

April 10, 2020
Sacramento, California

In Compliance with CA Executive Orders N-25-20 and N-29-20 the Board of Trustees of the American River Flood Control District met in regular session at 11:00 a.m. on Friday, April 10, 2020 by teleconference. In attendance were Trustee Shah, Trustee Johns Trustee Holloway, Trustee L'Ecluse and Trustee Vander Werf (joined at 11:19 a.m.). Trustee Shah presided. Also present from the District were General Manager (GM) Tim Kerr, Superintendent Ross Kawamura, Field Supervisor Scott Webb, Legal Counsel David Aladjem and Office Manager Malane Chapman. Two members of the public were present.

The meeting was called to order at 11:00 a.m. Roll call was taken and a quorum was present.

Item No. 1 Public Comments on Non-Agenda Items: No public comment on non-agenda items.

Item No. 2 Approval of Consent Agenda Items: On a motion by Trustee Holloway seconded by Trustee L'Ecluse, the Board unanimously approved items 2a) Minutes of Regular Meeting on March 10, 2020, 2b) Approval of Report of Investment Transactions February 2020 (City Pool, LAIF, River City) and Treasurer's Certification, 2c) District Financial Reports: Statement of Operations (March 2020) and Cash Flow Report and 2d) Correspondence: None.

Item No. 3 Accounts Payable and General Fund Expenses (March 2020): Trustee Shah asked for clarification on payments to Mead & Hunt and Kent Arborists. Following explanation by staff and on a motion by Trustee Johns seconded by Trustee Holloway, the Board unanimously approved payments on the Schedule of Accounts Payable (March 2020) of \$102,444.25 and General Fund Expenses of \$84,067.57 (total aggregate sum \$186,511.82).

Item No. 4 Administrative Staff Reports:

a) *General Manager Tim Kerr reported on the following:*

- General Manager's March Meeting Summary: DWR DMP Pipe Removal meeting was discussed;
- COVID-19 Protocol;
- Audit;
- Pipe Removal Update;
- Hydrologic Conditions: Folsom Lake 57% of capacity with an outflow 1,474 cfs. The gauge at the I Street Bridge shows a water surface elevation of 6.5 feet above sea level;
- Next Board Meeting is scheduled for May 8, 2020.

b) *Legal Counsel David Aladjem reported the process for the bid opening.*

c) *Office Manager Malane Chapman had nothing further to report.*

Item No. 5 Operations and Maintenance Staff Reports:

a) *Superintendent Ross Kawamura reported on:*

- Peterbilt will be out of compliance in the near future, due to changes in air quality requirements.

Item No. 6 Questions and Comments by Trustees: Trustee Holloway suggested screen sharing for future teleconference meetings.

Item No. 7 Adjourn: There being no further business requiring action by the Board, the meeting was adjourned by Trustee Shah at 11:34 a.m.

Attest:

Secretary

President

April 24, 2020
Sacramento, California

In Compliance with CA Executive Orders N-25-20 and N-29-20 the Board of Trustees of the American River Flood Control District met in regular session at 11:00 a.m. on Friday, April 24, 2020 by teleconference. In attendance were Trustee Shah, Trustee Johns Trustee Holloway, Trustee L'Ecluse and Trustee Vander Werf. Trustee Shah presided. Also present from the District were General Manager (GM) Tim Kerr, Superintendent Ross Kawamura, Legal Counsel David Aladjem and Office Manager Malane Chapman. Two members of the public were present.

The meeting was called to order at 11:00 a.m. Roll call was taken and a quorum was present.

Item No. 1 Public Comments on Non-Agenda Items: No public comment on non-agenda items.

Item No. 2 Award of Bid of American River South Levee, Pipe Removal Maintenance Project

- a) *Aquamarine Contractors, Inc. – \$197,000.00*
- b) *Biondi Paving, Inc. – \$213,000.00*
- c) *Diamond D General Engineering, Inc. – \$187,783.50*

GM Kerr reported to the Board that Mead & Hunt has reviewed each bid and all bids are responsive and responsible. The lowest responsive and responsible bid was submitted by Diamond D General Engineering, Inc. GM Kerr recommended that the Board award a contract for the pipe removal maintenance project to Diamond D General Engineering, Inc. On a motion by Trustee Johns seconded by Trustee Vander Werf, the Board unanimously approved the recommendations and awarded the bid to Diamond D General Engineering, Inc.

