

RECLAMATION DISTRICT NO. 999

Report on Audit
Year Ended December 31, 2020

RECLAMATION DISTRICT NO. 999

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December 31, 2020

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PERRY, BUNCH & JOHNSTON, INC.
350 Court Street, Woodland, California 95695
Phone: (530)662-3251 Fax: (530)662-4600
www.yolocpas.com

John Perry, CPA
Gary Bunch, CPA
J. C. Sowers, III, EA

To the Board of Trustees
Reclamation District No. 999
Clarksburg, California

We have audited the accompanying financial statements of the governmental activities of Reclamation District No. 999 as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Trustees
Reclamation District No. 999
Clarksburg, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Reclamation District No. 999 as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18 and 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Perry, Bunch & Johnston, Inc.

Woodland, California
November 14, 2021

RECLAMATION DISTRICT NO. 999**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET****December 31, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS:			
Petty cash	\$ 140	\$ -	\$ 140
Cash in banks	734,750	-	734,750
Restricted cash	18,314	-	18,314
Cash in county treasury	65,551	-	65,551
Assessments receivable	246,518	38,692	285,210
Other receivables	-	97,122	97,122
Prepaid expenses	-	30,159	30,159
Capital assets:			
Depreciable, net of accumulated depreciation	-	1,253,609	1,253,609
Non-depreciable	-	256,864	256,864
Total Assets	<u>1,065,273</u>	<u>1,676,446</u>	<u>2,741,719</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources related to pension assets	-	77,581	77,581
Total Assets and Deferred Outflows of Resources	<u>\$ 1,065,273</u>	<u>\$ 1,754,027</u>	<u>\$ 2,819,300</u>
LIABILITIES:			
Accounts payable	\$ 114,916	\$ -	\$ 114,916
Accrued expenses	5,765	-	5,765
Salaries and benefits payable	9,581	-	9,581
Compensated absences	-	5,024	5,024
Long-term liabilities:			
Due within one year - Long-term debt	-	60,731	60,731
Due after one year - Long-term debt	-	135,772	135,772
Net pension liability	-	391,906	391,906
Total Liabilities	<u>130,262</u>	<u>593,433</u>	<u>723,695</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources related to pension liability	-	32,007	32,007
FUND BALANCE/NET POSITION:			
Fund balance:			
Unassigned	935,011	(935,011)	-
Total Fund Balance	<u>935,011</u>	<u>(935,011)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,065,273</u>		
Net position:			
Invested in capital assets net of related debt		1,313,969	1,313,969
Unrestricted		749,629	749,629
Total Net Position		<u>2,063,598</u>	<u>2,063,598</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		<u>\$ 1,754,027</u>	<u>\$ 2,819,300</u>

RECLAMATION DISTRICT NO. 999**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****Year Ended December 31, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES:			
Property assessments	\$ 867,817	\$ 38,692	\$ 906,509
Subvention program	147,983	-	147,983
Gain on sale of assets	11,000	-	11,000
Interest income	1,690	-	1,690
Other income	18,568	295	18,863
	<u>1,047,058</u>	<u>38,987</u>	<u>1,086,045</u>
Total Revenues			
EXPENDITURES/EXPENSES:			
Contract labor	61,778	-	61,778
Debt service	21,889	(21,889)	-
Depreciation	-	92,961	92,961
Dues, licenses and permits	60,874	(18,538)	42,336
Gas and oil	36,781	-	36,781
Insurance	15,495	(11,621)	3,874
Interest	10,174	-	10,174
Labor costs including payroll taxes and benefits	404,137	(22,517)	381,620
Maintenance of equipment	42,657	-	42,657
Salaries and benefits payable	79,051	-	79,051
Miscellaneous expense	1,188	-	1,188
Office expenses	16,523	-	16,523
Professional services	186,698	(96,827)	89,871
Pumping	93,555	-	93,555
Supplies and small equipment	15,789	-	15,789
Utilities	3,755	-	3,755
	<u>1,050,344</u>	<u>(78,431)</u>	<u>971,913</u>
Total Expenditures/Expenses			
Change in Fund Balance/Net Position	(3,286)	117,418	114,132
Fund Balance/Net Position, Beginning of Year	<u>938,297</u>	<u>1,011,169</u>	<u>1,949,466</u>
Fund Balance/Net Position, End of Year	<u>\$ 935,011</u>	<u>\$ 1,128,587</u>	<u>\$ 2,063,598</u>

Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FINANCIAL REPORTING ENTITY AND NATURE OF ACTIVITIES:

Reclamation District No. 999 (the District) was created by an Act of the Legislature in the Statutes of 1913. The District is situated in Yolo and Solano Counties, with the greater portion in Yolo County. The purpose of the District is to meet the ongoing flood control, agricultural water supply, drainage and levee maintenance needs of the completed land reclamation projects for the land owners within the District.

The accompanying statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements include all activities and functions that comprise the District. The District has no component units. Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for component unit includes whether the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the component unit. There are no organizations that fit these criteria. The District is therefore financially accountable solely for its own activities.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District uses a single general fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The single general fund utilized by the District is a governmental fund. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

Fund balance is required to be reported according to the following classifications:

- Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.
- Restricted fund balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).
- Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

- Assigned fund balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given.
- Unassigned fund balance - This is the residual classification of the General Fund.

The District applies unrestricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, with unrestricted fund balance, unassigned amounts are reduced first followed by assigned, and then committed amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. At year-end, the District had resources solely in the unassigned category.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all activities of the District. The District is a special purpose entity engaged in a single governmental program. The District has no fiduciary funds or component units that are fiduciary in nature.

Property tax assessments levied upon landowners located within District boundaries are the primary revenue source of the District. All revenue of the District, including assessment revenue, is considered to be general revenues. The District has no program revenues. Direct expenses are those that are clearly identifiable with a specific function. As a single purpose entity, all expenses of the District are considered to be direct expenses.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied.

Equity is classified as net position and displayed in three components:

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. The District had no restricted resources at year-end for all fiscal years presented.

RECLAMATION DISTRICT NO. 999

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

USE OF ESTIMATES:

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

CAPITAL ASSETS:

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

<u>Description</u>	<u>Estimated Useful Life</u>
Equipment	5-45 years
Structures and improvements	20-100 years

COMPENSATED ABSENCES:

The District's policy regarding vacation is to permit employees to accumulate earned, but unused vacation leave, which varies in amounts depending upon the employees' length of service. These hours are accrued for all employees on the basis of bi-monthly payrolls. Upon separation, employees are paid for accumulated vacation days. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

INCOME TAXES:

The District is exempt from federal and state income taxes.

NOTE 2 - CASH:

As of December 31, 2020, the District's cash consisted of the following:

	<u>2020</u>
Cash on hand	\$ 140
Deposits	753,064
County Treasurer's pool	<u>65,551</u>
Total Cash	<u>\$ 818,755</u>

As of December 31, 2020, the carrying amount of the District's bank deposits and cash on hand was \$753,204 and the bank balance was \$804,264. The bank balance was fully insured by the Federal Depository Insurance Corporation or collateralized.

The District deposits cash and investments in the Yolo County Treasury. Its total deposits with the County at December 31, 2020, was \$65,551. Funds deposited with the County are part of an investment pool that is managed by the County Treasurer. The District's equity in the County's investment pool is determined by the dollar amount of its deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Income from the County's pooled investments is allocated to the District based on the District's average daily cash balance for each quarter in relationship to the total of the pooled cash and investments.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 2 - CASH: (Continued)

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6, Section 27131 of the California Government Code. The Board of Supervisors reviews and approves the investment policy annually. The oversight committee reviews investment activity and results quarterly. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs, and fair value.

CUSTODIAL CREDIT RISK:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The District maintains cash balances with financial institutions in accordance with California Government Code. The District has not formally adopted its own deposit and investment policies that limit the District's allowable investments or deposits and that address custodial credit risk. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 3 - ASSESSMENTS RECEIVABLE:

The assessments receivable represent assessments recorded against the land owners. These are deemed a priority item, and thus are fully collectible.

