at the time received. Capital assets are depreciated using the straight-line method over the estimated useful lives.

Infrastructure	100 years
Building and improvements	20-40 years
Pumping equipment and improvements	7-50 years
Equipment and vehicles	5-10 years

The District’s capitalization threshold is \$5,000. 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.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Vacation and Sick Leave: The District's policies regarding vacation and sick leave permit employees to accumulate earned, but unused vacation and sick leave. The District's policy for sick-pay states that upon retirement, an employee may be paid one-third (up to a maximum of 400 hours) of their accumulated unused sick leave balance. The remaining balance of the employees' sick leave is then available for service credit under the District's pension plan. Alternatively, the employees may elect to use their entire balance of accumulated unused sick leave for service credit under the District's pension plan. All vacation and an estimate of the probable sick leave pay-out is accrued when incurred. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is used to liquidate compensated absences. All of the accrued vacation and sick leave is considered long-term.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and any outstanding debt related to the purchase of capital assets reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The District does not have any restricted net position.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

Fund Equity: In the General Fund financial statements, the District reports the following fund balances:

Non-spendable fund balances – This category presents amounts not expected to be converted to cash within the next operating cycle and are typically comprised of prepaid costs.

Committed fund balances – This category includes amounts that can be used only for specific purposes determined by a formal action of the Board. The Board has authority to establish, modify, or rescind a fund balance commitment through a resolution of the Board. The District does not have committed fund balances.

Assigned funds balances – This category includes amounts constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance – This category represents the residual classification for the District's funds and includes all spendable amounts not contained in the other classifications.

The Board establishes, modifies or rescinds fund balance commitments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed. The District's committed, assigned or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A resolution of the Board delegates authority to management to establish various reserves, which are considered assigned fund balances. Assigned fund balances consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Emergency Flood Fight Fund – Funds designated to fight flood emergencies and to help prevent the need for future special	\$ 1,500,000	\$ 1,500,000
General Capital Fund – To accumulate funds for future capital projects. Such projects represent capital improvement projects to repair damaged levees, improve the reliability of the system and/or increase in the District’s ability to monitor the system and respond in a flood emergency.	4,629,578	4,146,187
Operation and Maintenance (O&M) Fund - Reserve balance set at 70% of the current year annual budget.	<u>3,356,457</u>	<u>3,260,005</u>
	<u>\$ 9,486,035</u>	<u>\$ 8,906,192</u>

Assessments: The District made assessments against properties within the District in accordance with requirements of State law. Assessments are processed through Sacramento and Sutter Counties based on the parcel size and designated land use of the parcels. Assessments are payable with the property owner’s property taxes. The assessments are typically levied on or before the first day of September each year and become a lien on real property upon levy. Assessments are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. The District recognizes assessments when the individual installments are due provided they are collected within 60 days after year end.

The Counties use the Alternative Method of Property Tax Apportionment (Teeter). Under this method of property tax apportionment for assessments collected as part of property taxes, the County purchases the delinquent secured property taxes at June 30 of each fiscal year and guarantees the District 100% of its annual assessment.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the District’s pension and OPEB plans as described in Notes E and F, and for revenue not received within the availability period.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deletions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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.

Reclassifications: Certain reclassifications were made to the June 30, 2019 balances to conform to the current presentation. The reclassifications had no effect on fund balance, change in fund balance, net position, or change in net position.

New Pronouncements: In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense in the period the interest cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019.

The District is currently analyzing the impact of the required implementation of these new statements.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE B – CASH AND INVESTMENTS

As of June 30, 2020 and 2019, cash and investments consisted of the following:

	2020	2019
Deposits in financial institutions	\$ 316,111	\$ 369,860
Sacramento County Pooled Investment Fund	4,739,926	3,385,198
City of Sacramento Pool A	2,157,854	2,110,097
Local Agency Investment Fund (LAIF)	966,516	4,165,960
	<u>8,180,407</u>	<u>10,031,115</u>
Total cash and investments	<u>\$ 8,180,407</u>	<u>\$ 10,031,115</u>

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the years ended June 30, 2020 and 2019, the District's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
Local agency bonds	5 years	None	None
U.S. Treasury securities	5 years	None	None
U.S. Agency securities	5 years	None	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
Negotiable certificates and time deposits	5 years	30%	None
Repurchase agreements	92 days	20%	None
Medium term corporate notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
Pooled investment funds	N/A	None	None

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investment in the Sacramento County Pooled Fund: The District maintains a portion of its cash in Sacramento County's cash investment pool, which is managed by the Sacramento County Treasurer. The amount invested by all public agencies in Sacramento County's cash and investment pool is \$4,495,007,799 and \$4,327,235,862 at June 30, 2020 and 2019, respectively. Sacramento County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Sacramento County's cash and investment pool. The Committee consists of ten members as designated by State law.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE B – CASH AND INVESTMENTS (Continued)

The value of pool shares in Sacramento County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Commission's position in the pool. Investments held in the County's investment pool are available on demand to the Commission and are stated at cost, which approximates fair value.

Investment in the City of Sacramento's Investment Pool: The District maintains a portion of its cash in the City of Sacramento's cash and investment pool which is managed by the City Treasurer. The District's cash balances invested in the City Treasurer's cash and investment pool are stated at fair value. The amount invested by all public agencies in the City's cash and investment pool is \$1,518,399,810 and \$1,445,964,071 at June 30, 2020 and 2019, respectively. The City does not invest in any derivative financial products directly. However, they do invest in investment pools, which may invest in derivative financial products. The City Council has oversight responsibility for the cash and investment pool. The value of pool shares in the City that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasurer through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$101,788,256,254 managed by the State Treasurer. Of that amount, 2.21% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2020 and 2019, the weighted average maturity of the investments contained in the County's investment pool was approximately 333 days and 320 days, respectively. As of June 30, 2020 and 2019, the weighted average maturity of the investments contained in the City's investment pool was approximately 2.13 and 1.63 years, respectively. As of June 30, 2020 and 2019, the weighted average maturity of the investment in LAIF was approximately 191 and 173 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The City's investment pool and LAIF do not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE B – CASH AND INVESTMENTS (Continued)

credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2020 and 2019, the carrying amount of the District’s deposits were \$316,111 and \$369,860 and the balances in financial institutions were \$386,955 and \$388,049, respectively. Of the balance in financial institutions, \$250,000 at June 30, 2020 and 2019 was covered by federal depository insurance and amounts in excess of this balance are covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 and 2019 was as follows:

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 2,208,583	\$ 12,750		\$ 2,221,333
Construction in progress	518,364	205,165		723,529
Total capital assets, not being depreciated	<u>2,726,947</u>	<u>217,915</u>	<u>-</u>	<u>2,944,862</u>
Capital assets being depreciated:				
Infrastructure	26,514,781			26,514,781
Building and improvements	2,423,623	32,650		2,456,273
Pump equipment and improvements	30,336,779			30,336,779
Equipment and vehicles	2,943,152	615,659	\$ (38,951)	3,519,860
Total capital assets, being depreciated	<u>62,218,335</u>	<u>648,309</u>	<u>(38,951)</u>	<u>62,827,693</u>
Less accumulated depreciation for:				
Infrastructure	(4,783,817)	(264,076)		(5,047,893)
Building and improvements	(917,629)	(72,602)		(990,231)
Pump equipment and improvements	(13,826,108)	(803,728)		(14,629,836)
Equipment and vehicles	(2,381,642)	(238,992)	38,951	(2,581,683)
Total accumulated depreciation	<u>(21,909,196)</u>	<u>(1,379,398)</u>	<u>38,951</u>	<u>(23,249,643)</u>
Total capital assets, being depreciated, net	<u>40,309,139</u>	<u>(731,089)</u>	<u>-</u>	<u>39,578,050</u>
Capital assets, net	<u>\$ 43,036,086</u>	<u>\$ (513,174)</u>	<u>\$ -</u>	<u>\$ 42,522,912</u>

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE C – CAPITAL ASSETS (Continued)

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 2,208,583			\$ 2,208,583
Construction in progress	143,612	\$ 374,752		518,364
Total capital assets, not being depreciated	<u>2,352,195</u>	<u>374,752</u>		<u>2,726,947</u>
Capital assets being depreciated:				
Infrastructure	26,514,781			26,514,781
Building and improvements	2,406,914	16,709		2,423,623
Pump equipment and improvements	30,306,129	30,650		30,336,779
Equipment and vehicles	2,767,719	187,433	\$ (12,000)	2,943,152
Total capital assets, being depreciated	<u>61,995,543</u>	<u>234,792</u>	<u>(12,000)</u>	<u>62,218,335</u>
Less accumulated depreciation for:				
Infrastructure	(4,212,985)	(570,832)		(4,783,817)
Building and improvements	(865,451)	(52,178)		(917,629)
Pump equipment and improvements	(13,172,993)	(653,115)		(13,826,108)
Equipment and vehicles	(2,325,539)	(62,503)	6,400	(2,381,642)
Total accumulated depreciation	<u>(20,576,968)</u>	<u>(1,338,628)</u>	<u>6,400</u>	<u>(21,909,196)</u>
Total capital assets, being depreciated, net	<u>41,418,575</u>	<u>(1,103,836)</u>	<u>(5,600)</u>	<u>40,309,139</u>
Capital assets, net	<u>\$ 43,770,770</u>	<u>\$ (729,084)</u>	<u>\$ (5,600)</u>	<u>\$ 43,036,086</u>

Depreciation expense of \$1,379,398 and \$1,338,628 for the years ended June 30, 2020 and 2019, respectively, was charged to the flood protection function.

NOTE D – LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2020 and 2019.

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Accrued vacation	\$ 57,205	\$ 132,917	\$ (78,331)	\$ 111,791
Net pension liability	1,189,937	91,774		1,281,711
Net OPEB (asset) liability	<u>(43,691)</u>	<u>219,518</u>		<u>175,827</u>
	<u>\$ 1,203,451</u>	<u>\$ 444,209</u>	<u>\$ (78,331)</u>	<u>\$ 1,569,329</u>

RECLAMATION DISTRICT 1000, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE D – LONG-TERM LIABILITIES (Continued)

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Accrued vacation	\$ 83,288	\$ -	\$ (26,083)	\$ 57,205
Net pension liability	1,245,857		(55,920)	1,189,937
Net OPEB asset	(44,998)		1,307	(43,691)
	<u>\$ 1,284,147</u>	<u>\$ -</u>	<u>\$ (80,696)</u>	<u>\$ 1,203,451</u>

NOTE E – PENSION PLANS

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). The District has the following cost-sharing Plans:

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE E – PENSION PLANS (Continued)

The Plans’ provisions and benefits in effect at June 30, 2020 and 2019, are summarized as follows:

	Miscellaneous Rate Plan	Miscellaneous Second tier Rate Plan	PEPRA Miscellaneous Rate Plan
Hire date	Prior to August 30, 2011	August 30, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	52-67	52-67	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	1.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates:			
2020	7.00%	7.00%	6.25%
2019	7.00%	7.00%	6.25%
Required employer contribution rates:			
2020	10.22%	8.08%	6.99%
2019	9.40%	7.60%	6.80%

In addition to the contribution rates above, the District was also required to make payments of \$71,419 and \$97,677 towards its unfunded actuarial liability during the years ended June 30, 2020 and 2019, respectively. The Miscellaneous rate plans are closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2020 and 2019, the contributions made to the Plan were \$155,951 and \$174,925, respectively.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2020 and 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan of \$1,281,711 and \$1,189,937, respectively.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE E – PENSION PLANS (Continued)

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2020 is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The net pension liability as of June 30, 2019 is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of the measurement dates was as follows:

Proportion - June 30, 2019	0.01235%
Proportion - June 30, 2020	0.01251%
Change - Increase (Decrease)	0.00016%
Proportion - June 30, 2018	0.01256%
Proportion - June 30, 2019	0.01235%
Change - Increase (Decrease)	-0.00021%

For the years ended June 30, 2020 and 2019, the District recognized pension expense of \$303,520 and \$186,127, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 155,951		\$ 174,925	
Differences between actual and expected experience	89,020	\$ (6,897)	45,656	\$ (15,536)
Changes in assumptions	61,118	(21,666)	135,656	(33,247)
Change in employer's proportion	18,532		18,068	
Differences between the employer's contribution and the employer's proportionate share of contributions		(5,195)	93	(7,693)
Net differences between projected and actual earnings on plan investments		(22,408)	5,883	
Total	\$ 324,621	\$ (56,166)	\$ 380,281	\$ (56,476)

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE E – PENSION PLANS (Continued)

The \$155,951 and \$174,925 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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>Year Ended June 30</u>	
2021	\$ 102,759
2022	(8,168)
2023	13,385
2024	4,528
	<u>\$ 112,504</u>

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15% (2)	7.15% (2)
Inflation	2.50%	2.50%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	(1)	(1)
Mortality	Developed using CalPERS Membership Data for all funds	Developed using CalPERS Membership Data for all funds
Post-retirement benefit	Contract COLA up to 2.50% until purchasing power protection allowance applies	

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used for the June 30, 2019 and 2018 measurement date include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE E – PENSION PLANS (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.15% at June 30, 2020 and 2019. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

Asset Class	2020			2019		
	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Global Fixed						
Income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%	1.0%	0.00%	-0.92%
Total	100.0%			100.0%		

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

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

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE E – PENSION PLANS (Continued)

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

	2020	2019
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 2,025,531	\$ 1,907,391
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 1,281,711	\$ 1,189,937
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 667,740	\$ 597,690

Pension Plan Fiduciary Net Position: Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: At June 30, 2020 and 2019, the District had no payable for the outstanding amount of contributions to the pension plan.

NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description: The District’s defined benefit postemployment healthcare plan provides medical benefits to employees who have attained age 50 with five years of service, or under PEPRRA after 10 years of service, increasing 2% per year up to 100% of the benefit after 20 years of service. The plan also provides for dependent coverage. In fiscal year 2012/13, the District modified its contract with CalPERS Public Employees Healthcare to a 75%/25% employer/employee cost share for current employees and retirees. Employees hired after January 1, 2013 cost share under the State Vesting Plan as contracted by the District, which is 50% contribution at 10 years of service plus 5% per additional year of service to 100% at 20 or more years.

The District contracts with CalPERS to administer its retiree health benefits plan (an agent multiple-employer defined benefit plan) and to provide an investment vehicle, the California Employees’ Retiree Benefit Trust Fund (CERBT), to prefund future OPEB costs. The District chooses from a menu of benefit provisions and adopts certain benefits provisions by Board statute within the Public Employees’ Retirement Law. By participating in CERBT, the District is also obligated to follow the actuarial assumptions established by the CalPERS Board of Administration. CalPERS issues a Comprehensive Annual Financial Report for the retirement plans. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA, 95814.

Contributions: The Board grants the authority to establish and amend the contribution requirements of the District. During the year ended June 30, 2020, the District’s cash contributions to the trust were \$49,497 and the benefit payments were \$79,186, resulting in total payments of \$128,683. During the year ended June 30, 2019, the District did not make contributions to the trust but benefit payments were \$65,512.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Employees Covered by Benefit Terms: As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>12</u>
Total	<u>20</u>

Total OPEB Liability: The District's total OPEB liability as of June 30, 2020 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019. The District's total OPEB liability as of June 30, 2019 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2020	2019
Valuation date	June 30, 2019	June 30, 2017
Measurement date	June 30, 2019	June 30, 2018
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Discount rate	6.5%	6.5%
Inflation	2.75%	2.75%
Salary increases	2.75% per year	2.75% per year
Investment rate of return	6.5%	6.5%
Mortality rate	Derived using CalPERS membership data	Derived using CalPERS membership data
Pre-retirement turnover	Derived using CalPERS membership data	Derived using CalPERS membership data
Healthcare trend rate	4% annually	4% annually

Mortality information was based on the 2014 CalPERS Active Mortality of Miscellaneous Employees table created by CalPERS. The experience study report may be accessed on the CalPERS website at <https://www.calpers.ca.gov>.

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

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	40.0%	7.795%
US Small Cap	10.0%	7.795%
Long-Term Corporate Bonds	18.0%	5.295%
Long-Term Government Bonds	6.0%	4.500%
Treasury Inflation Protected Securities (TIPS)	15.0%	7.795%
US Real Estate	8.0%	7.795%
All Commodities	3.0%	7.795%
	<u>100.0%</u>	

Discount Rate: The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current and active employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Total OPEB Liability (Asset): The change in the total OPEB asset for the plan is as follows:

	Increase (Decrease)		
	Total OPEB Liability (Asset)	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2019	\$ 959,797	\$ 1,003,488	\$ (43,691)
Changes in the year:			
Service cost	30,024		30,024
Interest	61,951		61,951
Contributions - employer (estimate)		43,424	(43,424)
Expected investment income		65,220	(65,220)
Investment gains/(losses)		5,399	(5,399)
Experience (gains)/losses	241,370		241,370
Expected benefit payments to retirees (estimate)	(43,424)	(43,424)	
Administrative expenses		(216)	216
Net changes	<u>289,921</u>	<u>70,403</u>	<u>219,518</u>
Balance at June 30, 2020	<u>\$ 1,249,718</u>	<u>\$ 1,073,891</u>	<u>\$ 175,827</u>

RECLAMATION DISTRICT 1000, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

	Increase (Decrease)		
	Total OPEB Liability (Asset)	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2018	\$ 930,432	\$ 975,430	\$ (44,998)
Changes in the year:			
Service cost	29,220		29,220
Interest	59,499		59,499
Contributions - employer		28,000	(28,000)
Expected investment income		62,325	(62,325)
Investment gains and losses		(2,001)	2,001
Expected benefit payments to retirees	(49,674)	(49,674)	-
Actual minus expected benefit payments	(9,680)	(9,680)	-
Other		892	(892)
Administrative expenses		(1,804)	1,804
Net changes	<u>29,365</u>	<u>28,058</u>	<u>1,307</u>
Balance at June 30, 2019	<u>\$ 959,797</u>	<u>\$ 1,003,488</u>	<u>\$ (43,691)</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2020		
	Current		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability	\$ 317,983	\$ 175,827	\$ 55,650
	2019		
	Current		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability	\$ 73,090	\$ (43,691)	\$ (140,899)

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2020		
	Current Healthcare Cost		
	1% Decrease 3.00%	Trend Rates 4.00%	1% Increase 5.00%
Net OPEB liability	\$ 53,809	\$ 175,827	\$ 315,736

	2019		
	Current Healthcare Cost		
	1% Decrease 3.00%	Trend Rates 4.00%	1% Increase 5.00%
Net OPEB liability (asset)	\$ (152,950)	\$ (43,691)	\$ 86,245

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CERBT financial report at www.calpers.gov.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the years ended June 30, 2020 and 2019, the District recognized OPEB expense of \$47,503 and \$27,460, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 49,497			
Difference between expected and actual experience	219,020	\$ (7,402)		\$ (1,600)
Net differences between projected and actual earnings on plan investments		(3,120)	\$ 8,541	
Total	\$ 268,517	\$ (10,522)	\$ 8,541	\$ (1,600)

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

The \$49,497 at June 30, 2020 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2020	\$ 20,532
2021	20,532
2022	20,528
2023	20,132
2024	19,504
Thereafter	<u>107,270</u>
	<u>\$ 208,498</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in the 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 gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. The net difference between expected and actual experience is recognized over the expended average remaining service lifetime (EARS�), which was 10.8 years at the June 30, 2019 valuation date.

Age-Adjusted Premiums Not Used: As a general rule, Actuarial Standards of Practice 6 (ASOP 6) indicates retiree costs should be based on actual claim costs or age-adjusted premiums. However, the Plan’s net OPEB liability was not computed using age-adjusted premiums because the District’s actuary applied Section 3.7.7(c)4 for the ASOP 6 and determined age-adjusted premiums are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the projection of benefit payments. This is due to the District participating in the CalPERS health insurance plan, Public Employer Medical and Hospital Care Act (PEMHCA). PEMHCA uses blended premiums for active and retired participants and is expected to continue this practice into the future. Contributions based on age-adjusted premiums would be larger than contributions based on actual premiums charged by PEMHCA. The actuary believes this would overstate contributions to the CERBT that would not be able to be recovered by the District. Many other actuaries believe it is appropriate to use age-adjusted premiums when computing net OPEB liabilities under GASB Statement No. 75. The District’s net OPEB liability would have been significantly larger had it been computed using age-adjusted premiums.

RECLAMATION DISTRICT 1000, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE G – CONTINGENCIES

Prop 218: Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend assessments and fees. Any new or increased assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the District's ability to finance the services for which the property assessments were imposed may be significantly impaired. However, the District may also have the ability to assess certain government owned properties which were previously rendered exempt. The effect Proposition 218 will have on the District's ability to maintain or increase the revenue it receives from assessments and fees in the future is unknown.

COVID-19: On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

REQUIRED SUPPLEMENTAL INFORMATION

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020 and 2019

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - MISCELLANEOUS PLAN
Last 10 Years**

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.01251%	0.01235%	0.01256%	0.12560%	0.01240%	0.01360%
Proportionate share of the net pension liability	\$ 1,281,711	\$ 1,189,937	\$ 1,245,857	\$ 1,086,420	\$ 848,318	\$ 846,161
Covered payroll - measurement period	\$ 926,881	\$ 889,262	\$ 826,547	\$ 858,126	\$ 852,087	\$ 630,170
Proportionate share of the net pension liability as a percentage of covered payroll	138.28%	133.81%	150.73%	126.60%	99.56%	134.27%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	75.31%	74.06%	78.40%	79.21%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes in assumptions: The discount rate was changed from 7.5% in 2015 to 7.65% in 2016 and 2017, and to 7.15% in 2018.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN
Last 10 Years**

	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 155,951	\$ 174,925	\$ 150,162	\$ 139,989	\$ 130,747	\$ 100,907
Contributions in relation to the actuarially determined contributions	(155,951)	(174,925)	(150,162)	(139,989)	(130,747)	(100,907)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	\$ 1,004,351	\$ 926,881	\$ 889,262	\$ 826,547	\$ 858,126	\$ 630,170
Contributions as a percentage of covered payroll	15.53%	18.87%	16.89%	16.94%	15.24%	16.01%

Notes to Schedule:

Valuation date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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Methods and assumptions used to determine contribution rates:

	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Amortization method						
Remaining amortization period						
Asset valuation method						
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases						
Payroll growth	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the Year Ended June 30

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 30,024	\$ 29,220	\$ 28,438
Interest	61,951	59,499	57,189
Experience (gains)/losses	241,370	-	-
Benefit payments	(43,424)	(59,354)	(42,393)
Net change in total OPEB liability	289,921	29,365	43,234
Total OPEB liability - beginning	959,797	930,432	887,198
Total OPEB liability - ending (a)	<u>\$ 1,249,718</u>	<u>\$ 959,797</u>	<u>\$ 930,432</u>
Plan fiduciary net position			
Contributions - employer	\$ 43,424	\$ 28,000	\$ 38,795
Net investment income	65,220	60,324	66,639
Benefit payments (estimate)	(43,424)	(59,354)	(42,393)
Investment gains/(losses)	5,399	-	-
Administrative expenses	(216)	(912)	(801)
Net change in plan fiduciary net position	70,403	28,058	62,240
Plan fiduciary net position - beginning	1,003,488	975,430	913,190
Plan fiduciary net position - ending (b)	<u>\$ 1,073,891</u>	<u>\$ 1,003,488</u>	<u>\$ 975,430</u>
Net OPEB liability (asset) - ending (a)-(b)	<u>\$ 175,827</u>	<u>\$ (43,691)</u>	<u>\$ (44,998)</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	<u>85.93%</u>	<u>104.55%</u>	<u>104.84%</u>
Covered-employee payroll - measurement period	<u>\$ 926,881</u>	<u>\$ 826,547</u>	<u>\$ 861,202</u>
Total OPEB liability (asset) as percentage of covered-employee payroll	<u>18.97%</u>	<u>(5.29%)</u>	<u>(5.23%)</u>
Notes to schedule:			
Valuation date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017
Discount Rate	6.50%	6.50%	6.50%

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes. None.