Roll Call Vote:

Trustee Shah:	AYE
Trustee Johns:	AYE
Trustee Vander Werf:	AYE
Trustee L'Ecluse:	AYE
Trustee Holloway:	AYE

Item No. 3 Endorsement of CA Central Valley Flood Board Permit

Applicant: Sacramento Area Sewer District

Description: The work includes removal of existing sewer facilities, extension of sewer pipes, replacement of a sewer structure, and the rehabilitation of another sewer structure all within the floodway.: GM Kerr discussed the applicant's project to the Board. On a motion by Trustee Holloway seconded by Trustee L'Ecluse, the Board endorsed the permit application.

Roll Call Vote:
Trustee Shah: AYE
Trustee Johns: AYE
Trustee Vander Werf: AYE
Trustee L'Ecluse: AYE
Trustee Holloway: AYE

Item No. 4 Adjourn: There being no further business requiring action by the Board, the meeting was adjourned by Trustee Shah at 11:19 a.m.

Attest:

Secretary

President

**American River Flood Control District
Staff Report**

Investment Transactions Summary; March 2020

LAIF:

- There were no transactions in this account during the month of March.

City Pool A

- Accrued Interest Receivable for the month of March was \$16,551.68.
- As of March 31, 2020, the balance of Interest Receivable in this account was \$153,724.94.

Interest Receivable is accrued and transferred to the Cash Balance at the discretion of the City.

River City Bank Money Market:

- On March 9, 2020 a transfer was sent to River City Bank Checking in the amount of \$275,000.00.
- On March 31, 2020 a monthly interest payment was deposited in the amount of \$716.77.

River City Bank Checking:

- On March 9, 2020 a transfer was received from River City Bank Money Market in the amount of \$275,000.00.
- On March 25, 2020 a miscellaneous deposit was made in the amount of \$13,474.54.
- On March 31, 2020 a monthly interest payment was deposited in the amount of \$16.02.
- Total amount of Accounts Payable cleared during the month of March was \$166,029.76.

**American River Flood Control District
Investment Transaction Report
March 2020**

Item 2c

Balance and Transactions

Account		LAIF	City Pool A	River City Bank Money Market	River City Bank Checking
Beginning Balance	3/1/20	\$461,211.23	\$8,628,237.09	\$745,445.77	\$55,060.71
Transactions					
River City Bank Transfer	3/9/20			(275,000.00)	275,000.00
River City Bank Miscellaneous Deposit	3/25/20				13,474.54
City Pool A Interest	3/31/20		16,551.68		
River City Bank Interest	3/31/20			716.77	16.02
Accounts Payable (cleared)					(166,029.76)
Ending Balance:	3/31/20	\$461,211.23	\$8,628,237.09	\$471,162.54	\$177,521.51

**City Pool A Interest is accrued and deposited in the account at the discretion of the City.

Interest

Date:	Apr 2019	May 2019	June 2019	Jul 2019
LAIF	2.45	2.45	2.43	2.38
City Pool A	2.58	2.56	2.56	2.56
River City Bank Money Market	2.19	2.22	2.23	2.20
River City Bank Checking	0.10	0.10	0.10	0.10
Date:	Aug 2019	Sep 2019	Oct 2019	Nov 2019
LAIF	2.34	2.28	2.19	2.10
City Pool A	2.51	2.43	2.41	2.41
River City Bank Money Market	2.18	2.14	2.08	1.88
River City Bank Checking	0.10	0.09	0.10	0.08
Date:	Dec 2019	Jan 2020	Feb 2020	Mar 2020
LAIF	2.04	1.97	1.91	1.79
City Pool A	2.21	2.17	2.18	2.22
River City Bank Money Market	1.78	1.76	1.71	1.57
River City Bank Checking	0.09	0.10	0.10	0.10