The District calls for an annual assessment for revenue to continue their reclamation functions based on an assessment valuation of the District. At a meeting held November 5, 2020, the Board of Trustees approved Call No. 24 based on the assessed valuation No. 3, list of lands within the District. An assessment was levied in the amount of \$906,509, which was \$2.45 on each \$100 of assessed valuation. The amount was due in one installment 60 days from assessment with penalty of 10% and interest of 1.5% a month accruing after 60 days. The amount remaining as a receivable at December 31, 2020, was \$285,210.

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

RECLAMATION DISTRICT NO. 999

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 4 - CAPITAL ASSETS:

Capital assets activity for the fiscal year ended December 31, 2020, was as follows:

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 256,864	\$ -	\$ -	\$ 256,864
Total Capital Assets, Not Being Depreciated	<u>256,864</u>	<u>-</u>	<u>-</u>	<u>256,864</u>
Capital assets, being depreciated:				
Structures and improvements	2,765,413	-	-	2,765,413
Equipment	1,805,345	-	(93,641)	1,711,704
Total Capital Assets, Being Depreciated	<u>4,570,758</u>	<u>-</u>	<u>(93,641)</u>	<u>4,477,117</u>
Less accumulated depreciation for:				
Structures and improvements	(2,205,387)	(41,607)	-	(2,246,994)
Equipment	(1,018,801)	(51,354)	(93,641)	(976,514)
Total Accumulated Depreciation	<u>(3,224,188)</u>	<u>(92,961)</u>	<u>(93,641)</u>	<u>(3,223,508)</u>
Total Capital Assets Being Depreciated - Net	<u>1,346,570</u>	<u>92,961</u>	<u>-</u>	<u>1,253,609</u>
Total Capital Assets - Net	<u>\$ 1,603,434</u>	<u>\$ 92,961</u>	<u>\$ -</u>	<u>\$ 1,510,473</u>

Total depreciation expense for the fiscal year ended December 31, 2020, was \$92,961, respectively.

NOTE 5 - LINE-OF-CREDIT:

In 2018, the District entered into a three year line-of-credit agreement with Bank of Stockton to meet its operating expenses. Under the agreement the District may borrow up to \$550,000. The line is on demand and bears interest at the variable per annum rate depending on the lender's index, which was 5.0% at December 31, 2020. Interest on the line-of-credit is due quarterly. The line matures on September 1, 2021. The total amount outstanding on the line was \$0 at December 31, 2020.

NOTE 6 - LONG-TERM LIABILITIES:

Long-term liability activity for the fiscal year ended December 31, 2020, was as follows:

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020	Due Within One Year
Notes payable	\$ 218,392	\$ 40,000	\$ 61,889	\$ 196,503	\$ 60,731
Compensated absences	3,864	7,731	6,571	5,024	5,024
Total	<u>\$ 222,256</u>	<u>\$ 47,731</u>	<u>\$ 68,460</u>	<u>\$ 201,527</u>	<u>\$ 65,755</u>

In October 2019, the District entered into a lease for an excavator for \$221,882. The lease term is for 5 years at an interest rate of 5.0% and calls for principal and interest payments of \$50,374 each year.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 6 - LONG-TERM LIABILITIES: (Continued)

The debt service requirements for the debt are summarized as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 42,417	\$ 7,957	\$ 50,374
2022	44,587	5,787	50,374
2023	46,869	3,505	50,374
2024	<u>44,317</u>	<u>1,112</u>	<u>45,429</u>
	<u>\$ 178,190</u>	<u>\$ 18,361</u>	<u>\$ 196,551</u>

NOTE 7 - PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS):

PLAN DESCRIPTION:

The District's defined benefit pension plan, the Miscellaneous Plan of Reclamation District No. 999, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of Reclamation District No. 999 is part of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street -Sacramento, California 95814.