Changes in assumptions. None.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution - employer fiscal year	\$ 79,186	\$ 65,512	\$ 59,354
Contributions in relation to the statutorily required contributions	<u>(128,683)</u>	<u>(65,512)</u>	<u>(87,354)</u>
Contribution deficiency (excess)	<u>\$ (49,497)</u>	<u>\$ -</u>	<u>\$ (28,000)</u>
Covered-employee payroll - employer fiscal year	\$ 1,004,351	\$ 926,881	\$ 889,262
Contributions as a percentage of covered-employee payroll	12.81%	7.07%	9.82%

Notes to Schedule:

An actuarially determined contribution rate was not calculated. The required contributions reported represent retiree premium payments.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property assessments	\$ 2,250,000	\$ 2,250,000	\$ 2,306,058	\$ 56,058
O & M reimbursement revenue from SAFCA	1,400,000	1,400,000	1,400,000	-
Capital contributions and grants	574,000	574,000	898,023	324,023
Fees for services	-	-	36,054	36,054
Use of money and property	85,000	85,000	192,150	107,150
Other revenues	-	-	2,549	2,549
TOTAL REVENUES	4,309,000	4,309,000	4,834,834	525,834
EXPENDITURES				
Flood protection:				
Maintenance and operations	3,054,938	3,054,938	2,673,063	381,875
Administration	1,002,900	1,002,900	701,665	301,235
Capital outlay	737,100	737,100	866,224	(129,124)
TOTAL EXPENDITURES	4,794,938	4,794,938	4,240,952	553,986
NET CHANGE IN FUND BALANCES	(485,938)	(485,938)	593,882	1,079,820
Fund balance at beginning of year	8,971,062	8,971,062	8,971,062	-
FUND BALANCE AT END OF YEAR	\$ 8,485,124	\$ 8,485,124	\$ 9,564,944	\$ 1,079,820

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

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SUPPLEMENTAL INFORMATION

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Operations:			
Power	\$ 478,000	\$ 427,418	\$ 50,582
Herbicides	105,000	87,052	17,948
Field services	100,000	40,957	59,043
Field operations consultants	20,000	12,917	7,083
Materials and supplies	22,000	24,495	(2,495)
Refuse collection	25,000	14,138	10,862
Compensation	1,058,262	1,047,112	11,150
Payroll taxes	71,000	81,649	(10,649)
Group insurance, including retirees	97,440	102,634	(5,194)
Dental/vision insurance	22,328	21,038	1,290
Workers' compensation insurance	39,544	19,927	19,617
Pension - defined benefit and 457 plans	178,264	167,115	11,149
Fuel	55,000	39,199	15,801
Equipment repairs and services	16,000	5,551	10,449
Equipment parts and supplies	60,000	33,733	26,267
Shop equipment (not vehicles)	3,000	3,783	(783)
Government fees and permits	12,000	8,458	3,542
FEMA permits	4,000		4,000
Facility repairs	366,000	156,901	209,099
Assessments/CAD	8,000	7,928	72
Field utilities	8,000	8,350	(350)
Equipment rental and other	5,000	605	4,395
Field equipment	10,100	10,121	(21)
Security patrol	34,000	73,270	(39,270)
FMAP - operations and maintenance	256,500	277,221	(20,721)
Other	500	1,491	(991)
	<u>\$ 3,054,938</u>	<u>\$ 2,673,063</u>	<u>\$ 381,875</u>
Administration:			
Office supplies	\$ 5,500	\$ 4,566	\$ 934
Computer	24,000	19,971	4,029
Liability and auto insurance	150,000	118,017	31,983
Annuitant healthcare, excluding retiree benefit payments	30,000	49,497	(19,497)
Memberships	40,500	32,327	8,173
Legal	97,000	74,645	22,355
Engineering/Adminstrative consultants	310,000	150,001	159,999
Public relations, legislative analyst	45,000	5,704	39,296
Accounting and audit services	46,050	37,455	8,595

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL -
GENERAL FUND (Continued)

For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Administration (continued):			
Administrative services	\$ 17,000	\$ 10,195	\$ 6,805
Trustee fees	40,000	34,650	5,350
City and county fees		6,574	(6,574)
Mitigation land taxes	3,000	2,592	408
Election costs	55,000	39,333	15,667
Utilities	23,700	17,982	5,718
Office maintenance and repair	27,000	17,233	9,767
Continuing education	5,000	3,324	1,676
Payroll service	3,500	3,658	(158)
Small office and computer equipment	12,000	10,037	1,963
Government fees and permits	12,500		12,500
Assessment management fees		19,268	(19,268)
Professional development	20,500		20,500
Temporary administration	15,000	14,000	1,000
FMAP - administration	12,400		12,400
Other	8,250	30,636	(22,386)
	<u>\$ 1,002,900</u>	<u>\$ 701,665</u>	<u>\$ 301,235</u>
Capital outlay:			
Office upgrades and improvements	\$ 30,000	\$ 24,332	\$ 5,668
Real estate acquisition	50,000	12,750	37,250
Vehicles/equipment	132,000	273,160	(141,160)
Capital - office facility repair	30,000	32,650	(2,650)
Capital - District server	10,000	8,945	1,055
Capital - facilities	180,000	205,164	(25,164)
FMAP Capital - large equipment	305,100	309,223	(4,123)
	<u>737,100</u>	<u>866,224</u>	<u>(129,124)</u>
Total expenditures	<u>\$ 4,794,938</u>	<u>\$ 4,240,952</u>	<u>\$ 553,986</u>

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OTHER REPORTS



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

To the Board of Trustees
Reclamation District No. 1000
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 the Reclamation District No. 1000 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2020.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

To the Board of Trustees
Reclamation District No. 1000

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*.

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

Richardson & Company, LLP

December 1, 2020



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GOVERNANCE LETTER

To the Board of Trustees
Reclamation District 1000
Sacramento, California

We have audited the financial statements of the Reclamation District 1000 (the District) for the year ended June 30, 2020, and have issued our report thereon dated December 1, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 29, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards*

As stated in our engagement letter dated April 29, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We noted no internal control related matters that are required to be communicated under professional standards.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated April 29, 2020.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2019/20. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: depreciable lives and method used to depreciate capital assets, the amount receivable from the County for delinquent assessments, and the accruals for postemployment and pension benefits. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The accrual for postemployment benefits was determined by an actuarial valuation, which is required to be performed every two years. The most recent actuarial calculation was prepared for the June 30, 2020 audit. The accrual for the unfunded pension liability was determined by an actuarial valuation performed by CalPERS, which is performed annually.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

Pension Liability: Information on the District's pension plans, including the District's share of the unfunded pension liability, is shown in Note E. The District's share of the unfunded pension liability at June 30, 2019, the most recent measurement date, was \$1,281,711 which is reflected as a liability in the District's financial statements as of June 30, 2020. As a result of the changes in the net pension liability and related deferred inflows and outflows, the District's pension expense is \$303,520 primarily because of the Plan's difference between projected and actual investment earnings on pension investments.

Liability for Other Postemployment Benefits: The postemployment benefit (OPEB) disclosure in Note F shows that the District's share of the unfunded OPEB liability at June 30, 2019, the most recent measurement date, was \$175,827, which is reflected as a liability in the District's financial statements as of June 30, 2020. As a result of the recording of the net OPEB liability and related deferred inflows and outflows, the District's OPEB expense is \$47,503, primarily to record changes in the net OPEB liability and deferred outflows and inflows. In calculating the District's OPEB liability, the District's actuary applied Section 3.7.7(c)4 of the Actuarial Standard of Practice No. 6, as revised, and determined age-adjusted healthcare premiums were not necessary in the computation of the net OPEB liability. Many other actuaries consider it necessary under actuarial standards to use age-adjusted premiums in the computation of the OPEB liability. Had age-adjusted premiums been used, the District's OPEB liability would have been significantly larger. This is an apparent lack of consensus in the industry that was disclosed in Note F to the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Two adjustments were made during the audit as follows: correct for reversal of retention payable on construction in progress and reclassify the SCADA reimbursement to a capital grant revenue account.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2020.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, schedule of change in net OPEB liability and related ratios, schedule of contributions to the OPEB plan and schedule of revenue, expenditures and changes in fund balance- budget and actual, which are required

supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the schedule of expenditures – budget and actual which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Schedule of Expenditures – Budget and Actual – General Fund, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Board of Trustees and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

December 1, 2020

RECLAMATION DISTRICT 1000
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES - GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2020

Description	Financial Statements Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Net Position	Total Change in Net Position
Difference between estimated contributions used in actuarial valuation and actual contributions for OPEB	\$ -	\$ 22,088	\$ (22,088)	\$ (22,088)
Net Unadjusted Audit Differences	0	22,088	(22,088)	(22,088)
Financial Statement Caption Totals-Governmental activities	\$ 52,518,868	\$ 1,808,100	\$ 51,237,218	\$ (285,855)
Net Audit Differences as % of F/S Captions	0.00%	1.22%	(0.04%)	7.73%



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MANAGEMENT LETTER

To the Board of Trustees
Reclamation District 1000
Sacramento, California

In planning and performing our audit of the financial statements of the Reclamation District 1000 (the District) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing 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.

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.

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

During our audit, we became aware of the following matters that have been included in this letter for your consideration:

Pension Accounting: To ensure the accuracy of the contribution amounts recorded in the general ledger, which are used to develop the District's proportionate share of the pension liability of the plan pool, we recommend that the District perform a reconciliation at the end of each fiscal year of the employer contribution expense in the general ledger to the contributions reported in the CalPERS system.

We also recommend employer and employee contributions be recorded in separate expenditure accounts so the balance of employer contributions may be identified when preparing pension entries and disclosures. In addition, we recommend that a separate general ledger account be used to record the pension entries needed to true-up the pension liability and related deferred inflows/outflows. Establishing these separate general ledger accounts will facilitate the reconciliation of contributions to the amount reflected in the CalPERS system.

Other Post-Employment Benefits (OPEB) Accounting: We noted that the retiree premium payments reported in the June 30, 2019 OPEB actuarial valuation used in the June 30, 2020 financial statements did not match the contribution/premium payment amount reported in the June 30, 2019 CalPERS Trust audited financial statements. The District needs to ensure that procedures are in place for reviewing the

OPEB valuation report, including reconciling the contributions reported in the valuation report to the amounts reflected in the District's general ledger and reported to CalPERS.

In addition, we recommend that a separate general ledger account be used to record the OPEB entries needed to true-up the OPEB liability and related deferred inflows/outflows, rather than recording them in the same account as the retiree premium payments. Establishing these separate general ledger accounts will facilitate the reconciliation of contributions discussed above.

Payroll Processing Review - During our audit we noted there is not a secondary review of the payroll register prior to the paycheck processing. We recommend that the General Manager review the payroll register to verify the accuracy of the output from the payroll system, to mitigate the risk of errors prior to payroll checks being cut. In addition, we noted a timesheet that did not include the signature of the preparer or reviewer. We recommend supporting documentation, such as timesheets, indicate the name or initial and date of the preparer and reviewer of the document. This will provide evidence that two staff were involved in performing the control.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the examination. This report is intended solely for the information and use of the Board of Trustees, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

December 1, 2020



RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 6.2

TITLE: Financial Plan

SUBJECT: Review and Discuss Draft Comprehensive Financial Plan.

EXECUTIVE SUMMARY:

Review and discuss draft comprehensive financial plan (Attachment No. 1) as prepared by NBS, Inc.

RECOMMENDATION:

Staff recommends the Board of Trustees review and discuss the draft comprehensive financial plan and provide direction to staff on next steps.

ATTACHMENTS:

1. Draft Comprehensive Financial Plan

STAFF RESPONSIBLE FOR REPORT:

Kevin L. King, General Manager

Date: 12/08/2020

RECLAMATION

TO: Kevin King, General Manager

FROM: Kim Boehler, Director

SUBJECT: Comprehensive Financial Plan

DATE: December 8, 2020

PURPOSE

Reclamation District No. 1000 (District) retained NBS to prepare a Comprehensive Financial Plan that includes all revenue sources, expenditures, reserves, capital improvement costs, repair and replacement costs, and net revenue requirements. This Memorandum addresses the following issues:

1. The development of net revenue requirements from FY 2021/22 to FY 2040/41.
2. The establishment and maintenance of reserve funds and targets.
3. The funding of the District's Capital Improvement Program (CIP).

NBS prepared long-term financial plans that incorporate the District's 2020 Capital Improvement Plan (CIP) developed by the engineering firm of Kjeldsen, Sinnock & Neudeck, Inc. (KSN)¹ together with preliminary modeling of the additional revenue requirements under each of the proposed financial plan alternatives.

Funding Shortfall: Based on the data provided by the District, a funding shortfall of approximately \$1.5 million is projected by Fiscal Year 2021/22 if no action is taken at this time. In other words, the District will not be able to fund both operating and maintenance costs as well as the planned capital improvements if it does not implement a new funding mechanism to generate the necessary revenue. The financial plans project revenues and expenses through FY 2040/41 and, based on the assumptions used in the analysis, they yield an annual shortfall of approximately \$5.7 million by the end of the 20-year projection period.

