

**AGENDA  
SPECIAL BOARD MEETING OF RECLAMATION DISTRICT 900**

**FEBRUARY 21, 2024**

Martha Guerrero, President

Norma Alcala, Trustee  
Quirina Orozco, Trustee

Verna Sulpizio Hull, Trustee  
Dawnte Early, Trustee

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

**The meeting will be held at City Hall, City Council Chambers, 1110 West Capitol Avenue, West Sacramento**

**6:30 PM**      CALL TO ORDER

**GENERAL ADMINISTRATION – PART I**

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

**CONSENT AGENDA – PART II**

2. CONSIDERATION OF ENCROACHMENT PERMIT FOR DAVID VIERRA – MOW SEEPAGE BERM ALONG THE SOUTHPORT SEEPAGE BERMS

**Comment:** This item seeks Board approval for this encroachment permit by David Vierra. This permit would allow Mr. Vierra to mow approximately 50 acres of RD 900's seepage berm along the new Southport levee.

3. CONSIDERATION OF APPROVAL OF THE JANUARY 17, 2024 BOARD MEETING MINUTES

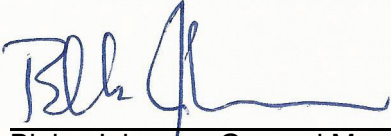
**REGULAR AGENDA – PART III**

4. CONSIDERATION TO APPROVE THE RECLAMATION DISTRICT 900 ANNUAL FINANCIAL AUDIT REPORTS FOR FISCAL YEAR ENDED JUNE 30, 2023

**Comment:** This item presents to the Reclamation District 900 (RD 900/District) Board of Trustees (Board) the audited financial statements as of and for the year ended June 30, 2023, as well as the required communications from the auditor to the Board.

5. GENERAL MANAGER UPDATES
6. TRUSTEE COMMENTS
7. ADJOURN

I, Blake Johnson, General Manager/Secretary, declare under penalty of perjury that the foregoing agenda for the February 21, 2024 meeting of Reclamation District 900 was posted on February 16, 2024, at the rear entrance of the City of West Sacramento City Hall, 1110 West Capitol Avenue, West Sacramento, CA and at the office of Reclamation District 900, 889 Drever Street, West Sacramento, CA, and was available for public review.



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Blake Johnson, General Manager/Secretary  
Reclamation District 900

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

**Reclamation District 900  
July '23 - Dec '23 Financials**

	Current FY as of		
	Nov '23	Dec '23	Total
<b>Revenue</b>			
<b>4000 Assessments</b>	2,656,906	-	2,656,906
<b>4010 WSAFCA</b>	846,465	-	846,465
<b>4020 Interest Income</b>	35,507	-	35,507
<b>4100 Funding Agreements</b>	6,350	-	6,350
<b>4111 RD 811 Power Reimbursement</b>	-	-	-
<b>4200 Miscellaneous</b>	-	-	-
<b>4300 Retiree Healthcare</b>	-	4,252	4,252
<b>Total Revenue</b>	<b>3,545,228</b>	<b>4,252</b>	<b>3,549,480</b>
<b>Expenditures</b>			
<b>5000 Administrative</b>	120,851	20,851	141,702
<b>5200 Labor &amp; Related</b>	301,652	62,252	363,904
<b>5400 Operations &amp; Maintenance</b>	105,714	23,007	128,721
<b>6000 Repair Replacements &amp; Rehab</b>	455,617	11,745	467,362
<b>Total Expenditures</b>	<b>983,834</b>	<b>117,855</b>	<b>1,101,689</b>
<b>Change in Fund Balances</b>	<b>2,561,394</b>	<b>(113,603)</b>	<b>2,447,791</b>

For Management Use Only - Accrual

<b>MEETING DATE:</b> February 21, 2024		<b>ITEM # 2</b>	
 <b>SUBJECT:</b> <b>CONSIDERATION OF ENCROACHMENT PERMIT – DAVID VIERRA</b>			
<b>INITIATED OR REQUESTED BY:</b> <input type="checkbox"/> Council <input checked="" type="checkbox"/> Staff <input type="checkbox"/> Other		<b>REPORT COORDINATED OR PREPARED BY:</b> Blake Johnson, General Manager	
<b>ATTACHMENT</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Information <input type="checkbox"/> Direction <input checked="" type="checkbox"/> Action	

**OBJECTIVE**

The objective of this report is to obtain Reclamation District 900 (District) Board of Trustees (Board) approval for an encroachment permit for David Vierra.

**RECOMMENDED ACTION**

Staff respectfully recommends that the Board approve this encroachment permit.

**BACKGROUND**

Mr. Vierra has offered to mow and collect the grasses on the District’s seepage berms located along the new Southport levees (Sacramento River) from approximately Linden Road on the north to the South River Road on the south.

The encroachment permit is the District’s standard form and provides protection to the District from liability and requires the permittee to have \$2 million insurance and is indemnifying the District against loss.

**ANALYSIS**

District staff spends approximately 2 to 3 weeks mowing the seepage berms along the Southport levees. By allowing Mr. Vierra to mow the levees for the District, the District can shift personnel and equipment to other areas in need of immediate attention, more specifically mowing grass near residential areas.

Mr. Vierra has farmed and cut crops/grasses for decades throughout West Sacramento and nearby communities and has the knowledge and experience to perform this work. Mr. Vierra did the same mowing in the same locations as proposed here last year to the benefit of the District. The District seeks to have the same work done this year. There are no fees from Mr. Vierra to mow the District’s berms. He will bail the grasses and move them off-site for animal feed.

**Alternatives**

Staff recommends the Board approve this encroachment permit to allow David Vierra to mow District seepage berms.

Secondary alternative is to reject this encroachment. This alternative is not recommended. Mr. Vierra helps the District by mowing these berms, District staff can work in other areas.

**Coordination and Review**

This report was prepared in coordination with District Counsel.

**Budget/Cost Impact**

There is no cost to the District.

**ATTACHMENT**

Permit Application 2024-01

# APPLICATION

Name of Applicant: David Vierra

Mailing Address: 4610 South River Road, West Sacramento, CA 95691

Phone Number: 916-584-5281

Email: dave@davespumpkinpatch.com

Application is hereby made to the Trustees of Reclamation District 900 for permission to encroach on the District easement as follows: (Describe the work to be done, attach plans and drawings as necessary)

Mow and collect cuttings (grasses) along the seepage berm in the Southport area along the Sacramento River from just north of Linden Rd. to just south of South River Rd.

The easement referred to above is located as follows: Along the Sacramento River within RD 900's easement.

See attached map

Nearest cross streets South River Road in the south and Linden Rd to the north


We anticipate the work to start on or about April 15, 2024 (date)

Respectfully submitted,

4610 South River Road, West Sacramento, CA 95691  
(address)

Date: Feb. 16, 2024

To the Reclamation District 900 Board of Trustees, the above application for an encroachment permit is referred to you for consideration,

  
\_\_\_\_\_  
General Manager, Reclamation District 900

Date: Feb. 16, 2024

# PERMIT # 2024-01

To David Vierra

Permission is hereby granted to temporarily encroach upon and enter an easement or right of way of Reclamation District 900, herein called District, for the limited purposes as set forth in the Application attached hereto and incorporated by this reference.