**American River
Flood Control
District**

AMERICAN RIVER FLOOD CONTROL DISTRICT

MONTHLY REVIEW – MARCH 2020

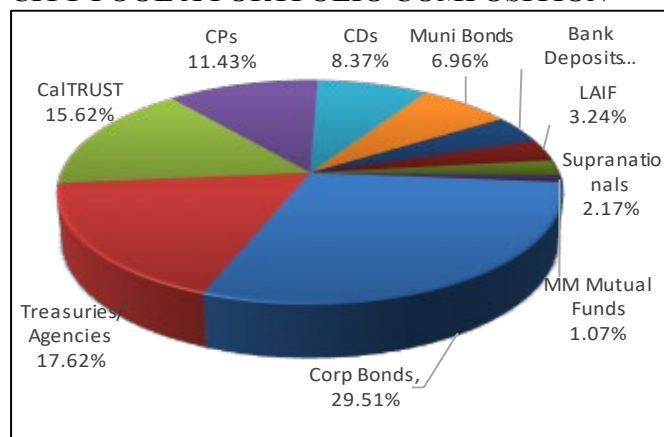
STRATEGY

The ARFCD funds are invested in the City of Sacramento’s Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City’s investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City’s investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

PORTFOLIO STATISTICS

Beginning Balance	8,765,410
Contributions	-
Withdrawals	-
Interest Earned	16,552
Ending Balance	8,781,962

CITY POOL A PORTFOLIO COMPOSITION



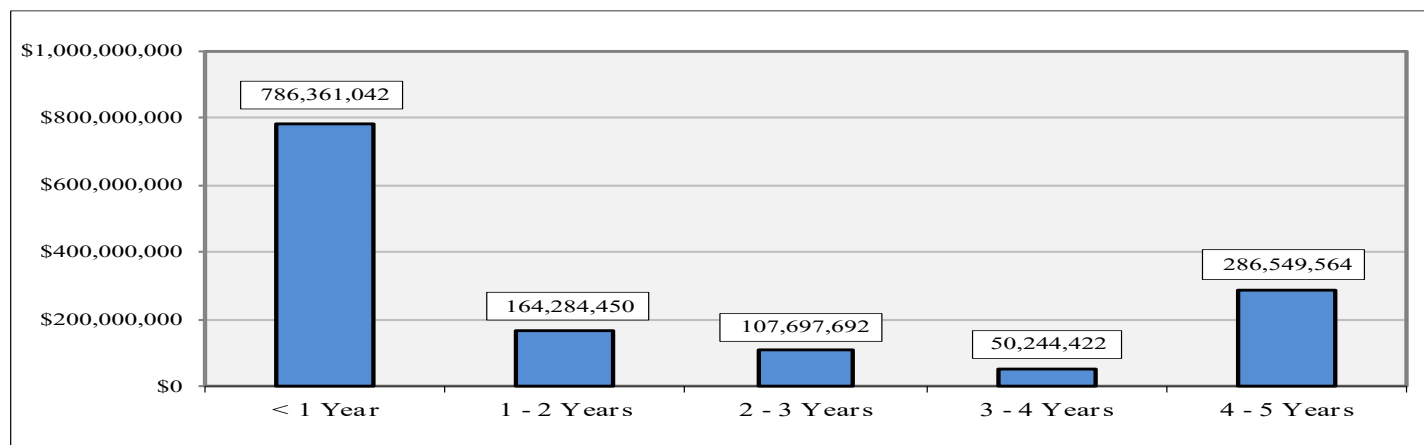
PERFORMANCE COMPARISON

City Pool A	2.22%
LAIF	1.79%
90 Day T-Bill	0.30%
Federal Funds	0.67%

Asset Type	Pct. Assets	YTM
Corp Bonds	29.51%	2.45%
Treasuries/Agencies	17.62%	1.98%
CalTRUST	15.62%	1.67%
CPs	11.43%	1.83%
CDs	8.37%	2.29%
Muni Bonds	6.96%	2.20%
Bank Deposits	4.01%	1.80%
LAIF	3.24%	1.79%
Supranationals	2.17%	2.10%
MM Mutual Funds	1.07%	0.79%

CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	786,361,042	56.36%
1 - 2 Years	164,284,450	11.78%
2 - 3 Years	107,697,692	7.72%
3 - 4 Years	50,244,422	3.60%
4 - 5 Years	286,549,564	20.54%
Total	1,395,137,170	100.00%



City of Sacramento
CASH LEDGER
American River Flood Control District
From 03-01-20 To 03-31-20