Reserve Funds: According to the District's Financial Reserve Policy,² the Operating Reserves (O&M) should maintain a target reserve balance that adequately funds both operating and maintenance costs for a minimum of six (6) months. This amount is reasonable considering the District also maintains separate funds for Flood Fight, with a target reserve balance of \$1.5 million, and Capital Fund Reserves to cover the cost of planned capital improvements including repair and replacement of existing infrastructure. Currently, the District does not have a reserve target for the Capital Fund Reserves; therefore, all funds, remaining after the O&M and Flood Fight targets are met, are then available for

¹ Source file: Attachment 1 CIP_Update_Final_09042020.pdf

² Source file: 2001 Reclamation District No 1000 Financial Reserve Policy.pdf

capital improvements. This means the District will need additional funds to cover the costs of capital improvements without implementing a new revenue funding mechanism and adopting the proposed rate increases.

In the absence of a formal Capital Fund Reserves target, NBS has set the reserve target at 3% of Net Asset Value (tracking common depreciation) to help fund the District’s planned CIP. However, in order to fund the planned capital improvements and the rehabilitation and replacement of capital assets, while minimizing the impact on its customers, the District needs to consider other revenue streams. The total capital improvement program costs are estimated at \$52 million over the next twenty years, or \$2.5 million annually, as shown in Table 1. The District should also consider other revenue sources, such as grants and outside financing such as loans or revenue bonds.

Table 1. Total Project Costs

Total Capital Project Costs 2021-2041¹	\$ 52,059,570
Average Annual Expenditure	\$ 2,479,027

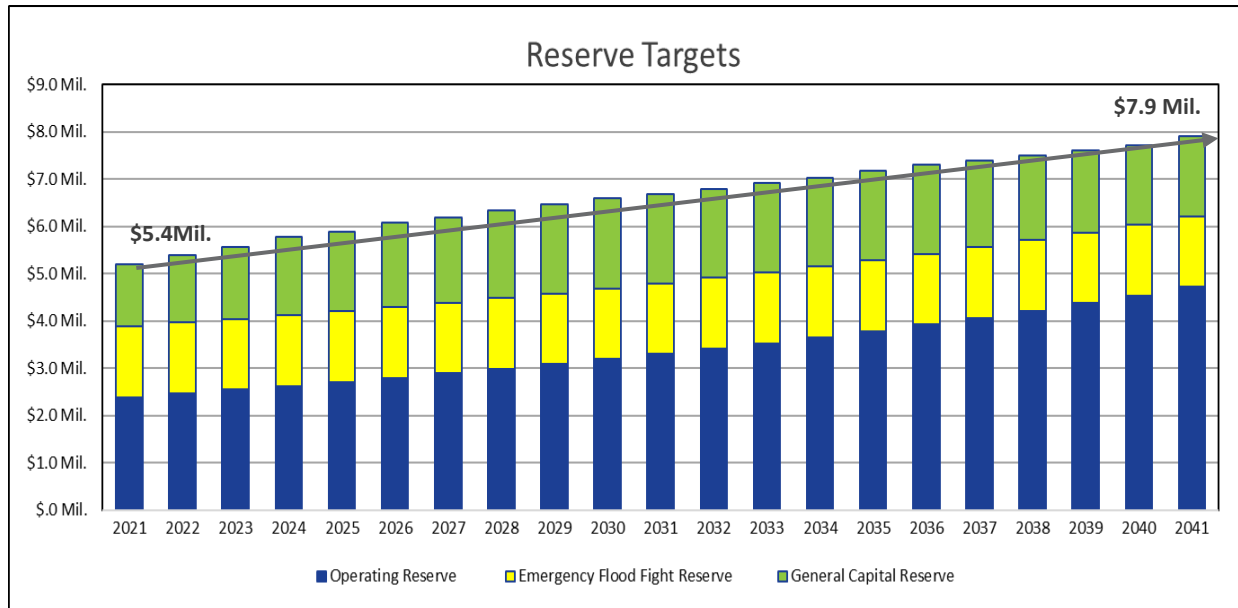
1. Per RD 1000, 2020 Capital Improvement Plan includes estimated cost inflation.

NBS has developed three (3) Financial Plan Alternatives for District staff and the Board of Directors (Board) to consider. The amount of additional revenue required from the new funding mechanism has been adjusted based on the following conditions: (1) whether the District decides to finance (e.g., revenue bonds, loans, or grants) a portion or all of the capital expenditures, and (2) whether the District decides to spend down the available capital reserves to fund the CIP. Table 2 and Figure 1 show the various alternatives and the proposed increases in revenue needed to meet all funding requirements, including the CIP program and reserve targets noted previously.

Table 2. Financial Plan Alternatives

Fiscal Year Ending June 30	Percentage Change in Revenue Needed to Meet Funding Requirements		
	Alternative #1	Alternative #2	Alternative #3
2022	38%	90%	29%
2023	3%	0%	29%
2024	3%	0%	29%
2025	3%	0%	0%
2026	3%	0%	0%
2027	3%	0%	0%
2028	3%	0%	0%
2029	3%	0%	0%
2030	3%	0%	-17%
2031	3%	0%	0%
2032	3%	0%	0%
2033	3%	0%	0%
2034	3%	0%	0%
2035	3%	1%	0%
2036	3%	0%	0%
2037	3%	-11%	0%
2038	3%	1%	0%
2039	3%	1%	0%
2040	4%	1%	0%
2041	4%	1%	0%

Figure 1. 20-Year Reserve Targets



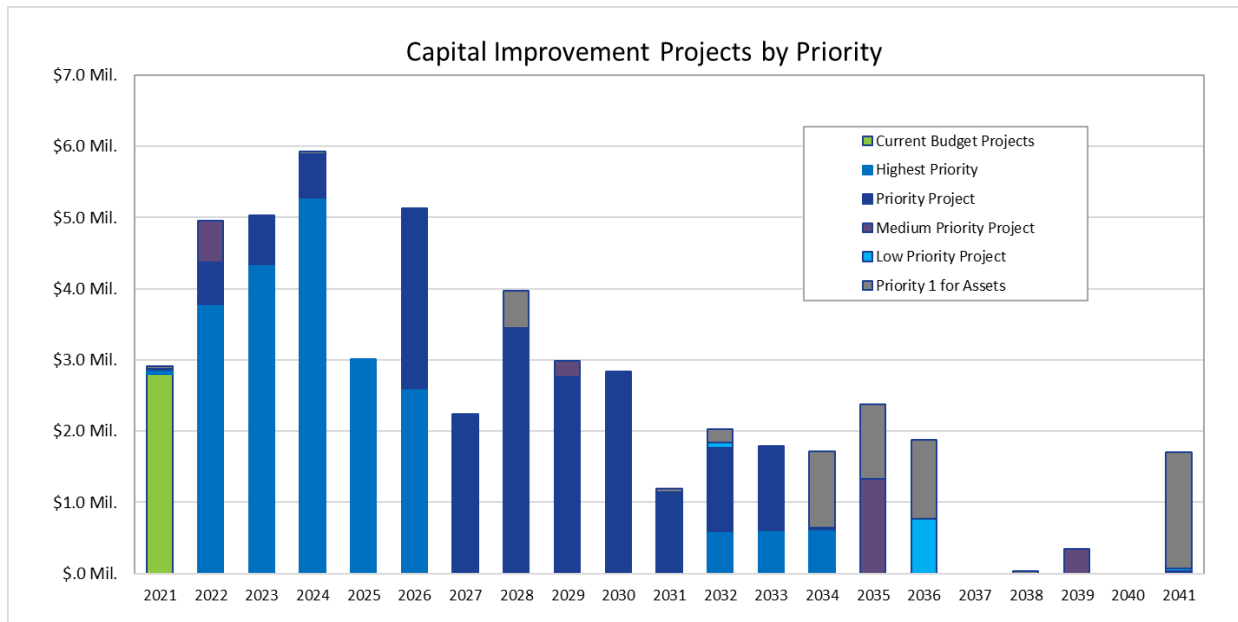
CIP Program: NBS has incorporated the District' 2020 Capital Improvement Plan, developed by KSN and approved by the Board, into the financial plans. Since almost 50% of the capital expenditures are for the next five (5) years, costs that are over a certain threshold were allocated over a 3-year or 5-year period according to the criteria shown in Table 3 below:

Table 3. CIP Allocation Methodology

Value of Project	Description of Methodology
Projects valued at less than \$1 million	Assumed to be completed in that same year
Projects with costs greater than \$1 million but less than \$5 million	Allocated over a 3-year period
Projects with costs greater than \$5 million	Allocated over a 5-year period

Figure 2 shows the total Capital Improvement Plan through Fiscal Year 2040/41 by priority and implementation date which will remain the same for all three (3) financial plan alternatives.

Figure 2. 20-Year Capital Improvement Plan



In summary, NBS modeled long-term financial plans for the proposed capital improvements that also address the O&M shortfall, funding reserves as stated above, and funding the CIP using a combination of debt financing and annual revenue collection through either increasing the existing assessment or implementing a new revenue source.

The following are available revenue tools for the District to consider:

1. General Obligation Property Tax
2. Uniform Parcel Tax
3. Special Tax
4. Property Related Fee
5. Special Assessment

These parcel charges provide critical data and will affect the District’s decision-making process on the affordability of the CIP Program. Each of the above revenue tools are authorized by different implementation statutes and have various approval thresholds, methods, and participants which will also help determine the District’s decisions. The District will need to authorize additional analysis for NBS to evaluate the specifics of each potential revenue tool and impacts to property owners.

LONG-TERM FINANCIAL PLAN

The following 20-year long-term financial plans were built using the following criteria:

1. New Revenue Funding was set at an initial amount in the Fiscal Year 2021/22 and then to escalate each year based on the proposed annual rate increases. This allows for a constant, stable escalation that most property owners are familiar with and will track with all potential revenue tools.

2. The additional revenue needed to Meet Funding Requirements:

Fiscal Year Ending June 30	Additional Revenue Needed to Meet Funding Requirements		
	Alternative #1	Alternative #2	Alternative #3
2022	\$1,395,550	\$3,305,250	\$1,065,025
2023	1,562,647	3,336,137	2,434,225
2024	1,737,167	3,365,943	4,244,392
2025	1,919,416	3,394,571	4,290,756
2026	2,109,712	3,432,116	4,346,397
2027	2,285,946	3,423,886	4,347,341
2028	2,467,468	3,434,744	4,367,560
2029	2,654,435	3,438,874	4,381,240
2030	2,847,011	3,436,081	3,005,540
2031	3,045,365	3,436,367	3,001,671
2032	3,249,669	3,444,834	3,005,898
2033	3,460,102	3,451,028	3,007,765
2034	3,676,848	3,455,201	3,007,523
2035	3,900,097	3,528,272	3,004,047
2036	4,130,043	3,521,660	2,992,104
2037	4,366,888	2,717,278	2,982,672
2038	4,610,837	2,785,742	2,988,988
2039	4,862,106	2,853,102	2,992,946
2040	5,207,181	2,919,260	2,994,421
2041	5,566,059	2,983,235	2,992,408

3. The total Reserve Fund Balances were designed to closely approximate the total Reserve Fund target balances at the conclusion of the study period (FY 2040/41).

4. Debt issuance assumptions for Alternative 1 are as follows:

- a. 30-Year Term
- b. 2.00% Cost of Issuance
- c. 4.00% Annual Interest Cost

5. Debt was issued in 5-year increments for Alternative 1 for the following amounts:

Estimated Debt Financing Alternative 1	Issue Amount	Annual Debt Service Payment ¹
Issue #1, FY 2021/22	\$14,000,000	\$878,000
Issue #2, FY 2026/27	\$9,000,000	\$564,000
Issue #3, FY 2031/32	\$9,000,000	\$564,000
Total Debt Service in FY 2031/32	--	\$2,006,000

1. Assumes 30-year repayment for each issue an 4% interest rate.

The following pages show the long-term financial plans and projected fund balances together with associated charts for each of the financial plan alternatives.