This permit is granted upon the following conditions which, by acceptance of this permit, permittee agrees to perform:

1. This permit shall be cancelled and void unless the work contemplated hereunder is initiated within 90 days from the date of issuance and diligently prosecuted to completion.
2. Written Notice will be given to the District at least three (3) days prior to commencement of the work above described. Notice shall be sent to Blake Johnson, bjohnson@rd900.org, 916-204-6869
3. The permittee shall indicate his acceptance of this permit and the terms and conditions thereof, by executing the form of acceptance on one copy of this permit and returning it to the District.
4. The permittee shall fully comply with each and every recommendation and requirement set forth herein as well as in the report from the District's Engineer regarding the encroachment above described.
5. This permit does not grant a right to use or construct works on land owned by others.
6. This permit does not establish any precedent with respect to any other application received by the District.
7. To the fullest extent permitted by law, permittee shall indemnify, hold and save the District harmless of and from any liability which may be incurred through injury to person or damage to property arising out of or connected with the construction or installation of the encroachment above described, and from any such liability arising out of or in connected with the maintenance and operation of such encroachment, except where responsibility for maintenance thereof is accepted by the District in writing.
8. If the encroachment above described constitutes the replacement of an open ditch or canal of the District with a covered pipe or conduit, then the pipe or conduit so installed (shall) (shall not) become the property of the District.
9. The project site shall be restored to the condition that existed prior to commencement of work, accept for such improvements as are approved in this permit.
10. Permittee shall acquire no easement or property right in or to the property or right of way of the District by virtue of this permit and the District does not hereby relinquish any right or title therein.
11. Except as herein otherwise provided, all cost of maintenance, repair and replacement of the encroachment above described shall be borne by permittee. Permittee shall, whenever instructed by the District to do so, repair, replace or relocate such encroachment in the manner prescribed by the District whenever the District shall determine that such repair, replacement or relocation is required in the interest of the District. Any such repair, replacement or relocation ordered by the District that is: (a) not completed by the permittee within thirty (30) days after written notice has been given by the District of such required repair, replacement or relocation; or (b) in the case of repair, replacement, or relocation that cannot be completed within thirty (30) days despite permittee's diligent efforts, is not initiated within thirty (30) days of the written notice and then diligently brought to completion by permittee without unnecessary delay,

## PERMIT # 2024-01

may be performed by the District, at permittee's expense and permittee shall promptly reimburse the District for such repair, replacement or relocation.

12. If the permitted encroachment causes physical damage to the District's facilities, real property, or improvements, or otherwise interferes with the District's ongoing maintenance and operation of its reclamation facilities, the permittee shall, whenever instructed by the District to do so, repair, replace or rectify in the manner prescribed by the District such damage or interference at the permittee's sole expense. Any such repair, replacement or other work ordered by the District that is: (a) not completed by the permittee within thirty (30) days after written notice has been given by the District of such required repair, replacement or other work; or (b) in the case of repair, replacement, or other work that cannot be completed within thirty (30) days despite permittee's diligent efforts, is not initiated within thirty (30) days of written notice and then diligently brought to completion by permittee without unnecessary delay, may be performed by the District, at permittee's expense and permittee shall promptly reimburse the District for such repair, replacement or other work.

13. Permittee shall, promptly on the expiration or other termination of this permit, cause to be removed the encumbrance or encroachment above described and shall return the property of the District to the condition existing prior to the issuance of the permit.

14. The District reserves the right of access to the portion of its easement and right of way above described for such maintenance, repairs or alterations of the District facilities or of the facilities described above as may be required for reclamation purposes. The District shall not be responsible for any damage done to surface improvements of permittee whether herein permitted or otherwise where necessary as part of the ordinary and necessary access to or exercise of its easement and right of way for reclamation purposes and need not replace any paving, concrete or other improvement required to be removed or disturbed in the process of such maintenance, repair or alteration. Permittee shall reimburse the District for any increased cost of such access occasioned by the improvements of permittee described herein.

15. Permittee may make no alteration or improvement of any portion of the District's easement and right of way not specifically herein permitted nor alter or remove any portion of the encroachment or improvement herein described without further permit from the District.

16. Permittee shall obtain and maintain in force throughout the period of construction a comprehensive general liability policy in a combined single limit of not less than \$ 2,000,000 .00 covering construction activities undertaken by or for Permittee hereunder and shall name Reclamation District 900 as an additional insured.

17. This permit is revocable in whole or part by the District on thirty (30) days written notice to permittee when such revocation is determined by the Board of Trustees to be necessary for District purposes.

18. See attached Special conditions if box checked.



**PERMIT # 2024-01**

Dated: \_\_\_\_\_, 20\_\_\_\_

**Reclamation District 900**

By: \_\_\_\_\_

Reclamation District 900

**ACCEPTANCE**

Permittee hereby accepts the above permit and agrees to comply with all of the requirements thereof.

Dated: \_\_\_\_\_, 20\_\_\_\_

By: \_\_\_\_\_

Permittee





## RECLAMATION DISTRICT 900

*Post Office Box 673*

*West Sacramento, CA 95691*

*PH: (916) 371-1483 • [email: admin@rd900.org](mailto:admin@rd900.org)*

February 16, 2024

David Vierra  
4610 South River Road  
West Sacramento, CA 95682

Subject: Encroachment Permit Requirements for mowing seepage berms on RD 900 property

Dear Mr. Vierra,

Enclosed are additional requirements for Permit Number 2024-01:

1. Leave grasses a minimum of 2 inches in height.
2. No cutting/mowing levee slopes.
3. All mowing shall be performed on the land side (dry side) of the levee (no mowing on the Sacramento River side of the levee). See attached drawings.
4. Work shall be performed at the direction of the General Manager (GM) or Superintendent. Failing to abide by the direction provided by the GM or Superintendent, this encroachment permit will be terminated immediately.
5. This encroachment permit expires July 14, 2024.

Please feel free to contact me at my office phone number 916-371-1483 or cell 916-204-6869 or by email at [BJohnson@rd900.org](mailto:BJohnson@rd900.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Blake Johnson", is written over a light gray rectangular background.

Blake Johnson, PE  
General Manager  
Reclamation District 900

# Vierra

Seepage Berm mowing

## Legend

- Baths Station - Sacramento Southern?
- Feature 1
- Feature 2
- Park
- Sacramento Yacht Club
- School
- Scott's Seafood on the River
- Sherwood Harbor Marina & RV Park
- Simply Sewing
- Tree Top Sac
- Untitled Path

Area of mowing

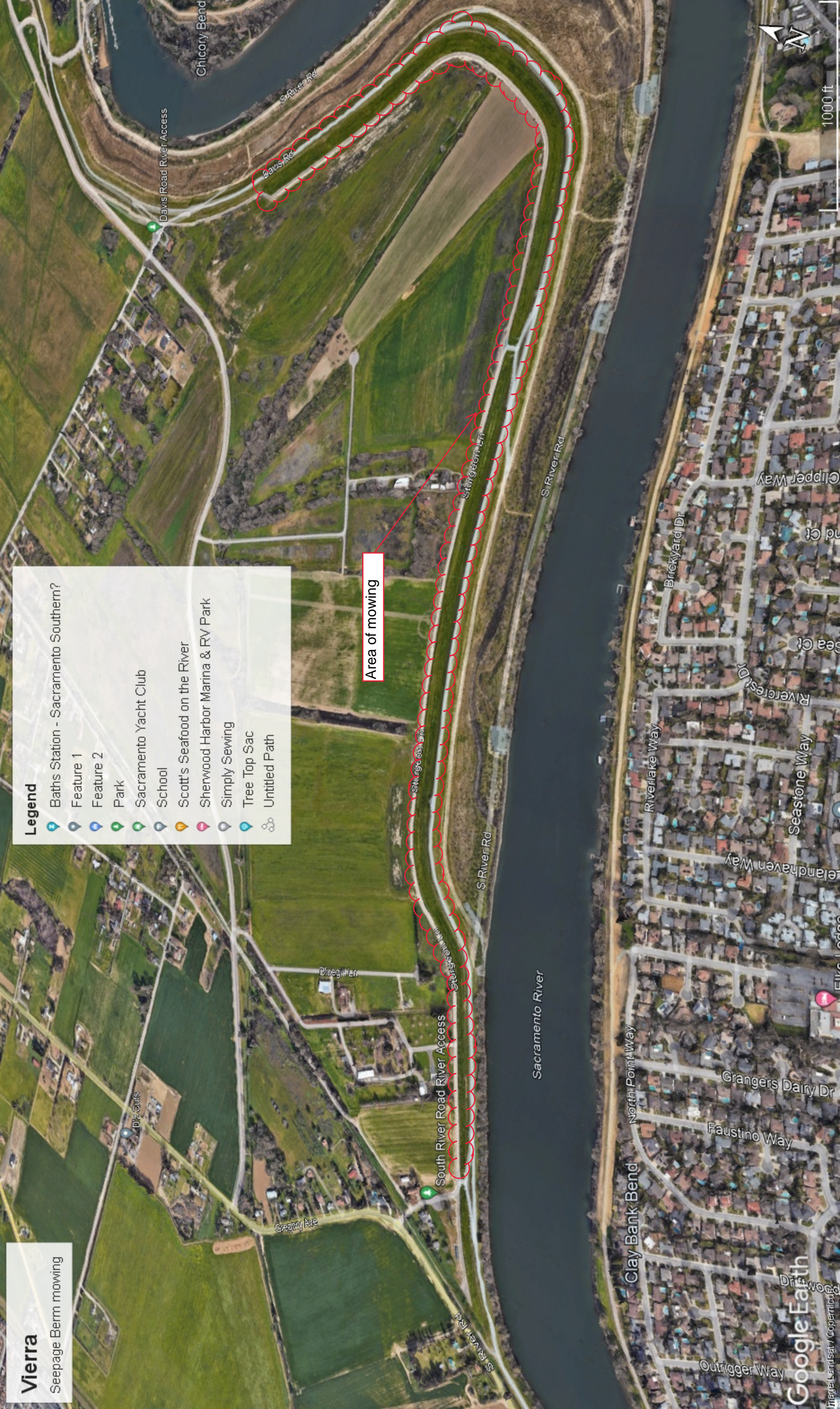


# Vierra

Seepage Berm mowing

## Legend

- Baths Station - Sacramento Southern?
- Feature 1
- Feature 2
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Area of mowing