BENEFITS PROVIDED:

Qualified employees are eligible to participate in the Public District Cost-Sharing Multiple-Employer Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public District Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. Employees of the District hired after January 1, 2013, are eligible for the District's CalPERS 2% at 62 Retirement Plan under PEPRA. Applicable new hires to the District defined as classic employees as determined by CalPERS will be subject to the non-PEPRA provisions. Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than a six month break in service.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

**NOTE 7 - PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS):
(Continued)**

BENEFITS PROVIDED:

The Plans' provisions and benefits in effect at December 31, 2020, are summarized as follows:

	<u>Miscellaneous Rate Plan</u>	<u>PEPRA Miscellaneous Rate Plan</u>
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	52-67	52-67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	8.081%	6.985%

CONTRIBUTIONS:

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

For the year ended December 31, 2020, the contributions made to the Plan were \$39,978.

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS:

As of December 31, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plans as follows:

	<u>Proportionate Share of Net Pension Liability</u>
	<u>2020</u>
Miscellaneous Plan	\$ 391,906

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the pool. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The authority's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

**NOTE 7 - PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS):
(Continued)**

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS: (Continued)

The District's proportionate share of the net pension liability for each Plan as of December 31, 2020, was as follows:

	<u>Miscellaneous Plan</u>
Proportion - Decemeber 31, 2019	0.00889%
Proportion - Decemeber 31, 2020	<u>0.00929%</u>
Change - Increase (Decrease)	0.00040%

For the year ended December 31, 2020, the District recognized a pension expense of \$17,001.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ -	\$ 2,795
Differences between Expected and Actual Experience	20,196	-
Differences between Projected and Actual Investment Earnings	11,642	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	29,212
Change in Employer's Proportion	14,857	-
Pension Contributions Made Subsequent to Measurement Date	<u>30,886</u>	<u>-</u>
	<u>\$ 77,581</u>	<u>\$ 32,007</u>

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS:

For the year ended December 31, 2020, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled \$30,886. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ (3,010)
2022	4,969
2023	7,145
2024	<u>5,584</u>
	<u>\$ 14,688</u>

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

**NOTE 7 - PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS):
(Continued)**

ACTUARIAL METHODS AND ASSUMPTIONS:

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plan.

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table (1)	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contact COLA up to 2.0% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

LONG-TERM EXPECTED RATE OF RETURN:

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

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

The expected real rates of return by asset class are as followed:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%

(a) An expected inflation of 2.0 % used for this period

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 7 - PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS):

(Continued)

DISCOUNT RATE:

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE:

The table below presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

At December 31, 2020, the discount rate comparison was the following:

	Discount Rate (6.15%)	Current Discount Rate (7.15%)	Discount Rate (8.15%)
District's net pension liability	\$ 602,146	\$ 391,906	\$ 218,191

PLAN FIDUCIARY NET POSITION:

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

PAYABLE TO THE PENSION PLAN:

At December 31, 2020, there is no outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

NOTE 8 - RELATED PARTY TRANSACTIONS:

During the fiscal year, Tom Slater, President of the Board of Trustees, served as the District Manager. At the November 1, 2018, Board meeting the Trustees agreed to pay \$4,000 a month to Mr. Slater as fair compensation for these services.

NOTE 9 - RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

Reclamation District No. 999 is a member of the Association of California Water Agencies-Joint Powers Insurance Authority (JPIA). The JPIA's members have pooled funds to be self-insured for liability, property, and workers compensation insurance. The District participates in the property and liability programs. The District has an auto and general liability program self-insured retention level of \$1,000 and a range of property program deductibles depending on property type. A self-insured retention is similar to a deductible.

RECLAMATION DISTRICT NO. 999

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 9 - RISK MANAGEMENT: (Continued)

Settled claims have not exceeded insurance coverage in the last three years and no additional liability has been accrued at December 31, 2020, based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10 - JOINT POWERS:

The District is a member of the Association of California Water Agencies-Joint Powers Insurance Authority (JPIA). JPIA began operations on October 1, 1979, and has continued without interruption since that time. The JPIA is composed of member water agencies and is governed by a board of directors appointed by the member districts. The governing board has authority over budget and financing. The JPIA is empowered to bill for and recover the amount of any deficit at the end of the fiscal year in which it occurs should further contributions on the part of the deficit member be insufficient to cure the deficit. Complete audited financial statements can be obtained at the Agency's office: P.O. Box 619082, Roseville, California, 95661.