DRAFT

Alternative 1 - Full CIP with Bond Financing

Table 4. Alternative 1 – Financial Plan & Summary of Revenue Requirements

RATE REVENUE REQUIREMENTS SUMMARY	Projected									
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Sources of Water Funds										
Revenue from Assessments	\$ 3,672,500	\$ 3,695,225	\$ 3,718,177	\$ 3,741,359	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773
Other Revenues	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337
Interest Earnings (in Operating & Capital Reserves) ¹	79,189	75,337	71,113	57,985	64,498	60,068	63,909	55,274	61,447	64,017
Total Sources of Funds	\$ 5,923,026	\$ 5,941,899	\$ 5,960,627	\$ 5,970,681	\$ 6,000,607	\$ 5,996,177	\$ 6,000,019	\$ 5,991,384	\$ 5,997,557	\$ 6,000,127
Uses of Water Funds										
Operating Expenses:²										
Salaries	\$ 1,280,275	\$ 1,312,282	\$ 1,345,089	\$ 1,378,716	\$ 1,413,184	\$ 1,448,514	\$ 1,484,727	\$ 1,521,845	\$ 1,559,891	\$ 1,598,888
Benefits	635,000	667,560	702,795	740,956	782,319	827,185	875,889	928,795	986,303	1,048,855
Other Operating Expenses	3,021,440	3,112,083	3,205,446	3,301,609	3,400,657	3,502,677	3,607,758	3,715,990	3,827,470	3,942,294
Subtotal: Operating Expenses	\$ 4,936,716	\$ 5,091,926	\$ 5,253,330	\$ 5,421,282	\$ 5,596,160	\$ 5,778,377	\$ 5,968,373	\$ 6,166,630	\$ 6,373,664	\$ 6,590,037
Other Expenditures:										
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Debt Service	877,953	877,953	877,953	877,953	877,953	1,442,351	1,442,351	1,442,351	1,442,351	1,442,351
Rate-Funded Capital Expenses ³	-	121,687	1,641,506	1,003,387	1,802,560	719,827	1,944,186	483,643	829,407	130,696
Subtotal: Other Expenditures	\$ 877,953	\$ 999,639	\$ 2,519,458	\$ 1,881,339	\$ 2,680,513	\$ 2,162,177	\$ 3,386,536	\$ 1,925,994	\$ 2,271,758	\$ 1,573,047
Total Uses of Funds	\$ 5,814,668	\$ 6,091,565	\$ 7,772,788	\$ 7,302,621	\$ 8,276,673	\$ 7,940,554	\$ 9,354,909	\$ 8,092,624	\$ 8,645,422	\$ 8,163,084
plus: Revenue from New Funding Mechanism	1,395,550	1,562,647	1,737,167	1,919,416	2,109,712	2,285,946	2,467,468	2,654,435	2,847,011	3,045,365
Annual Surplus/(Deficit)	\$ 1,503,907	\$ 1,412,981	\$ (74,994)	\$ 587,476	\$ (166,354)	\$ 341,570	\$ (887,423)	\$ 553,195	\$ 199,146	\$ 882,407
Net Revenue Req't. (Total Uses less Non-Rate Revenue)	\$ 3,564,143	\$ 3,844,891	\$ 5,530,339	\$ 5,073,299	\$ 6,040,838	\$ 5,709,149	\$ 7,119,663	\$ 5,866,013	\$ 6,412,638	\$ 5,927,730
Total Revenue After New Funding Mechanism is Implemented	\$ 7,318,576	\$ 7,504,546	\$ 7,697,795	\$ 7,890,097	\$ 8,110,319	\$ 8,282,124	\$ 8,467,487	\$ 8,645,819	\$ 8,844,568	\$ 9,045,492
Annual Revenue Increase Needed	38.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cumulative Increase in Revenue	38.00%	42.14%	46.40%	50.80%	55.32%	59.98%	64.78%	69.72%	74.81%	80.06%
Debt Coverage After Rate Increase	2.71	2.75	2.78	2.81	2.86	1.74	1.73	1.72	1.71	1.70

Table 5. Alternative 1 – Reserve Fund Summary

SUMMARY OF CASH ACTIVITY	Budget	Budget	Projected									
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Unrestricted Reserves (Assigned Fund Balances):												
Total Beginning Cash¹	\$ 9,966,245	\$ 8,192,943										
Operating Reserve												
Beginning Reserve Balance ²	\$ 4,552,916	\$ 2,309,000	\$ 2,385,000	\$ 2,468,000	\$ 2,546,000	\$ 1,440,628	\$ 2,390,161	\$ 1,116,007	\$ 2,524,297	\$ 2,049,014	\$ 2,346,747	\$ 2,592,685
Plus: Net Cash Flow (After Rate Increases)	(185,938)	1,145,816	1,797,879	852,076	1,131,336	934,842	(1,298,529)	1,396,909	(501,026)	276,837	222,005	1,658,079
Plus: Interest Earnings	46,431	23,547	24,322	25,169	25,964	14,692	24,375	11,381	25,743	20,896	23,932	26,440
Less: Transfer Out to General Capital Reserve	(2,104,409)	(1,093,363)	(1,739,201)	(799,245)	-	-	-	-	-	-	-	(982,203)
Ending Operating Reserve Balance	\$ 2,309,000	\$ 2,385,000	\$ 2,468,000	\$ 2,546,000	\$ 1,440,628	\$ 2,390,161	\$ 1,116,007	\$ 2,524,297	\$ 2,049,014	\$ 2,346,747	\$ 2,592,685	\$ 3,295,000
Target Ending Balance (70% or 6 months of O&M)³	\$ 2,309,000	\$ 2,385,000	\$ 2,468,000	\$ 2,546,000	\$ 2,627,000	\$ 2,711,000	\$ 2,798,000	\$ 2,889,000	\$ 2,984,000	\$ 3,083,000	\$ 3,187,000	\$ 3,295,000
General Capital Fund Reserve												
Beginning Reserve Balance ⁴	\$ 3,913,329	\$ 4,318,412	\$ 3,880,111	\$ 3,207,067	\$ 2,364,147	\$ 1,683,207	\$ 1,714,562	\$ 1,747,344	\$ 1,780,461	\$ 1,813,915	\$ 1,847,710	\$ 1,881,850
Plus: Transfer of Operating Reserve Surplus	2,104,409	1,093,363	1,739,201	799,245	-	-	-	-	-	-	-	982,203
Plus: Transfer of Emergency Flood Fight Reserve Surplus	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297
Plus: Interest Earnings	39,908	44,039	39,569	32,706	24,110	17,165	17,485	17,819	18,157	18,498	18,843	19,191
Less: Use of Reserves for Capital Projects	(300,000)	(1,591,000)	(2,467,111)	(1,690,167)	(720,347)	(1,107)	-	-	-	-	-	-
Ending Capital Reserve Balance with Bonds	\$ 5,772,943	\$ 3,880,111	\$ 3,207,067	\$ 2,364,147	\$ 1,683,207	\$ 1,714,562	\$ 1,747,344	\$ 1,780,461	\$ 1,813,915	\$ 1,847,710	\$ 1,881,850	\$ 2,898,542
Target Ending Balance (3% of Net Assets)⁵	\$ 1,261,100	\$ 1,307,900	\$ 1,413,000	\$ 1,516,900	\$ 1,643,800	\$ 1,682,100	\$ 1,781,000	\$ 1,792,900	\$ 1,854,600	\$ 1,885,900	\$ 1,911,900	\$ 1,889,100
Emergency Flood Fight Fund												
Beginning Reserve Balance ⁶	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Plus: Interest Earnings	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297
Less: Transfer Out to General Capital Reserve	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)
Ending Emergency Flood Assistance Program Reserve Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Target Ending Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Ending Balance - Excludes Restricted Reserves	\$ 9,581,943	\$ 7,765,111	\$ 7,175,067	\$ 6,410,147	\$ 4,623,834	\$ 5,604,723	\$ 4,363,351	\$ 5,804,758	\$ 5,362,929	\$ 5,694,457	\$ 5,974,535	\$ 7,693,542
Minimum Target Ending Balance - Excludes Restricted Reserves	\$ 5,070,100	\$ 5,192,900	\$ 5,381,000	\$ 5,562,900	\$ 5,770,800	\$ 5,893,100	\$ 6,079,000	\$ 6,181,900	\$ 6,338,600	\$ 6,468,900	\$ 6,598,900	\$ 6,684,100
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ -	\$ 4,511,843	\$ 1,794,067	\$ 847,247	\$ (1,146,966)	\$ (288,377)	\$ (1,715,649)	\$ (377,142)	\$ (975,671)	\$ (774,443)	\$ (624,365)	\$ 1,009,442
Restricted Reserves:⁷												
Nonspendable Funds												
Beginning Reserve Balance ⁸	\$ 64,870	\$ 65,532	\$ 66,200	\$ 66,875	\$ 67,557	\$ 68,246	\$ 68,942	\$ 69,645	\$ 70,355	\$ 71,073	\$ 71,797	\$ 72,530
Plus: Interest Earnings	662	668	675	682	689	696	703	710	717	725	732	740
Less: Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-
Ending Prepaid Expense Fund Balance	\$ 65,532	\$ 66,200	\$ 66,875	\$ 67,557	\$ 68,246	\$ 68,942	\$ 69,645	\$ 70,355	\$ 71,073	\$ 71,797	\$ 72,530	\$ 73,269

Alternative 1 - Full CIP with Bond Financing, cont.:

Figure 3. Alternative 1 – Revenue Requirements Under Existing & Increased Rates

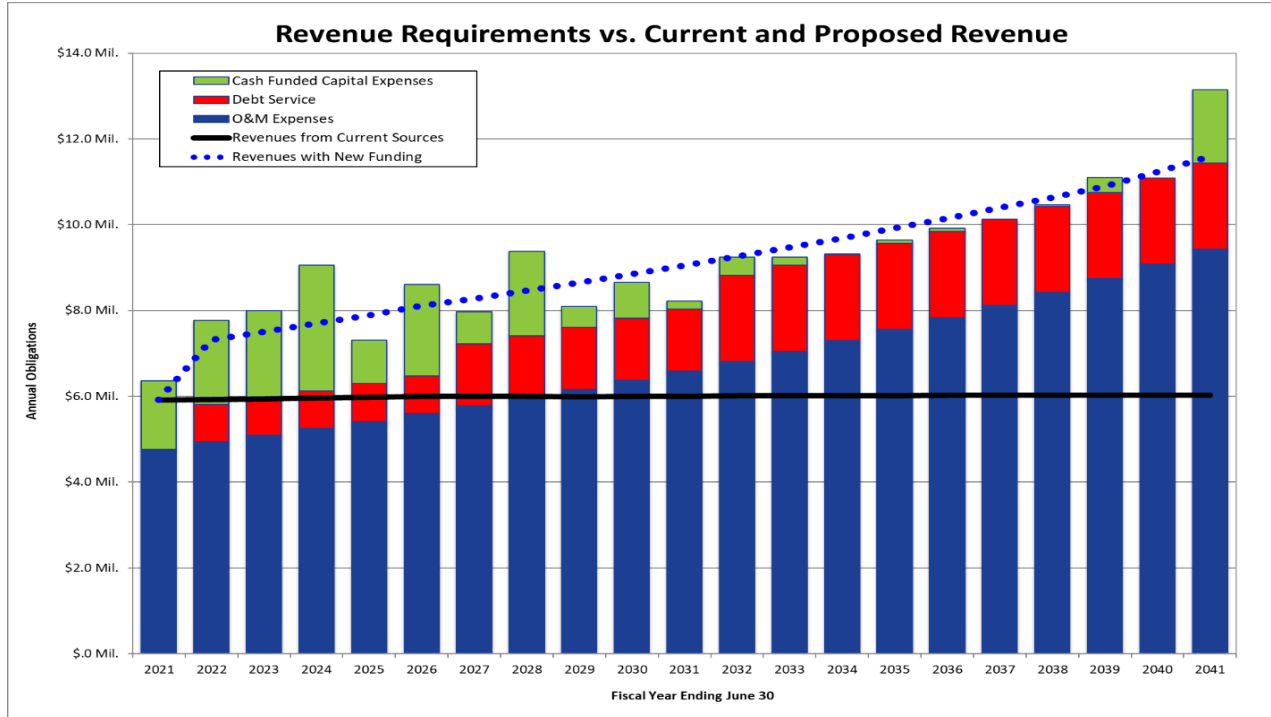
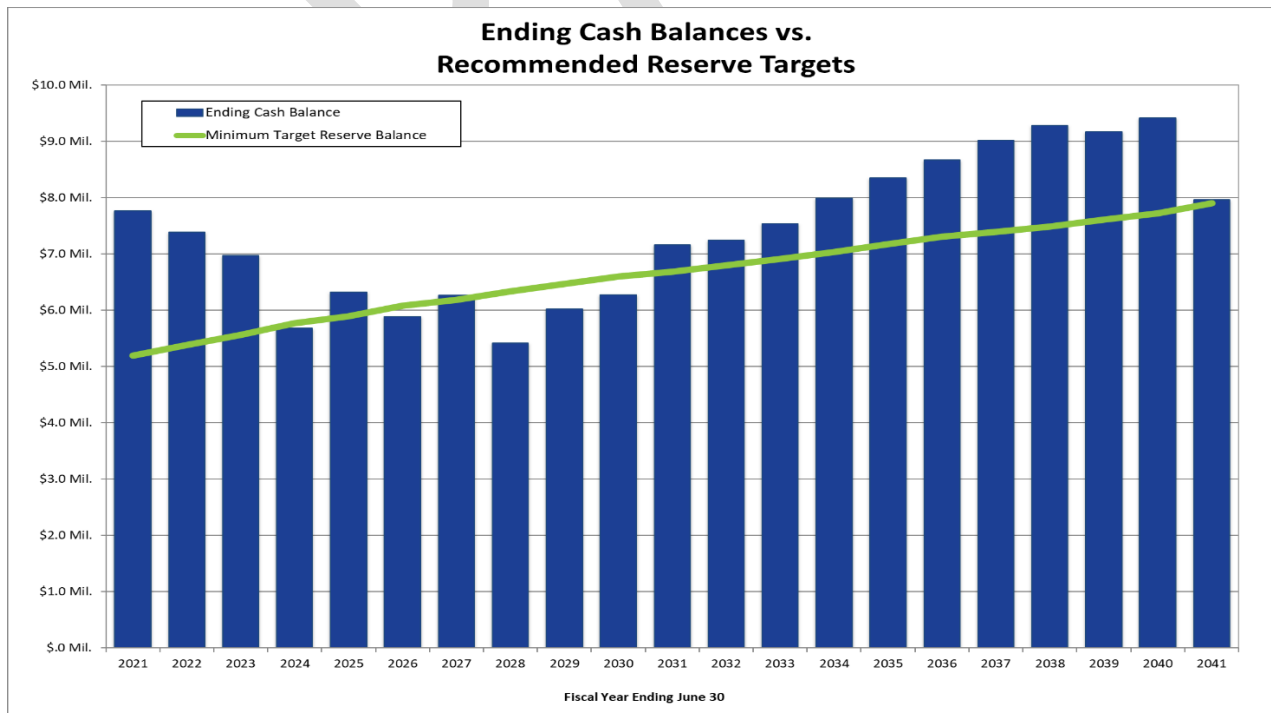