**RD 900 BOARD MEETING  
RECLAMATION DISTRICT 900  
January 17, 2024  
Minutes**

The Regular Board meeting was called to order at 5:35 PM by President Guerrero. Also in attendance at the meeting were: Trustees Alcalá, Early, Orozco, and Sulpizio Hull, General Manager Johnson, and District Counsel Nevis.

**GENERAL ADMINISTRATION – PART I**

Entry No. 1

Heard General Administration Functions as follows:

- A. Presentations by the public on matters not on the agenda within the jurisdiction of the District. The Agency is prohibited by law from discussing issues not on the agenda brought to them at this time. NA
  
- B. Monthly/YTD Revenue and expenses reported as shown in Board Packet.

**CONSENT AGENDA – PART II**

Entry No. 2 - Consideration of Resolutions Number 2024-01-01 and 2024-01-02 authorizing the General Manager to enter into a funding agreement with the State of California Department of Water Resources under the Flood Maintenance Assistance Program and to accept funds thereunder.

Entry No. 3 - Consideration Of Resolution 24-01-03 finding that a Notice of Exemption under the California Environmental Quality Act (CEQA) related to the district's routine maintenance and repair of district facilities is appropriate because such maintenance and repair is categorically exempt from CEQA.

Entry No. 4 - Consideration of approval of the November 14, 2023 meeting minutes.

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

The consent agenda passed 3-0, by roll call vote.

**REGULAR AGENDA – PART III**

Entry No. 5 - Consideration of authorization to conduct a recruitment for District Assistant General Manager. GM Johnson received three quotes from consultants for recruitment assistance if needed. The three consultants were as follows:

- 1. CPS HR Consulting: Fee - \$25,000
- 2. Koff & Associates: Fee - \$25,000
- 3. W3GLOGBAL: Fee – 20% of Candidate's Annual Base Fee

GM Johnson recommends CPS HR Consulting (CPS). CPS assisted the District with hiring the current General Manager, it was a very smooth process.

CPS would be contracted only if the District could not find qualified applicants through Indeed, LinkedIn, or other advertised methods.

GM Johnson stated that approximately 60 resumes had been submitted with approximately 5 meeting the requirements of the position.

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

The consent agenda passed 3-0, by roll call vote.

Entry No. 6 – General Manager Updates (provided in Board Packet, below are the highlights)  
GM Johnson stated that staff has begun working with District’s auditor. Goal is to present audit at the February Board meeting.

Staff cleaning debris from ditches/canals. Experiencing issues with homeless people placing debris in ditches/canals blocking flow. District working with City for cleanup. City has been extremely helpful.

Met with USACE/CVFPB regarding damages to Deep Water Shipping Channel and Sacramento River Levee near City’s water intake structure. Repairs might not occur until 2025/26.

Staff working with FEMA/Cal-OES for disaster declaration from winter 2022/23.

WSAFCA – Yolo Bypass East Levee, South Project is complete with the exception of one gate at the end of Channel Drive. Gate should be installed by the end of January.

Entry No. 7 - Trustee Comments

Entry No. 8 – Adjourn

The meeting adjourned at 5:52 PM.


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

The agenda item passed 5-0, by roll call vote.



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Blake Johnson, General Manager/Secretary  
Reclamation District 900

<b>MEETING DATE:</b> February 21, 2024		<b>ITEM # 4</b>	
<b>SUBJECT:</b>			
	<b>CONSIDERATION TO APPROVE THE RECLAMATION DISTRICT 900 ANNUAL FINANCIAL AUDIT REPORTS FOR FISCAL YEAR ENDED JUNE 30, 2023</b>		
<b>INITIATED OR REQUESTED BY:</b>		<b>REPORT COORDINATED OR PREPARED BY:</b>	
<input type="checkbox"/> Council <input checked="" type="checkbox"/> Staff		Blake Johnson, General Manager	
<input type="checkbox"/> Other			
<b>ATTACHMENT</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Information <input type="checkbox"/> Direction <input checked="" type="checkbox"/> Action			

**OBJECTIVE**

The objective of this report is to present to the Reclamation District 900 (RD 900/District) Board of Trustees (Board) the audited financial statements as of and for the year ended June 30, 2023, as well as the required communications from the auditor to the Board.

**RECOMMENDED ACTION**

Staff respectfully recommends that the Board approve the draft audit reports as of and for the year ended June 30, 2023, as presented.

**BACKGROUND**

The financial statement audit for Reclamation District 900 as of and for the Fiscal Year ended June 30, 2023, was performed by Cropper Accountancy Corporation, an independent public accounting firm. The audit was conducted in accordance with U.S. generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*, the Single Audit Act Amendments of 1996.

**ANALYSIS**

The auditor's opinion is unqualified in that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reclamation District 900, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed for special districts by the Office of the California State Controller.

The auditors did not find any material weakness in internal controls, which is defined as "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. The auditors noted one "significant deficiency" to report to the Board. 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. With respect to internal controls, the auditors found:

*2022-3 Financial Policies and Procedures. The District has not yet documented their financial policies and/or procedures. Formal financial policies and procedures are part of an effective system of internal control and should be implemented by the District. This includes Revenue recognition, Grant billing and compliance, petty cash control, vendor management, timesheet approvals and payroll processing, and general computer controls (access, data backup, and physical security).*

Management Response: Management staff is currently working with the City of West Sacramento to identify Financial Policies and Procedures that pertain to the District.

**Alternatives**

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

**Coordination and Review**

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

Budget/Cost Impact

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

**ATTACHMENT**

1. Reclamation District 900 Annual Financial Audit Report
2. Required Communications

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

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**WITH INDEPENDENT AUDITORS' REPORTS THEREON**

**Years Ended June 30, 2023 and 2022**



**RECLAMATION DISTRICT 900, CALIFORNIA**

**P.O. Box 673**

**West Sacramento, California 95691**

**Tel: (916) 371-1483**

**BOARD OF TRUSTEES**

**Elected Officials**

**Martha Guerrero**

**Chris Ledesma**

**Quirina Orozco**

**Norma Alcala**

**Dawnte West**

**President**

**Trustee**

**Trustee**

**Trustee**

**Trustee**

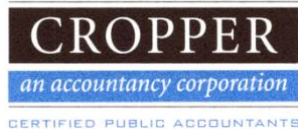
**DISTRICT MANAGEMENT**

**Blake Johnson, District Manager and Secretary**

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Walnut Creek, CA 94598  
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(925) 476-9930 efax  
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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund as applicable, and the aggregate remaining fund information of Reclamation District No. 900, California, (the District) as of June 30, 2023 and 2022, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of Reclamation District No. 900, California as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed for special districts by the Office of the California State Controller.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CROPPER ACCOUNTANCY CORPORATION  
WALNUT CREEK, CALIFORNIA  
February 16, 2024