Condensed audited financial information for the JPIA for the year ended September 30, 2020 (most recent available) is as follows:

	2020
Total assets	\$ 237,525,073
Deferred outflow of resources	1,054,750
Total liabilities	113,075,164
Deferred inflows of resources	1,817,452
Total net position	123,687,207
Total operating revenues	189,130,318
Total operating expenses	172,886,738
Non-operating revenues and expenses	8,509,125
Increase/(Decrease) in net position	24,752,705

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RECLAMATION DISTRICT NO. 999

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 11 - RECONCILIATION TO GOVERNMENT-WIDE STATEMENTS:

Amounts reported for governmental activities in the statement of net position and statement of activities as of December 31, 2020, are different because:

Total Fund Balance - General Fund	\$ 935,011
Receivables - Receivables were not received within 60 days of year end and reduces revenue until collected for governmental funds. However, in the government-wide statements, receivables are recorded as an asset and revenue.	135,814
Prepaid expenses - Payments for insurance and dues are expensed entirely in the period paid for governmental funds. In the government-wide statements, payments for insurance are recorded as an asset and expensed in the period of coverage.	30,159
Capital assets - Government funds report capital outlays as expenditures. However, in the government-wide statements, capital assets are capitalized and depreciated over their estimated useful lives.	1,510,473
Amounts reported as deferred outflows/inflows of resources related to the District's pension plan will be allocated to future years.	
Deferred outflows	77,581
Deferred inflows	(32,007)
Long-term liabilities - Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Compensated absences	(5,024)
Notes payable	(196,503)
Net pension liability	<u>(391,906)</u>
Net Position of Governmental Activities	<u><u>\$ 2,063,598</u></u>

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RECLAMATION DISTRICT NO. 999

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 11 - RECONCILIATION TO GOVERNMENT-WIDE STATEMENTS: (Continued)

Net Change in Fund Balance - General Fund	\$ (3,286)
Assessments - Assessments were not received within 60 days of fiscal year end and reduces revenue until collected for governmental funds. However, in the government-wide statements, receivables are recorded as an asset and revenue.	38,692
Miscellaneous - Reimbursements for services were not received within 60 days of fiscal year end and reduces revenue until collected for governmental funds. However, in the government-wide statements, receivables are recorded as an asset and revenue.	295
Debt service - Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of activities.	21,889
Depreciation expense - In the statements of activities, depreciation expense is recorded; whereas, in governmental funds, the costs of capital outlay have been expensed as incurred.	(92,961)
Dues - Payments for dues are expensed entirely in the period paid for governmental funds. In the statement of activities, payments for dues are expensed in the period of coverage.	18,538
Insurance - Payments for insurance are expensed entirely in the period paid for governmental funds. In the statement of activities, payments for insurance are expensed in the period of coverage.	11,621
Compensated absences - Expenses that do not require the use of current financial resources are not reported as expenditures in the governmental funds.	(1,160)
Pension expense - In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense; whereas, in the governmental funds, pension contributions are reported as expenditures.	23,677
Professional fees - Reimbursements not received within 60 days of year end is expensed entirely in the period paid for governmental funds. In the statement of activities, reimbursements reduce the expense.	<u>96,827</u>
Change in Net Position of Governmental Activities	<u>\$ 114,132</u>

NOTE 12 - SUBSEQUENT EVENTS:

Management has considered subsequent events for disclosure in the financial statements through November 14, 2021, which represents the date the financial statements were available to be issued.

In September 2021, the District renewed the line-of-credit and increased the amount available for borrowing from \$550,000 to \$700,000. The interest rate on the line is 3.25% and matures on October 5, 2024.