Figure 4. Alternative 1 – Ending Cash Balance vs. Recommended Reserve Targets



Alternative 2 – Full CIP with no Bond Financing:

Table 6. Alternative 2 – Financial Plan & Summary of Revenue Requirements

RATE REVENUE REQUIREMENTS SUMMARY	Projected									
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Sources of Water Funds										
Revenue from Assessments	\$ 3,672,500	\$ 3,695,225	\$ 3,718,177	\$ 3,741,359	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773
Other Revenues	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337
Interest Earnings (in Operating & Capital Reserves) ¹	79,189	73,171	65,371	47,154	57,157	44,497	59,197	54,691	58,072	60,928
Total Sources of Funds	\$ 5,923,026	\$ 5,939,733	\$ 5,954,885	\$ 5,959,850	\$ 5,993,267	\$ 5,980,607	\$ 5,995,307	\$ 5,990,801	\$ 5,994,182	\$ 5,997,038
Uses of Water Funds										
Operating Expenses: ²										
Salaries	\$ 1,280,275	\$ 1,312,282	\$ 1,345,089	\$ 1,378,716	\$ 1,413,184	\$ 1,448,514	\$ 1,484,727	\$ 1,521,845	\$ 1,559,891	\$ 1,598,888
Benefits	635,000	667,560	702,795	740,956	782,319	827,185	875,889	928,795	986,303	1,048,855
Other Operating Expenses	3,021,440	3,112,083	3,205,446	3,301,609	3,400,657	3,502,677	3,607,758	3,715,990	3,827,470	3,942,294
Subtotal: Operating Expenses	\$ 4,936,716	\$ 5,091,926	\$ 5,253,330	\$ 5,421,282	\$ 5,596,160	\$ 5,778,377	\$ 5,968,373	\$ 6,166,630	\$ 6,373,664	\$ 6,590,037
Other Expenditures:										
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses ³	2,493,681	3,334,034	5,204,577	3,009,129	5,135,091	2,244,778	3,967,415	2,986,790	2,837,969	1,188,378
Subtotal: Other Expenditures	\$ 2,493,681	\$ 3,334,034	\$ 5,204,577	\$ 3,009,129	\$ 5,135,091	\$ 2,244,778	\$ 3,967,415	\$ 2,986,790	\$ 2,837,969	\$ 1,188,378
Total Uses of Funds	\$ 7,430,397	\$ 8,425,960	\$10,457,907	\$ 8,430,411	\$10,731,252	\$ 8,023,154	\$ 9,935,789	\$ 9,153,420	\$ 9,211,633	\$ 7,778,416
plus: Revenue from New Funding Mechanism	3,305,250	3,338,303	3,371,686	3,405,402	3,439,456	3,439,456	3,439,456	3,439,456	3,439,456	3,439,456
Annual Surplus/(Deficit)	\$ 1,797,879	\$ 852,076	\$(1,131,336)	\$ 934,842	\$(1,298,529)	\$ 1,396,909	\$(501,026)	\$ 276,837	\$ 222,005	\$ 1,658,079
Net Revenue Req't. (Total Uses less Non-Rate Revenue)	\$ 5,179,871	\$ 6,181,451	\$ 8,221,199	\$ 6,211,920	\$ 8,502,758	\$ 5,807,320	\$ 7,705,255	\$ 6,927,392	\$ 6,982,224	\$ 5,546,150
Total Revenue After New Funding Mechanism is Implemented	\$ 9,228,276	\$ 9,278,036	\$ 9,326,570	\$ 9,365,252	\$ 9,432,723	\$ 9,420,063	\$ 9,434,763	\$ 9,430,257	\$ 9,433,638	\$ 9,436,494
Annual Revenue Increase Needed	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Increase in Revenue	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Debt Coverage After Rate Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 7. Alternative 2 – Reserve Fund Summary

SUMMARY OF CASH ACTIVITY	Projected									
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Unrestricted Reserves (Assigned Fund Balances):										
Total Beginning Cash¹										
Operating Reserve										
Beginning Reserve Balance ²	\$ 2,385,000	\$ 2,468,000	\$ 2,546,000	\$ 1,440,628	\$ 2,390,161	\$ 1,116,007	\$ 2,524,297	\$ 2,049,014	\$ 2,346,747	\$ 2,592,685
Plus: Net Cash Flow (After Rate Increases)	1,797,879	852,076	(1,131,336)	934,842	(1,298,529)	1,396,909	(501,026)	276,837	222,005	1,658,079
Plus: Interest Earnings	24,322	25,169	25,964	14,692	24,375	11,381	25,743	20,896	23,932	26,440
Less: Transfer Out to General Capital Reserve	(1,739,201)	(799,245)	-	-	-	-	-	-	-	(982,203)
Ending Operating Reserve Balance	\$ 2,468,000	\$ 2,546,000	\$ 1,440,628	\$ 2,390,161	\$ 1,116,007	\$ 2,524,297	\$ 2,049,014	\$ 2,346,747	\$ 2,592,685	\$ 3,295,000
Target Ending Balance (70% or 6 months of O&M)³	\$ 2,468,000	\$ 2,546,000	\$ 2,627,000	\$ 2,711,000	\$ 2,798,000	\$ 2,889,000	\$ 2,984,000	\$ 3,083,000	\$ 3,187,000	\$ 3,295,000
General Capital Fund Reserve										
Beginning Reserve Balance ⁴	\$ 3,880,111	\$ 3,207,067	\$ 2,364,147	\$ 1,683,207	\$ 1,714,562	\$ 1,747,344	\$ 1,780,461	\$ 1,813,915	\$ 1,847,710	\$ 1,881,850
Plus: Transfer of Operating Reserve Surplus	1,739,201	799,245	-	-	-	-	-	-	-	982,203
Plus: Transfer of Emergency Flood Fight Reserve Surplus	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297
Plus: Interest Earnings	39,569	32,706	24,110	17,165	17,485	17,819	18,157	18,498	18,843	19,191
Less: Use of Reserves for Capital Projects	(2,467,111)	(1,690,167)	(720,347)	(1,107)	-	-	-	-	-	-
Ending Capital Reserve Balance with Bonds	\$ 3,207,067	\$ 2,364,147	\$ 1,683,207	\$ 1,714,562	\$ 1,747,344	\$ 1,780,461	\$ 1,813,915	\$ 1,847,710	\$ 1,881,850	\$ 2,898,542
Target Ending Balance (3% of Net Assets)⁵	\$ 1,413,000	\$ 1,516,900	\$ 1,643,800	\$ 1,682,100	\$ 1,781,000	\$ 1,792,900	\$ 1,854,600	\$ 1,885,900	\$ 1,911,900	\$ 1,889,100
Emergency Flood Fight Fund										
Beginning Reserve Balance ⁶	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Plus: Interest Earnings	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297
Less: Transfer Out to General Capital Reserve	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)
Ending Emergency Flood Assistance Program Reserve Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Target Ending Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Ending Balance - Excludes Restricted Reserves	\$ 7,175,067	\$ 6,410,147	\$ 4,623,834	\$ 5,604,723	\$ 4,363,351	\$ 5,804,758	\$ 5,362,929	\$ 5,694,457	\$ 5,974,535	\$ 7,693,542
Minimum Target Ending Balance - Excludes Restricted Reserves	\$ 5,381,000	\$ 5,562,900	\$ 5,770,800	\$ 5,893,100	\$ 6,079,000	\$ 6,181,900	\$ 6,338,600	\$ 6,468,900	\$ 6,598,900	\$ 6,684,100
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ 1,794,067	\$ 847,247	\$(1,146,966)	\$(288,377)	\$(1,715,649)	\$(377,142)	\$(975,671)	\$(774,443)	\$(624,365)	\$ 1,009,442
Restricted Reserves:⁷										
Nonspendable Funds										
Beginning Reserve Balance ⁸	\$ 66,200	\$ 66,875	\$ 67,557	\$ 68,246	\$ 68,942	\$ 69,645	\$ 70,355	\$ 71,073	\$ 71,797	\$ 72,530
Plus: Interest Earnings	675	682	689	696	703	710	717	725	732	740
Less: Transfer Out	-	-	-	-	-	-	-	-	-	-
Ending Prepaid Expense Fund Balance	\$ 66,875	\$ 67,557	\$ 68,246	\$ 68,942	\$ 69,645	\$ 70,355	\$ 71,073	\$ 71,797	\$ 72,530	\$ 73,269

Alternative 2 – Full CIP with no Bond Financing, cont.:

Figure 5. Alternative 2 – Revenue Requirements Under Existing & Increased Rates

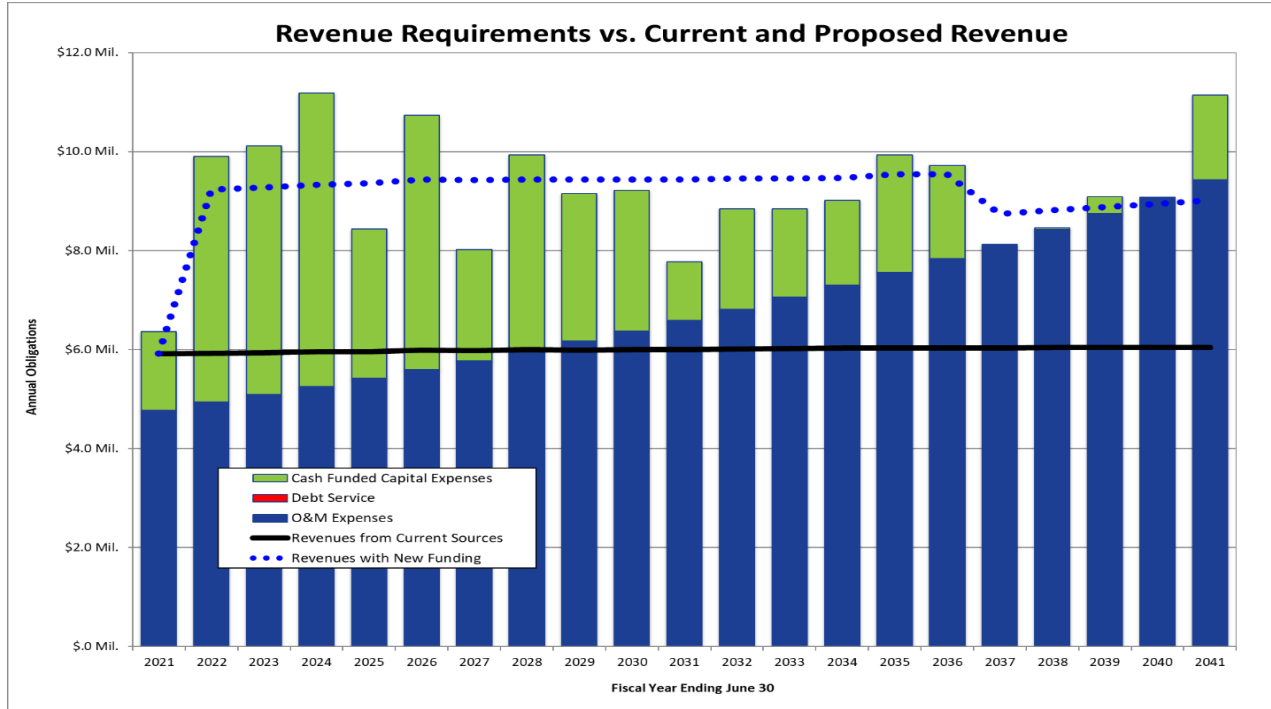
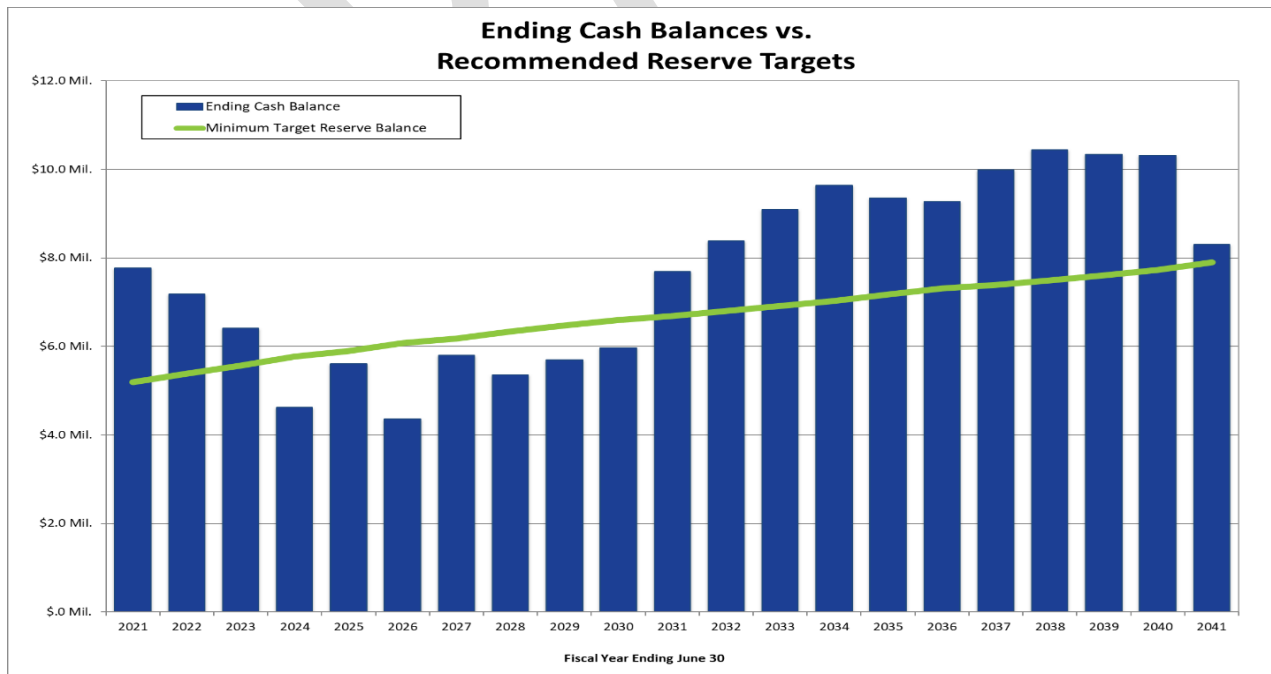


Figure 6. Alternative 2 – Ending Cash Balance vs. Recommended Reserve Targets



Alternative 3 – Full CIP with no Bond Financing & Reserve Spend Down:

Table 8. Alternative 3 – Financial Plan & Summary of Revenue Requirements

RATE REVENUE REQUIREMENTS SUMMARY	Projected									
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Sources of Water Funds										
Revenue from Assessments	\$ 3,672,500	\$ 3,695,225	\$ 3,718,177	\$ 3,741,359	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773	\$ 3,764,773
Other Revenues	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337	2,171,337
Interest Earnings (in Operating & Capital Reserves) ¹	79,189	50,326	33,094	23,507	42,408	38,922	62,982	68,027	81,155	79,856
Total Sources of Funds	\$ 5,923,026	\$ 5,916,888	\$ 5,922,608	\$ 5,936,203	\$ 5,978,517	\$ 5,975,031	\$ 5,999,091	\$ 6,004,137	\$ 6,017,264	\$ 6,015,965
Uses of Water Funds										
Operating Expenses:²										
Salaries	\$ 1,280,275	\$ 1,312,282	\$ 1,345,089	\$ 1,378,716	\$ 1,413,184	\$ 1,448,514	\$ 1,484,727	\$ 1,521,845	\$ 1,559,891	\$ 1,598,888
Benefits	635,000	667,560	702,795	740,956	782,319	827,185	875,889	928,795	986,303	1,048,855
Other Operating Expenses	3,021,440	3,112,083	3,205,446	3,301,609	3,400,657	3,502,677	3,607,758	3,715,990	3,827,470	3,942,294
Subtotal: Operating Expenses	\$ 4,936,716	\$ 5,091,926	\$ 5,253,330	\$ 5,421,282	\$ 5,596,160	\$ 5,778,377	\$ 5,968,373	\$ 6,166,630	\$ 6,373,664	\$ 6,590,037
Other Expenditures:										
Existing Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Debt Service	-	-	-	-	-	-	-	-	-	-
Rate-Funded Capital Expenses ³	2,493,681	5,024,201	5,924,924	3,010,235	5,135,091	2,244,778	3,967,415	2,686,023	1,374,970	-
Subtotal: Other Expenditures	\$ 2,493,681	\$ 5,024,201	\$ 5,924,924	\$ 3,010,235	\$ 5,135,091	\$ 2,244,778	\$ 3,967,415	\$ 2,686,023	\$ 1,374,970	\$ -
Total Uses of Funds	\$ 7,430,397	\$10,116,127	\$11,178,254	\$ 8,431,517	\$10,731,252	\$ 8,023,154	\$ 9,935,789	\$ 8,852,653	\$ 7,748,634	\$ 6,590,037
plus: Revenue from New Funding Mechanism	1,065,025	2,459,236	4,282,410	4,325,235	4,368,487	4,368,487	4,368,487	4,368,487	2,985,833	2,985,833
Annual Surplus/(Deficit)	\$ (442,346)	\$ (1,740,003)	\$ (973,235)	\$ 1,829,920	\$ (384,247)	\$ 2,320,364	\$ 431,789	\$ 1,519,971	\$ 1,254,463	\$ 2,411,761
Net Revenue Req⁴ (Total Uses less Non-Rate Revenue)	\$ 5,179,871	\$ 7,894,465	\$ 8,973,823	\$ 6,236,673	\$ 8,517,507	\$ 5,812,895	\$ 7,701,470	\$ 6,613,288	\$ 5,496,142	\$ 4,338,845
Total Revenue After New Funding Mechanism is Implemented	\$ 6,988,051	\$ 8,376,124	\$10,205,019	\$10,261,437	\$10,347,004	\$10,343,518	\$10,367,578	\$10,372,624	\$ 9,003,097	\$ 9,001,798
Annual Revenue Increase Needed	29.00%	29.00%	29.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-17.00%	0.00%
Cumulative Increase in Revenue	29.00%	66.41%	114.67%	114.67%	114.67%	114.67%	114.67%	114.67%	78.18%	78.18%
Debt Coverage After Rate Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 9. Alternative 3 – Reserve Fund Summary

SUMMARY OF CASH ACTIVITY	Projected									
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Unrestricted Reserves (Assigned Fund Balances):										
Total Beginning Cash¹										
Operating Reserve										
Beginning Reserve Balance ²	\$ 2,385,000	\$ 1,966,976	\$ 247,032	\$ (723,684)	\$ 1,098,856	\$ 725,814	\$ 2,889,000	\$ 2,984,000	\$ 3,083,000	\$ 3,187,000
Plus: Net Cash Flow (After Rate Increases)	(442,346)	(1,740,003)	(973,235)	1,829,920	(384,247)	2,320,364	431,789	1,519,971	1,254,463	2,411,761
Plus: Interest Earnings	24,322	20,059	2,519	(7,380)	11,206	7,402	29,462	30,431	31,440	32,501
Less: Transfer Out to General Capital Reserve	-	-	-	-	-	(164,580)	(366,251)	(1,451,402)	(1,181,903)	(2,336,262)
Ending Operating Reserve Balance	\$ 1,966,976	\$ 247,032	\$ (723,684)	\$ 1,098,856	\$ 725,814	\$ 2,889,000	\$ 2,984,000	\$ 3,083,000	\$ 3,187,000	\$ 3,295,000
Target Ending Balance (70% or 6 months of O&M)³	\$ 2,468,000	\$ 2,546,000	\$ 2,627,000	\$ 2,711,000	\$ 2,798,000	\$ 2,889,000	\$ 2,984,000	\$ 3,083,000	\$ 3,187,000	\$ 3,295,000
General Capital Fund Reserve										
Beginning Reserve Balance ⁴	\$ 3,880,111	\$ 1,467,866	\$ 1,498,133	\$ 1,528,708	\$ 1,559,594	\$ 1,590,796	\$ 1,786,896	\$ 2,186,668	\$ 3,374,899	\$ 3,143,518
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	-	164,580	366,251	1,451,402	1,181,903	2,336,262
Plus: Transfer of Emergency Flood Fight Reserve Surplus	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297
Plus: Interest Earnings	39,569	14,969	15,278	15,590	15,905	16,223	18,223	22,300	34,417	32,058
Less: Use of Reserves for Capital Projects	(2,467,111)	-	-	-	-	-	-	(300,768)	(1,462,999)	(1,188,378)
Ending Capital Reserve Balance with Bonds	\$ 1,467,866	\$ 1,498,133	\$ 1,528,708	\$ 1,559,594	\$ 1,590,796	\$ 1,786,896	\$ 2,186,668	\$ 3,374,899	\$ 3,143,518	\$ 4,338,756
Target Ending Balance (3% of Net Assets)⁵	\$ 1,413,000	\$ 1,516,900	\$ 1,643,800	\$ 1,682,100	\$ 1,781,000	\$ 1,792,900	\$ 1,854,600	\$ 1,885,900	\$ 1,911,900	\$ 1,889,100
Emergency Flood Fight Fund										
Beginning Reserve Balance ⁶	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Plus: Interest Earnings	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297	15,297
Less: Transfer Out to General Capital Reserve	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)	(15,297)
Ending Emergency Flood Assistance Program Reserve Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Target Ending Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Ending Balance - Excludes Restricted Reserves	\$ 4,934,842	\$ 3,245,165	\$ 2,305,023	\$ 4,158,450	\$ 3,816,610	\$ 6,175,896	\$ 6,670,668	\$ 7,957,899	\$ 7,830,518	\$ 9,133,756
Minimum Target Ending Balance - Excludes Restricted Reserves	\$ 5,381,000	\$ 5,562,900	\$ 5,770,800	\$ 5,893,100	\$ 6,079,000	\$ 6,181,900	\$ 6,338,600	\$ 6,468,900	\$ 6,598,900	\$ 6,684,100
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ (446,158)	\$ (2,317,735)	\$ (3,465,777)	\$ (1,734,650)	\$ (2,262,390)	\$ (6,004)	\$ 332,068	\$ 1,488,999	\$ 1,231,618	\$ 2,449,656
Restricted Reserves:⁷										
Nonspendable Funds										
Beginning Reserve Balance ⁸	\$ 66,200	\$ 66,875	\$ 67,557	\$ 68,246	\$ 68,942	\$ 69,645	\$ 70,355	\$ 71,073	\$ 71,797	\$ 72,530
Plus: Interest Earnings	675	682	689	696	703	710	717	725	732	740
Less: Transfer Out	-	-	-	-	-	-	-	-	-	-
Ending Prepaid Expense Fund Balance	\$ 66,875	\$ 67,557	\$ 68,246	\$ 68,942	\$ 69,645	\$ 70,355	\$ 71,073	\$ 71,797	\$ 72,530	\$ 73,269

Alternative 3 – Full CIP with no Bond Financing & Reserve Spend Down, cont.:

Figure 7. Alternative 3 – Revenue Requirements Under Existing & Increased Rates

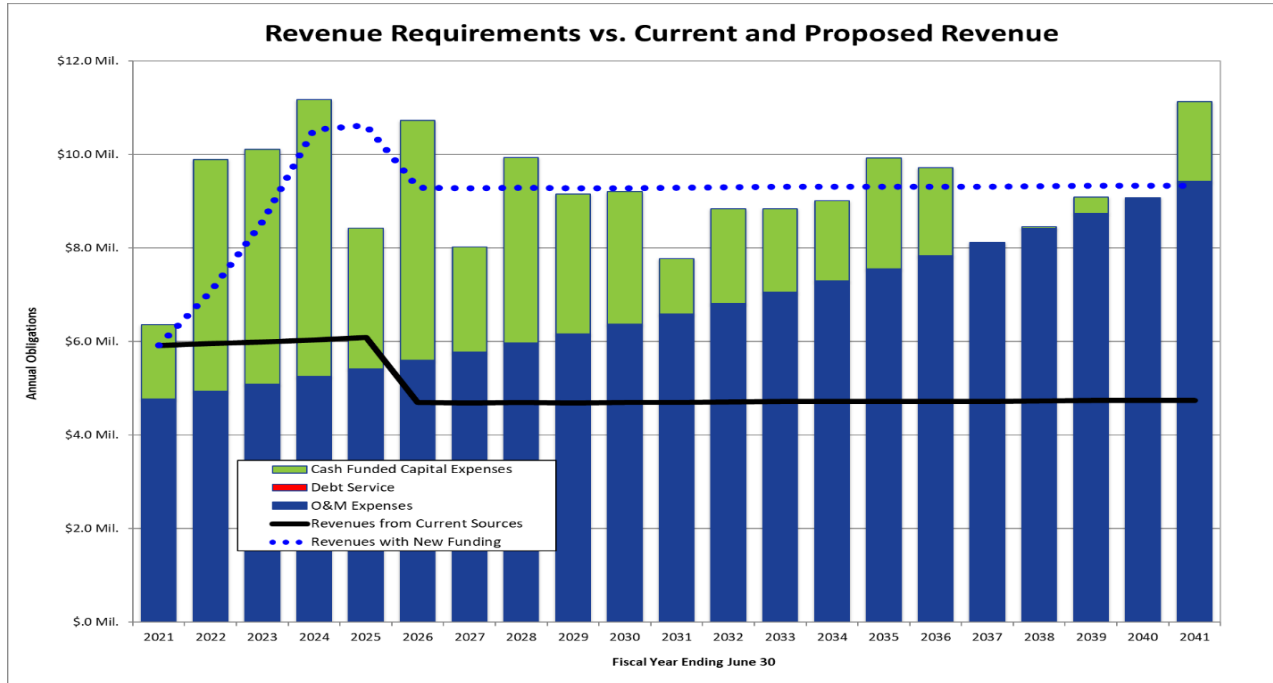
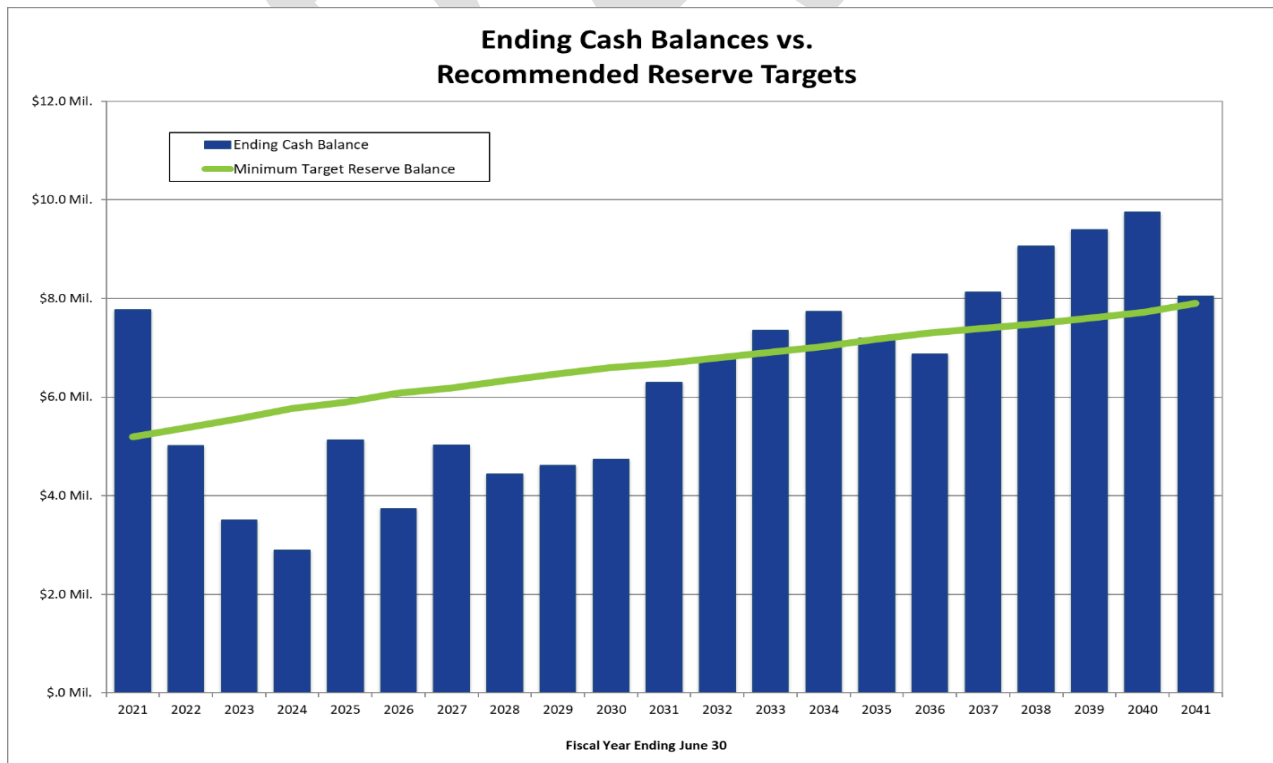


Figure 8. Alternative 3 – Ending Cash Balance vs. Recommended Reserve Targets



LONG TERM FUNDING SOLUTIONS

The long-range financial plan contemplates three alternatives where the total amount of the required increases in revenue will correlate with the planned CIP, increased funding needed for operating and maintenance costs, and to ensure the District has sufficient reserve funds. There are three primary types of funding instruments which are appropriate to provide the needed revenue: (1) a tax; (2) an assessment; or (3) a fee. The structural basics of each of these funding instruments are shown in Table 4 below.

Table 10. Funding Instrument Overview

Type	Approved by	Approval Threshold	Required Findings
Tax	Registered Voters	2/3 Ballots Cast	Method must be reasonable
Assessment	Property Owners	Majority Protest of Ballots Cast, Weighted according to Assessment Amount	<ol style="list-style-type: none"> 1. Identify all Benefits 2. Separate Special from General Benefits 3. Apportion costs to parcels based on Proportional Special Benefit per parcel
Fee ¹			Proportional cost of providing service to each parcel
1 st Step	Property Owners	Majority Protest of <i>all</i> Property Owners	
2 nd Step	a) Property Owners, <i>or</i>	Majority Approval of Ballots Cast: 1 vote/parcel	
	b) Registered Voters	2/3 of Ballots Cast	

1. Property Related Fees require a two-step approval process unless exempt. Storm Water Drainage services are not yet considered exempt, pending outcome of SB 231 validation proceeding.

Each of the above-referenced funding instruments have certain strengths and weaknesses that may make them a more or less desirable option. These issues are outlined in Table 5 below.

Table 11. Funding Instrument Strengths and Weaknesses

Type	Strength	Weakness
Tax	No substantial required findings Most legally defensible	2/3 Voter Approval ¹
Assessment	Property Owner Majority Protest	<ol style="list-style-type: none"> 1. Extensive Finding Requirements related to defining the Benefits provided 2. Separation of General & Special Benefits 3. Allocation of costs shall be according to the Proportional Special Benefits provided 4. Additional Assessment Engineering Time/Expense to support required findings 5. City must Fund all General Benefit costs, may be a substantial amount 6. May not exempt any parcels based on ownership or use 7. Most Legally Vulnerable
Fee	Option to select approval group, Property Owner majority protest Legally defensible	If Registered Voters selected as approval group, 2/3 Voter Approval

1. AB 195 (Chaptered 2017) modified the appearance and content of ballots which may make complicated tax formulas difficult to fit within the prescribed content limitations.

Assuming no additional considerations, the funding instruments are ranked below in order of preferability based on the ease of approval and legal defensibility:

1. Property Related Fee
 - a. If successful SB 231 defense, only a one-step public hearing is required
 - b. If no SB 231 outcome yet, 2nd step property owner election required
2. Special Tax
3. Assessment

Further analysis is required to determine the best instrument to fund the District's CIP . To perform the analysis, the District will need to identify exactly what improvements and related costs are being funded by the new funding instrument. NBS currently assumes the improvements included in the District's CIP will more or less service the entire District area in an equal manner.

NBS' ASSUMPTIONS AND CONSIDERATIONS

In preparing this memorandum and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters that may occur in the future. This information and assumptions, including the District's budgets, capital improvement costs, and information from District staff were provided by sources NBS believes to be reliable, although NBS has not independently verified this data.

NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, but some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results are expected to vary from those projected to the extent that actual future conditions differ from those assumed by NBS or provided to NBS by others.

DRAFT



RECLAMATION DISTRICT 1000

DATE: DECEMBER 11, 2020

AGENDA ITEM NO. 7.1.1

TITLE: Committee Meeting Minutes

SUBJECT: Meeting Minutes from Committee Meetings since the November Board Meeting

EXECUTIVE SUMMARY:

Executive Committee Meeting – November 14, 2020

A meeting of the Reclamation District No. 1000 Executive Committee was held on Thursday, November 12, 2020 at 8:00 a.m. via GoToMeeting and Conference Call. In attendance were Trustees Smith and Burns. Staff in attendance was General Manager King. Public Attendees were Brett Gray, John Penning and Matt Lucero from Natomas Mutual Water Company.

GM King and Natomas GM Gray presented the committee with several items for discussion. The discussion centered on communication between the agencies and various maintenance related concerns regarding channel maintenance. GMs King and Gray committed to more frequent and improved communication. Both agencies will look to schedule more regular meetings amongst staff and look for ways to improve efficiencies for the benefit of both agencies.

With no further business on the Executive Committee Agenda, the meeting adjourned at 9:02 a.m.

Finance Committee Meeting – December 1, 2020

A meeting of the Reclamation District No. 1000 Finance Committee was held on Tuesday, December 1, 2020 at 1:00 p.m. via GoToMeeting and Conference Call. In attendance were Trustees Gilbert, Bains, and Smith. Staff in attendance were General Manager King, Administrative Services Manager Gutierrez, Administrative Assistant Forehand, District Accountant Rob Merritt, District Auditors Ingrid Shepline and Stephen Armstrong. Public attendees were Elena Lee Reeder and Chris Burns.

District Auditors presented their findings from the Fiscal Year 2019/2020 Financial Audit. The committee reviewed the information provided and recommended placing the item on the December Board of Trustees Agenda.

With no further business on the Finance Committee Agenda, meeting adjourned at 2:00 p.m.

Executive Committee Meeting – December 2, 2020

A meeting of the Reclamation District No. 1000 Executive Committee was held on Wednesday, December 2, 2020 at 8:00 a.m. via GoToMeeting and Conference Call. In attendance were Trustees Smith and Burns. Staff in attendance were General Manager King and District Counsel Smith. No members of the Public were present and therefore no public comment was received.

TITLE: Committee Meeting Minutes

General Manager King presented the proposed agenda for the December 11, 2020 Board of Trustees meeting. The Committee reviewed the agenda and approved as presented.

With no further business on the Executive Committee Agenda, meeting adjourned at 8:25 a.m. a.m.

Finance Committee Meeting – December 3, 2020

A meeting of the Reclamation District No. 1000 Finance Committee was held on Thursday, December 3, 2020 at 7:30 a.m. via GoToMeeting and Conference Call. In attendance were Trustees Gilbert, Bains, and Smith. Staff in attendance were General Manager King, Administrative Services Manager Gutierrez, Administrative Assistant Forehand, District Consultants Boehler and Bou. Public attendees were Elena Lee Reeder and Chris Burns.

The committee reviewed the draft comprehensive financial plan as presented by NBS, Inc. The committee asked for clarification on a number of assumptions in the plan and ultimately recommended the draft plan be placed on the December Board of Trustees agenda to review and discuss.

With no further business on the Finance Committee Agenda, the meeting adjourned at 8:35 a.m.

STAFF RESPONSIBLE FOR REPORT:



Kevin L. King, General Manager

Date: 12/08/2020