**BASIC FINANCIAL STATEMENTS**

DRAFT

**RECLAMATION DISTRICT 900, CALIFORNIA**

Statements of Net Position

June 30, 2023 and 2022

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
ASSETS:		
Cash	\$ 422,149	\$ 513,913
Pooled cash and investments in County Treasury, at fair value	11,278,557	9,023,388
Receivables:		
Assessments, net of allowance for doubtful accounts	73,476	13,640
Operations and maintenance charges	85,742	74,509
Government cost reimbursement grants	444,202	429,434
Insurance claim	-	139,075
Prepaid expenses	121,713	82,873
Fixed assets, net of accumulated depreciation	<u>14,894,312</u>	<u>15,022,293</u>
Total assets	27,320,151	25,299,125
DEFERRED OUTFLOWS OF RESOURCES - OPEB	<u>76,279</u>	<u>80,153</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,396,430</u>	<u>\$ 25,379,278</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 66,180	\$ 58,361
Payroll related accruals	42,914	34,837
Deferred revenue	2,577	1,077
Net OPEB obligation	<u>28,405</u>	<u>17,926</u>
Total liabilities	140,076	112,201
DEFERRED INFLOWS OF RESOURCES - OPEB	85,866	99,389
NET POSITION:		
Invested in capital assets, net of \$-0- related debt	14,894,312	15,022,293
Unrestricted	<u>12,276,176</u>	<u>10,145,395</u>
Total net position	<u>27,170,488</u>	<u>25,167,688</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 27,396,430</u>	<u>\$ 25,379,278</u>

See independent auditors' report and notes to these financial statements

**RECLAMATION DISTRICT 900, CALIFORNIA**

Statements of Activities  
Years Ended June 30, 2023 and 2022

	2023				2022			
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Contributions and Grants			Charges for Services	Capital Contributions and Grants	
GOVERNMENTAL ACTIVITIES:								
Flood Protection	\$ 2,441,549	\$ 847,802	\$ 450,084	\$ (1,143,663)	\$ 2,154,911	\$ 817,295	\$ 213,033	\$ (1,124,583)
GENERAL REVENUES:								
Assessments				2,594,830				2,529,108
Interest				224,666				64,862
Unrealized gains on investments				321,044				(285,436)
Gain on sale of equipment				-				151,006
Reimbursements and refunds				5,923				6,309
Total general revenues				3,146,463				2,465,849
CHANGE IN NET POSITION				2,002,800				1,341,266
NET POSITION, BEGINNING OF YEAR				25,167,688				23,826,422
NET POSITION, END OF YEAR				\$ 27,170,488				\$ 25,167,688

See independent auditors' report and notes to these financial statements



**RECLAMATION DISTRICT 900, CALIFORNIA**

Balance Sheets - Governmental Fund

June 30, 2023 and 2022

	<u>Governmental Fund</u>	
	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 422,149	\$ 513,913
Pooled cash and investments in County Treasury	11,278,557	9,023,388
Receivables:		
Assessments, net	73,476	13,640
Operations and maintenance charges	-	429,434
Government cost reimbursement grants	308,781	-
Insurance claim	-	139,075
Prepaid expenses	<u>121,713</u>	<u>82,873</u>
Total assets	<u>\$ 12,204,676</u>	<u>\$ 10,202,323</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 92,011	\$ 79,778
Deferred revenue	<u>2,577</u>	<u>1,077</u>
Total liabilities	<u>94,588</u>	<u>80,855</u>
<b>FUND BALANCES:</b>		
Nonspendable	121,713	82,873
Committed	148,799	145,768
Unassigned	<u>11,839,576</u>	<u>9,892,827</u>
Total fund balances	<u>12,110,088</u>	<u>10,121,468</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 12,204,676</u></u>	<u><u>\$ 10,202,323</u></u>

See independent auditors' report and notes to these financial statements

**RECLAMATION DISTRICT 900, CALIFORNIA**  
 Reconciliation of the Balance Sheets of  
 Governmental Fund to the Statements of Net Position - Government-wide  
 June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
TOTAL GOVERNMENTAL FUND BALANCES	\$ 12,110,088	\$ 10,121,468
 AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES BUT NOT INCLUDED IN THE GOVERNMENTAL FUND:		
Capital assets, net of accumulated depreciation, have not been included as financial resources in governmental fund activity.	14,894,312	15,022,293
 OPEB related debt applicable to the governmental activities are not due and payable in the current period and accordingly are not report as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the gvoernment-wide statements for governmental activities.		
Net OPEB asset (obligation)	(28,405)	(17,926)
Deferred outflows of resources related to OPEB	76,279	80,153
Deferred inflows of resources related to OPEB	(85,866)	(99,389)
 Some of the revenue will be collected after year end, but is not available soon enough to pay for the current period's expenditures, and, therefore, is reported as unavailable revenue in the governmental funds.		
	221,163	74,509
 Long-term liabilities, consisting of compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds		
	<u>(17,083)</u>	<u>(13,420)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 27,170,488</u>	<u>\$ 25,167,688</u>

**RECLAMATION DISTRICT 900, CALIFORNIA**  
 Statements of Revenues, Expenditures, and Changes  
 in Fund Balance - Governmental Fund  
 Years Ended June 30, 2023 and 2022

	Governmental Fund	
	2023	2022
<b>REVENUES:</b>		
Property assessments	\$ 2,594,830	\$ 2,529,108
Charges for services	847,802	817,295
Federal and state grants	303,430	216,171
Interest	224,666	64,862
Unrealized gains on investments	321,044	(285,436)
Gain on disposal of equipment	-	176,782
Reimbursements and other	5,923	6,309
Total revenues	4,297,695	3,525,091
<b>EXPENDITURES:</b>		
Flood Protection:		
Operations and maintenance	364,286	290,214
Labor and related	727,613	611,144
Administration	415,479	418,179
Rehabilitation and capital outlay	801,697	993,333
Total expenditures	2,309,075	2,312,870
<b>CHANGE IN FUND BALANCES</b>	1,988,620	1,212,221
<b>FUND BALANCES, BEGINNING OF YEAR</b>	10,121,468	8,909,247
<b>FUND BALANCES, END OF YEAR</b>	\$ 12,110,088	\$ 10,121,468

See independent auditors' report and notes to these financial statements

**RECLAMATION DISTRICT 900, CALIFORNIA**

Reconciliation of Statements of Revenues, Expenditures, and Changes in Fund Balances  
to the Statements of Activities  
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CHANGE IN FUND BALANCES - GOVERNMENTAL FUND	\$ 1,988,620	\$ 1,212,221
AMOUNTS REPORTED IN GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION IS DIFFERENT BECAUSE:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(127,981)	147,725
Portion of gain from disposal of equipment but without net book value for fund purposes	-	(25,776)
OPEB expense reported in the governmental fund includes the employer contributions made. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability and related change in OPEB amounts for deferred inflows and deferred outflows of resources.	(830)	3,768
Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and, therefore, is reported as unavailable revenue in the governmental fund. This is the net change in unavailable revenue for the current period.	146,654	(3,138)
Change in the liability for compensated absences is not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources.	<u>(3,663)</u>	<u>6,466</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,002,800</u>	<u>\$ 1,341,266</u>

See independent auditors' report and notes to these financial statements

# RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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## 1. DESCRIPTION OF THE DISTRICT AND SIGNIFICANT ACCOUNTING POLICIES

### *The District*

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

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

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

### *Reporting Entity*

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

The District has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District’s financial statements. However, the City of West Sacramento (the City) exercises such oversight responsibility over the District since reorganization as a Subsidiary District in November 2019. The City Council transitioned as trustees of the District January 2020. Accordingly, the District’s financial statements will also be presented as a blended component unit of the City of West Sacramento as of and for the year ended June 30, 2023 and 2022.

### *Basis of Presentation and the Measurement Focus of Accounting*

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

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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

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

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

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

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

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

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

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

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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

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

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

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

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

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

- **Nonspendable Fund Balance** – for funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact. Prepaid expenses are reflected as nonspendable fund balances in the accompanying financial statements.
- **Restricted Fund Balance** – for funds that are mandated for specific purposes by external parties, constitutional provisions, or enabling legislation. There are no restricted funds as of June 30, 2023 and 2022.
- **Committed Fund Balance** – for funds set aside for specific purposes by the District’s highest level of decision-making authority (Board of Trustees) pursuant to formal action taken, such as a majority vote or resolution. These committed funds cannot be used for any other purpose unless the Board of Trustees removes or changes the specific use through the same type of formal action taken to establish the commitment. Board of Trustee action to commit fund balance needs to occur within the fiscal reporting period, no later than June

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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30<sup>th</sup>; however, the amount can be determined with the release of the financial statements. The Board of Trustees has committed \$148,799 and \$145,768 in funds to cover future OPEB costs as of June 30, 2023 and 2022, respectively, and has set aside such funds in a separate account in the County Treasury.