All Cash Accounts

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
Pool A Interest Receivable						
03-01-20				Beginning Balance		137,173.26
03-31-20	03-31-20	in		Pool A Cash	16,551.68	153,724.94
				Mar 2020 estimated Pool A interest		
					16,551.68	
03-31-20				Ending Balance		153,724.94
Pool A Cash						
03-01-20				Beginning Balance		8,628,237.09
03-31-20				Ending Balance		8,628,237.09

California State Treasurer *Fiona Ma, CPA*



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

April 01, 2020

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

AMERICAN RIVER FLOOD CONTROL DISTRICT

DISTRICT ENGINEER/MANAGER
165 COMMERCE CIRCLE, SUITE D
SACRAMENTO, CA 95815

[Tran Type Definitions](#)

Account Number: 90-34-002

March 2020 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	461,211.23
Total Withdrawal:	0.00	Ending Balance:	461,211.23



River City Bank

WWW.RIVERCITYBANK.COM
PO Box 15247, Sacramento, CA 95851-0247
Return Service Requested

Item 2c



Last statement: February 29, 2020
This statement: March 31, 2020
Total days in statement period: 31

AMERICAN RIVER FLOOD CONTROL DISTRICT
C/O ROBERT MERRITT, CPA
4000 MAGNOLIA HILLS DR
EL DORADO HILLS CA 95762-6561

Page 1
0811100952
(0)

Direct inquiries to:
916-567-2836

Public Fund Money Market

Account number	0811100952	Beginning balance	\$745,445.77
Low balance	\$470,445.77	Total additions	716.77
Average balance	\$541,413.51	Total subtractions	275,000.00
Avg collected balance	\$541,413	Ending balance	\$471,162.54
Interest paid year to date	\$1,798.40		

DEBITS

Date	Description	Subtractions
03-09	Cash Mgmt Trsfr Dr REF 0691454L FUNDS TRANSFER TO DEP XXXXX0736 FROM	275,000.00

CREDITS

Date	Description	Additions
03-31	Interest Credit	716.77

DAILY BALANCES

Date	Amount	Date	Amount	Date	Amount
02-29	745,445.77	03-09	470,445.77	03-31	471,162.54

INTEREST INFORMATION

Annual percentage yield earned	1.57%
Interest-bearing days	31
Average balance for APY	\$541,413.51
Interest earned	\$716.77

AMERICAN RIVER FLOOD CONTROL DISTRICT
March 31, 2020

Page 2
0811100952

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00



Last statement: February 29, 2020

This statement: March 31, 2020

Total days in statement period: 31

AMERICAN RIVER FLOOD CONTROL DISTRICT
C/O ROBERT MERRITT, CPA
4000 MAGNOLIA HILLS DR
EL DORADO HILLS CA 95762-6561

Page 1
0811090736
(53)

Direct inquiries to:
916-567-2836

Public Fund Interest Checking

Account number	0811090736	Beginning balance	\$55,060.71
Enclosures	53	Total additions	288,490.56
Low balance	\$37,879.99	Total subtractions	166,029.76
Average balance	\$195,051.78	Ending balance	\$177,521.51
Avg collected balance	\$194,617		

CHECKS

Number	Date	Amount	Number	Date	Amount
7415	03-02	101.67	7480	03-24	778.00
7429 *	03-04	1,354.95	7481	03-19	380.00
7443 *	03-16	253.50	7483 *	03-18	293.69
7444	03-02	2,937.00	7484	03-25	717.50
7445	03-12	4,341.00	7485	03-19	941.74
7461 *	03-09	1,000.00	7486	03-20	123.62
7463 *	03-20	28,277.47	7487	03-19	55.00
7464	03-23	685.25	7488	03-19	659.88
7465	03-24	127.54	7489	03-17	857.13
7466	03-19	1,226.76	7490	03-24	975.00
7467	03-20	1,984.69	7492 *	03-31	898.85
7468	03-20	350.00	7493	03-24	5,874.00
7469	03-19	412.00	7494	03-23	258.02
7471 *	03-24	104.55	7495	03-23	1,184.69
7472	03-20	92.00	7496	03-19	153.70
7473	03-19	2,404.00	7497	03-23	5,379.93
7474	03-23	110.85	7498	03-19	1,433.97
7475	03-19	391.87	7499	03-19	823.39
7476	03-23	1,116.67	7500	03-23	200.00
7477	03-20	3,566.55	7501	03-20	756.86
7478	03-24	1,559.26	7502	03-25	203.66
7479	03-20	967.62	7503	03-24	3,422.43