RECLAMATION DISTRICT NO. 999

Required Supplementary Information
Year Ended December 31, 2020

RECLAMATION DISTRICT NO. 999**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****Year Ended December 31, 2020**

	2020			
	Budgeted Amounts		Actual	Variance
	Original	Final		
Fund Balance, Beginning of Year	\$ 938,297	\$ 938,297	\$ 938,297	\$ -
RESOURCES (INFLOWS):				
Assessments	915,000	915,000	867,817	(47,183)
State reimbursement	147,000	147,000	147,983	983
Gain on sale of assets	-	-	11,000	11,000
Penalty and interest	-	-	1,690	1,690
Other income	-	-	18,568	18,568
Available for Appropriations	2,000,297	2,000,297	1,985,355	(14,942)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contract labor	48,000	48,000	61,778	(13,778)
Debt service	50,376	50,376	21,889	28,487
Dues, licenses and permits	67,500	67,500	60,874	6,626
Gas and oil	48,000	48,000	36,781	11,219
Insurance	14,000	14,000	15,495	(1,495)
Labor costs including payroll taxes and benefits	452,660	452,660	404,137	48,523
Maintenance of equipment	46,500	46,500	42,657	3,843
Maintenance of levees, ditches, crossings and plant	236,500	236,500	79,051	157,449
Miscellaneous expense	11,000	11,000	1,188	9,812
Office expenses	16,620	16,620	16,523	97
Professional services	73,150	73,150	186,698	(113,548)
Pumping	217,500	217,500	93,555	123,945
Supplies and small equipment	11,400	11,400	15,789	(4,389)
Utilities	2,500	2,500	3,755	(1,255)
Charges to Appropriations	1,295,706	1,295,706	1,040,170	255,536
Budgetary Fund Balances, End of Year	\$ 704,591	\$ 704,591	\$ 945,185	\$ 240,594

Year Ended December 31, 2020

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>2020</u>
Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 1,985,355
Differences - Budget to GAAP: The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	<u>(938,297)</u>
Total revenues as reported on the statements of revenues, expenditures and changes in fund balance - Governmental funds	<u>\$ 1,047,058</u>
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	<u>\$ 1,040,170</u>
Total expenditures as reported on the statements of revenues, expenditures and changes in fund balance - Governmental funds	<u>\$ 1,040,170</u>

Budgetary Information:

Although the District is not required to utilize formal budgetary procedures, the District follows the County budget requirement and calendar. An operating budget is prepared on a modified accrual basis each fiscal year for the General Fund. The final budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The District has established budgetary control at the object code level within the District's financial accounting system. All annual appropriations lapse at fiscal year end.

RECLAMATION DISTRICT NO. 999

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS***

Year Ended December 31, 2020

<u>Year Ended December 31,</u>	<u>Authority's Proportion of the NPL</u>	<u>Authority's Proportionate Proportion of the NPL</u>	<u>Authority's Covered Payroll</u>	<u>Authority's Proportionate Share of the NPL as a % of Covered Payroll</u>	<u>Plan Fiduciary Net Position As a % of total Pension Liability</u>
2020	0.00929%	\$ 391,906	\$ 157,096	249.47%	75.10%
2019	0.00889%	355,964	142,555	249.70%	75.26%
2018	0.00880%	331,492	126,328	262.41%	75.31%
2017	0.00870%	342,877	147,968	231.72%	74.06%
2016	0.00850%	194,025	149,071	130.16%	78.40%
2015	0.00399%	248,438	148,807	166.95%	79.21%

RECLAMATION DISTRICT NO. 999

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - CALPERS***

Year Ended December 31, 2020

<u>Year Ended December 31,</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Authority's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2020	\$ 12,358	\$ (12,358)	\$ -	\$ 157,096	7.87%
2019	10,525	(10,525)	-	142,555	7.38%
2018	8,977	(8,977)	-	126,328	7.11%
2017	10,360	(10,360)	-	147,968	7.00%
2016	9,933	(9,933)	-	149,071	6.66%
2015	11,851	(11,851)	-	148,807	7.96%

Year Ended December 31, 2020

NOTE 1 - PURPOSE OF STATEMENTS:

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:

The Schedule of the Authority's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the Authority's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SCHEDULE OF CONTRIBUTIONS:

The Schedule of Authority Contributions is presented to illustrate the Authority's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

NOTE 2 - SUMMARY OF CHANGES:

BENEFIT TERMS:

There were no changes to benefit terms since the previous valuation for the California Public Employer's Retirement Fund (CalPERS).