- **Assigned Fund Balance** – for funds constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. As of June 30, 2023, the Board of Trustees has not assigned any funds.
- **Unassigned Fund Balance** – The residual positive net resources of the general fund in excess of what can properly be classified in one of the above four categories.

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

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

The District has no proprietary funds as of June 30, 2023 and 2022.

### *Assessments*

The District requires an annual special assessment for revenue to continue reclamation functions, specifically, the operation and maintenance of the internal drainage system. Compliant with Article XIID of the State Constitution, commonly referred to as Proposition 218, and the Proposition 218 Omnibus Implementation Act (Government Code §53750 et seq.), a balloting proceeding was conducted. Through this proceeding, property owners approved, and the board subsequently adopted, an assessment to begin collection in fiscal year 2018/2019 at a rate of \$381.02 per equivalent benefit unit. The board also has discretionary authority to increase such rate by up to 2.25 percent each following year, if deemed necessary, based on the annual change in the Construction Cost Index (CCI) for the 20-city average with Base Year 1913 = 100, published by the Engineering News-Record (ENR). For fiscal year 2022/2023, the board increased the assessment to \$410.95 per equivalent benefit unit from \$401.91 in the 2021/2022 fiscal year.

As stated in Note 1 and effective July 1, 2020, certain territory within the boundaries of the City of West Sacramento previously part of Reclamation District No. 537 and certain assets of Reclamation District No. 537 were transferred to Reclamation District No. 900. The detached and annexed area will remain a separate Benefit Assessment Area from the current area of Reclamation



## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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District No. 900 with a benefit assessment of \$0.20 per \$100 of assessed value for the fiscal year 2022/2023.

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

### ***Budgets and Budgetary Accounting***

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

### ***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2023 and 2022, the District reported deferred outflows of resources related to OPEB, due to a change of assumptions and experience of investment gains/losses, projected versus actual return on assets, and other related differences in experience.

In addition to liabilities, the statement of net position reports a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and, accordingly, will not be recognized as an inflow of resources (revenue) until such time. As of June 30, 2023 and 2022, the District reported deferred inflows of resources related to OPEB, due to a change of assumptions and differences between expected and actual experience.

### ***Cash and Cash Equivalents***

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

### ***Investments***

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

### ***Accounts Receivable***

Receivables are reflected at estimated net realizable value. As of June 30, 2023 and 2022, an allowance for doubtful assessment accounts of \$11,622 and \$6,476, respectively, was estimated based on management judgment and the aging of delinquent receivables.

In addition, the District has estimated and recorded an allowance for bad debt related to a receivable from another District for \$77,647 as of June 30, 2023 and 2022.

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

### ***Lease Assets***

Right-of-Use lease assets are recorded at the amount of the initial measurement of the lease liabilities in accordance to GASB Statement No. 87. Lease assets are amortized over the lease term. See Note 7 for information on leases.

### ***Capital Assets***

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

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

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

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

### ***Compensated Absences***

Accumulated unpaid employee vacation benefits as well as 25% of untaken sick leave benefits are \$17,083 and \$13,420, respectively.

### ***Net OPEB Liability***

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

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

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

### ***Use of Estimates***

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

### ***Reclassifications***

Certain reclassifications have been made to the 2022 financial statements in order to conform to the 2023 presentation.

### ***Subsequent Events***

Management has evaluated subsequent events through February 24, 2024, the date upon which the financial statements were available to be issued. Based on such evaluation, no additional adjustments to or disclosures in the financial statements were deemed necessary.

### ***New Accounting Pronouncements***

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement (1) defines a subscription-based information technology arrangement (SBITA), (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability, (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in GASB Statement No. 98, *Leases*. The District implemented the requirements of this statement during the year ended June 30, 2023; however, this statement did not have a significant impact because the District does not have subscription-based information technology arrangements over 12 months in duration.

GASB Statement No. 99 – *Omnibus 2022*. The primary objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. These issues include clarifications of provisions and terminology updates in the following previous pronouncements: Statement No. 53 - *Accounting and Financial Reporting for Derivative Instruments*; Statement No. 87 - *Leases*; Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96 - *Subscription-Based Information Technology Arrangements*; Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement has various effective dates for each provision and has no effect on the District's financial reporting.

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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GASB Statement No. 100 – *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. “Accounting changes” are defined in GASB Statement No. 100 as changes in accounting principles, changes in estimates, and changes to or within the financial reporting entity. Changes in accounting principles and estimates are only warranted when a new principle or methodology is determined to be preferable to that which was in use prior to the change, based on the qualitative characteristics of financial reporting. The Statement specifies whether prospective or retrospective implementation is required for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. It has minimal or no effect on the District’s financial reporting.

GASB Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement applies to recognition of the following types of compensated absences (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Recognition of a liability should occur for leave that has not been used if all of the following are met (1) the leave is attributable to services already rendered by an employee, (2) the leave accumulates and is carried forward over multiple reporting periods whereby it may be used, paid or settled, and (3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The disclosure requirements for compensated absences have been amended to require only the net change in the liability for compensated absences be disclosed rather than the gross increases and decreases as previously required. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The District estimates that this statement will have minimal effect on the District’s financial reporting.

GASB Statement No. 102 – *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

## 2. CASH AND INVESTMENTS

Cash and investments at June 30, 2023 and 2022 consist of the following:

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 500	\$ 500
Deposits with Financial Institutions	421,649	513,413
Pooled Cash and Investments with County Treasury	<u>11,278,557</u>	<u>9,023,388</u>
Total Cash and Investments	<u>\$11,700,706</u>	<u>\$ 9,537,301</u>

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

### *Yolo County Treasury*

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

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

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

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

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

### Investments Authorized by the District's Investment Policy

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

### Interest Rate Risk

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

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organization. As of June 30, 2023, the County Treasury is not rated.

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

### Custodial Credit Risk

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

All bank deposits as of June 30, 2023 are insured by the Federal Depository Insurance Corporation (FDIC).

### Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available. Additional disclosure detail required by Government Accounting Standards Board Statement No. 3, No. 31, No. 40, and GASB Technical Bulletin 94-1, regarding cash deposits and investments, are presented in the financial statements of the County of Yolo for the year ended June 30, 2023.

### Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2023, the District held no individual investments. All investments are held in pooled investments funds.

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

## RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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

### 3. CAPITAL ASSETS

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

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2023</u>
Pump stations and related	\$ 15,581,681	\$ -	\$ -	\$ 15,581,681
Furniture and equipment	57,842	-	-	57,842
Vehicles and moving equipment	1,141,073	395,740	-	1,536,813
Building and improvements	<u>2,805,489</u>	<u>173,852</u>	-	<u>2,979,341</u>
	19,586,085	569,592	-	20,155,677
Accumulated depreciation	<u>(4,563,792)</u>	<u>(697,573)</u>	-	<u>(5,261,365)</u>
Net capital assets	<u>\$ 15,022,293</u>	<u>\$ (127,981)</u>	<u>\$ -</u>	<u>\$ 14,894,312</u>

### 4. RETIREMENT PLANS

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

The District contributed \$45,783 and \$56,067 for the years ended June 30, 2023 and 2022, respectively, to the money purchase plan, including available forfeitures. The plan is administered through the Equitable Company.

During the year ended June 30, 2020, the Board of Trustees approved an additional deferred compensation retirement plan under Section 457 of the Internal Revenue Code. As of June 30, 2023, such a retirement account has been established with CalPERS with the General Manager as Administrator. Partial funding is anticipated in the near future.

### 5. OTHER POSTEMPLOYMENT HEALTHCARE BENEFIT PLAN

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

# RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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

*Funding Policy.* The District has a formal trust agreement with CalPERS to fund the Net OPEB liability and funded \$220,127 during the year ended June 30 2021. In addition, each year the District pays the retiree healthcare out of pocket, rather than drawing down from the CERBT trust. The District has committed and set aside funds at the County for this purpose in the amount of \$148,799 as of June 30, 2023.

## Employees Covered

As of the June 30, 2023 actuarial valuation, the following number of current and former employees were covered by the benefit terms under the Plan:

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

## Contributions

The District's plan and its contribution requirements have been established by board resolution, the Employee Handbook and according to current year CalPERS rates for active employees (with an 80% contribution cap). For the fiscal years ended June 30, 2023 and 2022, the District made benefit payments to the health plan provider of \$28,637 and \$26,050 on a pay-as you-go basis.

## Net OPEB Liability

The District's Net OPEB Liability was measured on June 30, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated June 30, 2022.

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

### Actuarial Assumptions:

Discount Rate	6.0%
Inflation	2.5% per annum
Salary Increases	2.75% per annum
Investment rate of Return	6.0%, based on the Building Block Method
Mortality Rate	Derived using CalPERS' 2017 Active Mortality Table for Miscellaneous and Schools Employees
Retirement rate	Derived using tables from the 2017 CalPERS 2.0% @62 rates for Miscellaneous Employees experience
Healthcare trend rate	4% per annum



**RECLAMATION DISTRICT NO. 900, CALIFORNIA**

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.0 percent. The discount rate has been set equal to the long-term expected rate of return on investments.

**Changes in the OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability = (a) – (b)
Balance as of June 30, 2022, measurement date	\$ 330,614	\$ 312,688	\$ 17,926
Changes recognized for the measurement period			
Service cost	21,408	-	21,408
Interest	19,884	11,253	8,631
Employer contributions	-	(26,050)	(26,050)
Administrative expenses	-	(267)	267
Experience (gains) losses	6,223	-	6,223
Benefit payments for retiree healthcare	(26,050)	26,050	-
Changes in assumptions	-	-	-
Net change in net OPEB liability	21,465	10,986	10,479
Balance as of June 30, 2023, measurement date	\$ 352,079	\$ 323,674	\$ 28,405

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

The following presents the Net OPEB Liability of the District if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement period ended June 30, 2023:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability (Asset)	\$ 72,048	\$ 28,405	(\$7,778)

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

The following presents the Net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement period ended June 30, 2023:

**RECLAMATION DISTRICT NO. 900, CALIFORNIA**

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability (Asset)	(\$15,933)	\$ 28,405	\$ 83,659

**OPEB Plan Fiduciary Net Position**

The District's Fiduciary Net Position is \$323,674 as of June 30, 2023 as the OPEB liability has been partially funded in a CERBT funding vehicle through a trust agreement with CalPERS (CERBT Asset Allocation Strategy 2).

**Recognition of Deferred Outflows and Deferred Inflows of Resources**

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

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

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

**OPEB Expense and Deferred Outflows Related to OPEB**

As of June 30, 2023, deferred inflows and outflows of resources related to OPEB are from the following sources:

	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
Differences between projected and actual return on assets	\$ 7,799	\$ (35,979)
Differences between expected and actual experience	27,202	(49,887)
Changes in assumptions	41,278	-
Balance at June 30, 2023	<u>\$ 76,279</u>	<u>\$ (85,866)</u>

**RECLAMATION DISTRICT NO. 900, CALIFORNIA**

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

Net OPEB expense for the years ended June 30, 2023 and 2022 is comprised as follows:

	<u>2023</u>	<u>2022</u>
Service cost	\$ 21,408	\$ 21,201
Interest cost	19,884	21,751
Expected return on assets	(18,753)	(22,356)
Administrative expense	267	300
Recognition of experience gain (loss) deferrals	(3,675)	(4,310)
Recognition of assumption change deferrals	(5,356)	(5,356)
Recognition of investment (gain) loss deferrals	<u>13,105</u>	<u>11,605</u>
Net OPEB expense	<u>\$ 26,880</u>	<u>\$ 22,835</u>

Net OPEB expense does not include \$28,637 employer contributions for retiree healthcare benefits.

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

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense		
<u>Fiscal Year Ending June 30:</u>	<u>Net Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
2024	\$13,523	\$17,597
2025	13,523	16,223
2026	13,523	19,434
2027	13,523	5,992
2028	13,523	4,492
Thereafter	<u>18,251</u>	<u>12,541</u>
	<u>\$85,866</u>	<u>\$76,279</u>

**6. CONTINGENCIES**

The District has programs for public liability and property damage. There have been no settlements related to these programs that exceed insurance coverage during the 2022-23 fiscal year. The District retains the risk for all loss exposure in excess of insurance coverage. Claims, expenditures, and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated.

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

# RECLAMATION DISTRICT NO. 900, CALIFORNIA

Notes to Financial Statements  
Years Ended June 30, 2023 and 2022

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

## 7. LEASES

The District's space lease ended during the year ended June 30, 2022, and the District moved into its new facility in April 2022. The District has a month-to-month equipment lease as of June 30, 2023 but no lease commitments as of the date of this report.

## 8. RELATED PARTY TRANSACTIONS

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

The following summarizes cash receipts and disbursements, as well as accounts receivables from and payables to the City of West Sacramento (COWS), as of and for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<u>Cash receipts:</u>		
Property assessments received	\$ 1,634	\$ 27,186
Property assessments from COWS on behalf of RD 811	3,120	2,902
Property assessments from COWS on behalf of WUSD	63,180	61,790
Operations and maintenance charges received from City of West Sacramento on behalf of WSAFCA	<u>1,242,288</u>	<u>814,393</u>
Total cash receipts from City of West Sacramento	<u>\$ 1,310,222</u>	<u>\$ 906,271</u>
<u>Cash disbursements:</u>		
Water and sewer charges paid	\$ 1,858	\$ 1,356
Assessments paid	7,450	9,484
Shared services and other charges for services provided	<u>7,487</u>	<u>99,388</u>
Total cash disbursed to City of West Sacramento	<u>\$ 16,795</u>	<u>\$ 110,228</u>
Accounts receivable from the City of West Sacramento	<u>\$ 111,557</u>	<u>\$ 429,434</u>
Accounts payable to the City of West Sacramento	<u>\$ 262</u>	<u>\$ -</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**RECLAMATION DISTRICT 900, CALIFORNIA**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - General Fund  
Years Ended June 30, 2023 and 2022

	2023			2022		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Property assessments	\$ 2,584,228	\$ 2,594,830	\$ 10,602	\$ 2,523,143	\$ 2,529,108	\$ 5,965
Operation and maintenance charges	839,250	847,802	8,552	738,262	817,295	79,033
Federal and state grants	350,000	303,430	(46,570)	205,100	216,171	11,071
Interest	55,000	224,666	169,666	66,000	64,862	(1,138)
Unrealized gains (losses) on investments	20,000	321,044	301,044	40,000	(285,436)	(325,436)
Gain on disposal of equipment	-	-	-	-	176,782	176,782
Reimbursements and other	18,950	5,923	(13,027)	14,350	6,309	(8,041)
Total revenues	3,867,428	4,297,695	430,267	3,586,855	3,525,091	(61,764)
<b>EXPENDITURES:</b>						
Flood Protection:						
Operations and maintenance	491,500	364,286	127,214	471,500	290,214	181,286
Labor and related	1,042,896	727,613	315,283	1,017,400	611,144	406,256
Administration	303,925	415,479	(111,554)	341,000	418,179	(77,179)
Repair, replacements, and rehabilitation	-	801,697	(801,697)	1,825,000	993,333	831,667
Total expenditures	1,838,321	2,309,075	(470,754)	3,654,900	2,312,870	1,342,030
CHANGE IN FUND BALANCE	2,029,107	1,988,620	40,487	(68,045)	1,212,221	1,144,176
FUND BALANCE, BEGINNING OF YEAR	10,121,468	10,121,468	-	8,909,247	8,909,247	-
FUND BALANCE, END OF YEAR	\$ 12,150,575	\$ 12,110,088	\$ 40,487	\$ 8,841,202	\$ 10,121,468	\$ 1,144,176

**RECLAMATION DISTRICT 900, CALIFORNIA**  
Schedule of Expenditures - Budget and Actual - General Fund  
Years Ended June 30, 2023 and 2022

	2023			2022		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATIONS AND MAINTENANCE:</b>						
Facilities:						
Facilities - power	\$ 120,000	\$ 179,552	\$ (59,552)	\$ 95,000	\$ 111,995	\$ (16,995)
Facilities - fuel	10,000	45,848	(35,848)	10,000	29,950	(19,950)
Supplies and materials	16,000	-	16,000	16,000	-	16,000
Facilities - repairs	15,000	-	15,000	15,000	-	15,000
Facilities - equipment and tools	20,000	2,783	17,217	20,000	13,468	6,532
Herbicides	65,000	37,123	27,877	65,000	53,131	11,869
Field services	60,000	714	59,286	70,000	2,800	67,200
Debris and trash disposal	15,000	6,538	8,462	25,000	9,128	15,872
Professional fees:						
Pesticide	17,500	15,322	2,178	17,500	14,942	2,558
Engineering	19,000	9,043	9,957	19,000	5,765	13,235
Other	3,000	93	2,907	8,000	800	7,200
Equipment:						
Fuel	40,000	-	40,000	30,000	-	30,000
Repair and servicing	42,500	25,066	17,434	37,500	21,970	15,530
Parts and supplies	32,500	39,044	(6,544)	27,500	26,099	1,401
Purchase	16,000	-	16,000	-	166	(166)
Rentals	-	3,160	(3,160)	16,000	-	16,000
	<u>\$ 491,500</u>	<u>\$ 364,286</u>	<u>\$ 127,214</u>	<u>\$ 471,500</u>	<u>\$ 290,214</u>	<u>\$ 181,286</u>
<b>LABOR AND RELATED:</b>						
Compensation and related:						
Administrative salary and wages	\$ 314,568	\$ 220,160	\$ 94,408	\$ 308,400	\$ 97,637	\$ 210,763
Field salary and wages	366,996	258,440	108,556	359,800	261,555	98,245
Overtime	8,000	-	8,000	8,000	-	8,000
Payroll taxes	54,060	37,566	16,494	53,000	28,255	24,745
Medical insurance	125,736	110,747	14,989	120,900	102,048	18,852
Dental insurance	3,744	4,015	(271)	3,600	2,561	1,039
Retiree medical	29,952	26,050	3,902	28,800	26,050	2,750
Retirement plan	97,240	45,783	51,457	93,500	56,067	37,433
Workers' compensation insurance	31,200	19,243	11,957	30,000	17,631	12,369
Uniforms	5,400	5,080	320	5,400	4,461	939
Training and licensing	6,000	529	5,471	6,000	14,879	(8,879)
	<u>\$ 1,042,896</u>	<u>\$ 727,613</u>	<u>\$ 315,283</u>	<u>\$ 1,017,400</u>	<u>\$ 611,144</u>	<u>\$ 406,256</u>
<b>ADMINISTRATION:</b>						
Liability and auto Insurance	\$ 67,425	\$ 73,336	\$ (5,911)	\$ 60,000	\$ 61,261	\$ (1,261)
Professional fees:						
Professional services - legal	32,000	43,176	(11,176)	57,500	26,809	30,691
Professional services - accounting and payroll	42,000	43,550	(1,550)	42,000	40,477	1,523
Professional services - assessment administration	18,000	16,677	1,323	31,500	11,076	20,424
Professional services - COWS shared services	15,000	7,487	7,513	-	104,348	(104,348)
Professional services - Other	15,000	2,717	12,283	15,000	(279)	15,279
Rent	-	-	-	15,000	10,162	4,838
Office:						
Office - utilities and janitorial	13,600	17,262	(3,662)	10,800	10,155	645
Office- supplies and software	6,000	14,944	(8,944)	12,000	5,861	6,139
Office - equipment	10,000	3,880	6,120	15,000	3,888	11,112
Office - furnishings	20,000	6,766	13,234	20,000	18,139	1,861
Memberships	9,800	12,708	(2,908)	7,200	5,831	1,369
Permits and fees	41,600	82,619	(41,019)	41,500	26,837	14,663
Bad debt expense	-	76,690	(76,690)	-	77,269	(77,269)
Assessments paid	9,500	9,882	(382)	9,500	11,978	(2,478)
Other	4,000	3,785	215	4,000	4,367	(367)
	<u>\$ 303,925</u>	<u>\$ 415,479</u>	<u>\$ (111,554)</u>	<u>\$ 341,000</u>	<u>\$ 418,179</u>	<u>\$ (77,179)</u>
<b>REPAIR, REPLACEMENTS, AND REHABILITATION:</b>						
Capital - facilities	\$ -	\$ 852,909	\$ (852,909)	\$ 1,819,375	\$ 852,909	\$ 966,466
Other- levee rehabilitation and repair	-	(51,212)	51,212	5,625	140,424	(134,799)
	<u>\$ -</u>	<u>\$ 801,697</u>	<u>\$ (801,697)</u>	<u>\$ 1,825,000</u>	<u>\$ 993,333</u>	<u>\$ 831,667</u>

**RECLAMATION DISTRICT NO. 900**

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

<b>Measurement Period</b>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB Liability:</b>						
Service cost	\$ 21,408	\$ 21,201	\$ 19,488	\$ 20,549	\$ 37,674	\$ 36,666
Interest on the total OPEB liability	19,884	21,751	21,042	18,355	22,181	11,645
Changes in assumptions	-	8,751	9,219	20,846	(94,437)	-
Benefit payments	(26,050)	(26,602)	(26,020)	(16,601)	(14,810)	(14,240)
Experience (gains) losses	<u>6,223</u>	<u>(45,205)</u>	<u>-</u>	<u>3,423</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	21,465	(20,104)	23,729	46,572	(49,392)	34,071
Total OPEB liability - beginning	<u>330,614</u>	<u>350,718</u>	<u>326,989</u>	<u>280,417</u>	<u>329,809</u>	<u>295,738</u>
Total OPEB liability – ending (a)	352,079	330,614	350,718	326,989	280,417	329,809
<b>Plan Fiduciary Net Position:</b>						
Contribution - employer	26,050	26,602	220,127	152,001	-	-
Net investment income (loss)	(11,253)	(44,854)	31,004	(2,481)	-	-
Benefit payments	(26,050)	(26,602)	(26,020)	(16,601)	-	-
Administrative expense	<u>(267)</u>	<u>(300)</u>	<u>(151)</u>	<u>(37)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(10,986)	(45,154)	224,960	132,882	-	-
Plan fiduciary net position - beginning	<u>312,688</u>	<u>357,842</u>	<u>132,882</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position – ending (b)	<u>323,674</u>	<u>312,688</u>	<u>357,842</u>	<u>132,882</u>	<u>-</u>	<u>-</u>
<b>Net OPEB Liability (asset) – ending (a) –(b)</b>	<u>\$ 28,405</u>	<u>\$ 17,926</u>	<u>\$ (7,124)</u>	<u>\$ 194,107</u>	<u>\$ 280,417</u>	<u>\$ 329,809</u>
Plan fiduciary net position as a percentage of the total OPEB liability	92%	95%	102%	41%	0%	0%



**RECLAMATION DISTRICT NO. 900**

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

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Fiscal Year Ended June 30 <sup>1</sup>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially Determined Contribution (ADC)	NA	NA	NA	NA	N/A	N/A
Contribution in relation to the ADC	\$26,050	\$26,602	\$220,127	\$152,001	\$ 14,810	\$ 14,640

**Notes to Schedule:**

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2023 were from the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation Rate	2.5%
Payroll Growth Rate	2.75% per annum
Investment Rate of Return	6.0% per annum
Healthcare Cost Trend Rate	4% per annum
Retirement Age	2.0% @62
	The probabilities of retirement are based on the 2017 CalPERS Experience Study for Miscellaneous Employees experience
Mortality	Pre-retirement mortality probability based on 2017 Active Mortality Table for Miscellaneous and Schools Employees

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

**OTHER REPORT**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities, each major fund as applicable, and the aggregate remaining fund information of Reclamation District 900, California (the District), which comprise District's basic financial statements as listed in the Table of Contents, as of June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2024.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider deficiency 2023-1, described in the accompanying schedule, to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

CROPPER ACCOUNTANCY CORPORATION  
Walnut Creek, California  
February 16, 2024

## Section II – Financial Statement Findings

### **Finding 2023 -1 FINANCIAL POLICIES AND PROCEDURES (Significant Deficiency)**

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

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

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

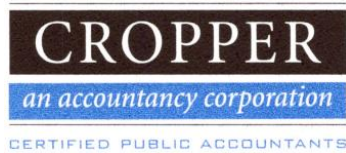
Recommendation: Financial policies and procedures should include, but not be limited to, the following:

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

**RECLAMATION DISTRICT NO. 900**

**REPORT TO THE BOARD OF TRUSTEES  
INCLUDING REQUIRED COMMUNICATIONS**

**February 16, 2024**



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Board of Trustees  
Reclamation District No. 900

This report summarizes certain matters required by professional auditing standards to be communicated to you in your oversight responsibility for Reclamation District No. 900's financial reporting process. We are pleased to present this report related to our audit of the financial statements of the District for the year ended June 30, 2023.

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

It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the District.

Cropper Accountancy Corporation  
February 16, 2024

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## Required Communications

Statement on Auditing Standard No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
<b>Auditors' Responsibility Under Professional Standards</b>	Our responsibility has been described to you in our arrangement letter dated November 3, 2023. That 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.
<b>Accounting Practices</b>	<b>Adoption of, or Change in, Accounting Policies</b> Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies set forth by Reclamation District No. 900 (the District) are described in the notes to the financial statements. A change in significant accounting policies was made during the current period with regard to operating leases.
	<b>Significant or Unusual Transactions</b> We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.
	<b>Alternative Treatments Discussed with Management</b> We did not discuss with management any alternative treatments within generally accepted accounting

principles for accounting policies and practices related to material items during the current audit period.

### **Recently Issued Accounting Pronouncements and Developments**

New accounting standards required for implementation in the future have been described in the notes to the financial statements.

### **Management's Judgments and Accounting Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles generally 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 expenditures during the reporting period. Actual results could differ from those estimates.

The most significant estimates affecting the financial statements are as follows:

- Depreciation – assignment of useful lives
- OPEB assets, liabilities, deferred outflows and inflows, and expense
- Collectability of receivables
- Fair value of pooled cash and investments in the County Treasury
- Accrued expenses

### **Financial Statement Disclosures**

We have no significant observations regarding the neutrality, consistency, and clarity of the disclosures in the financial statements.

### **Audit Adjustments**

The audit adjustments recorded by the District are shown on the attached "Summary of Recorded Audit Adjustments".

### **Uncorrected Misstatements**

The audit adjustments passed by the District are shown on the attached "Summary of Uncorrected Misstatements".

### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on

any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

**Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

There were no significant issues discussed with management during the current year, other than our recommendations included in the GAGAS report.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in performing the audit.

**Certain Written Communications Between Management and Our Firm**

Management has provided an audit representation letter dated February 16, 2024.

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**Reclamation District No. 900**  
**Summary of Recorded Audit Adjustments**  
**Year Ended June 30, 2023**

**Adjusting Journal Entry #1 – Government-wide**

To capitalize 2023 major equipment purchases and improvements to facility

	DR	CR
Fixed assets	\$ 569,593	
Large equipment expense		\$395,742
Capital- facilities expense		173,851

**Adjusting Journal Entry #2 – Government-wide**

To recognize current year depreciation expense

	DR	CR
Depreciation expense	\$ 697,573	
Accumulated depreciation		\$ 697,573

**Adjusting Journal Entry #3 – Government-wide and Fund**

To reserve for possible bad debt

	DR	CR
Bad debt expense	\$ 5,146	
Allowance for doubtful accounts - assessments		\$ 5,146

**Adjusting Journal Entry #4 – Government-wide**

To true up Net OPEB liability, deferred inflows and outflows and related expense to actuarial report

	DR	CR
Net OPEB expense	\$ 26,880	
Deferred inflows of resources	13,523	
Net OPEB asset/liability		\$ 10,479
Professional fees and medical expense	427	
Retiree medical expense		26,477
Deferred outflows of resources		3,874

**Adjusting Journal Entry #5 – Government-wide**

To record the accrued vacation liability

	DR	CR
Vacation expense	\$ 3,663	
Accrued vacation liability		\$ 3,663

### **Adjusting Journal Entry #6 – Government-wide and Fund**

To true up prepaid expenses to detail schedule

	DR	CR
Prepaid expenses	\$27,470	
Retirement plan expense		\$24,763
Healthcare expense		2,707
Payroll liabilities – hospital	9,259	
Payroll expense		9,259

### **Adjusting Journal Entry #7 – Government-wide and Fund**

To true up beginning net assets to prior year audit report

	DR	CR
Grant revenue	\$24,215	
Beginning net position		\$ 25,215

### **Adjusting Journal Entry #8 – Government-wide and Fund**

To defer revenue for reimbursement related to July – December 2023

	DR	CR
Retiree medical reimbursement revenue	\$1,500	
Deferred revenue		\$ 1,500

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**Reclamation District No. 900  
Summary of Uncorrected Misstatements  
June 30, 2023**

**None.**

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# General Manager Update

**February 2024**

## ADMINISTRATION/FINANCE

Staff working with District's accountant and auditor for our yearly audit.

GM has interviewed 5 candidates for Assistant General Manager. Will make a decision in the next week or so.

## OPERATION AND MAINTENANCE

### LEVEE/DRAINAGE/PUMP MAINTENANCE

Several storms have come through in January and February. All systems have been running as expected. District has not experienced any issues from these storms.

Coordinating with County OES. No concerns at this time.

## PROJECTS

### Blacker Canal Bank Stabilization Project

Still working with Dept. of Fish and Wildlife (DFW) to discuss permit requirements. District Staff and consultants are countering mitigation requirements and have invited DFW to visit the site in person so that they understand the project better. Tree mitigation is one of the major sticking points. DFW wants the District to mitigate non-native trees and the same ratio as native trees. The District has two existing mitigation sites that may need to be used to meet DFW permit requirements.

DFW should respond to the District by mid-February.

Construction of Blacker Canal proposed for summer 2024.

## PERIODIC LEVEE INSPECTIONS

### DWR/USACE

Staff met with USACE, CVFPB, and DWR for the repair of the slip outs along the landside of the Deep Water Ship Channel caused by winter storms in January 2023. The USACE plans to have the repairs done by November 2024 under the PL 84-99 program. Bi-weekly meetings have been scheduled to keep District apprised of progress.

## EMERGENCY PREPAREDNESS

### FEMA/Cal-OES

FEMA and District staff have completed analysis for debris cleanup and electrical and fuel overages for the pump stations. Final reimbursement numbers should be available end of February. Damages to the Main Canal and the eastern portion of Blacker Canal are being reviewed.

## COORDINATION WITH OTHER PROJECTS

### DWR/Central Valley Flood Protection Board

## COORDINATION WITH OTHER AGENCIES

### CITY OF WEST SACRAMENTO

Staff working with City's planning staff for Lake Washington Housing Project (adjacent to Station 45). District has a drainage easement that has not been used or maintained in years. Developer would like to use this area for site development (parking, etc.). Staff does not have issues with this. As project progresses, staff will bring this easement abandonment to the Board for approval.

### **WEST SACRAMENTO AREA FLOOD CONTROL AGENCY/USACE**

The Yolo Bypass East Levee, South Project is complete.

Yolo Bypass East Levee North (YBEL-N) Project – Odin (\$9.5M): The contractor is preparing submittals, including the construction schedule, and has indicated that construction would begin in the spring. Staff has had some preliminary discussion/ coordination with the contractor regarding staging areas, dewatering locations, haul routes and City-required permits.

Sacramento River North Levee (SRNL) Design: The Corps held the design kickoff meeting for SRNL on August 10. SRNL is being broken up into 4 design/contract efforts. 30% design deliverable is scheduled June 2024 for the first of four contracts.

GEOTECH: Release of the Geotechnical Basis of Design has been delayed due to new Corps criteria and they have requested additional geotechnical borings. Borings are expected to occur in 2024 post flood season and will be conducted by the Sacramento District.

ENVIRONMENTAL SITE ASSESSMENT: A preliminary evaluation of the Sacramento River West North Levee, including a database search for contaminated properties, site walk and review of permitting and construction records. The results indicate that where there has been an illegal release, the site has been remediated or is being remediated.

### Stone Lock Preliminary Engineering and Design

The Design Charrette was held Sep 28 to discuss potential alternatives to the General Re-Evaluation Report recommendation for the Stone Lock reach and to select a recommended alternative to move forward with for design. The recommended alternative consists of a bulkhead wall constructed west of the Eastern Sector Gate (final location TBD). The recommended alternative was reviewed and approved by the District Office of Council and the Change Management Board so has been fully approved. Design for this reach is scheduled to start in July.

## **FUTURE**

March 20, 2024 – RD 900 Board Meeting, Canceled (GM on vacation)

March 21, 2024 – WSAFCA Board Meeting 9:30 am