AMERICAN RIVER FLOOD CONTROL DISTRICT
March 31, 2020

Page 2
0811090736

Number	Date	Amount	Number	Date	Amount
7504	03-20	869.94	7509	03-25	430.39
7505	03-24	429.76	7510	03-20	200.00
7506	03-30	149.54	7511	03-31	80.00
7507	03-23	534.71	* Skip in check sequence		
7508	03-20	304.46			

DEBITS

Date	Description	Subtractions
03-03	' ACH Withdrawal CALPERS 1900 100000015967105	48.97
03-03	' ACH Withdrawal CALPERS 3100 100000015914946	1,292.40
03-03	' ACH Withdrawal CALPERS 3100 100000015914905	3,077.64
03-03	' ACH Withdrawal CALPERS 1900 100000015967095	5,483.57
03-04	' ACH Withdrawal HEALTH EQUITY INC HealthEqui 200304	150.00
03-04	' ACH Withdrawal CALPERS 1900 100000015967866	2,734.52
03-12	' ACH Withdrawal HEALTH EQUITY INC HealthEqui 200312	2.95
03-12	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 200312 946000047	535.69
03-13	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 200313 946000047	29,223.74
03-19	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 200319 946000047	535.67
03-20	' ACH Withdrawal CALPERS 3100 100000015944023	1,292.40
03-20	' ACH Withdrawal CALPERS 3100 100000015943983	3,077.64
03-23	' ACH Withdrawal CALPERS 1900 100000015989097	2,734.52
03-24	' ACH Withdrawal HEALTH EQUITY INC HealthEqui 200324	150.00
03-31	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 200331 946000047	32,952.61
03-31	' Service Charge ADDITIONAL DEBITS	2.38

AMERICAN RIVER FLOOD CONTROL DISTRICT
 March 31, 2020

Page 3
 0811090736

CREDITS

Date	Description	Additions
03-09	Cash Mgmt Trsfr Cr REF 0691454L FUNDS TRANSFER FRMDEP XXXXX0952 FROM	275,000.00
03-25	Deposit	13,474.54
03-31	Interest Credit	16.02

DAILY BALANCES

Date	Amount	Date	Amount	Date	Amount
02-29	55,060.71	03-13	277,776.61	03-23	212,886.42
03-02	52,022.04	03-16	277,523.11	03-24	199,465.88
03-03	42,119.46	03-17	276,665.98	03-25	211,588.87
03-04	37,879.99	03-18	276,372.29	03-30	211,439.33
03-09	311,879.99	03-19	266,954.31	03-31	177,521.51
03-12	307,000.35	03-20	225,091.06		

INTEREST INFORMATION

Annual percentage yield earned	0.10%
Interest-bearing days	31
Average balance for APY	\$194,617.10
Interest earned	\$16.02

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00

CERTIFICATION

The American River Flood Control District's investment portfolio [] is [is not] in compliance with the District's Financial Management Investments Plan.

The District's investment portfolio is not in compliance in the following respects:

A cash flow analysis confirms that the District [is] [is not] expected to be able to meet its expenditure requirements for the next six months.

The District's cash is insufficient to meet obligations for the next six months as a result of the following:

Attached hereto are the most recent statements of accounts of the following District accounts:

- LAIF Account, State Treasurer's Office **Dated March 2020**
- Investment Pool A Account, City of Sacramento **Dated March 2020**
- District Checking Account, River City Bank **Dated March 2020**
- District Repurchase Account, River City Bank **Dated March 2020**

Certified by: _____ Date: _____
Rachelanne Vander Werf, District Treasurer

American River Flood Control District
Statement of Operations
July 1, 2019 to April 30, 2020 (Ten Months Ending of Fiscal 2020)
For Internal Use Only

	Year to Date July 1, 2019 to April 30, 2020	Budget	Percent of Budget
Revenues			
Benefit assessment	\$ 740,078	\$ 1,429,793	51.76%
Consolidated capital assessment	-	980,000	0.00%
Interest	170,534	77,267	220.71%
O & M agreements	-	231,801	0.00%
Miscellaneous	-	-	Not budgeted
Total Revenues	910,612	2,718,861	33.49%
M & O Expenses			
Salaries and wages	629,007	790,476	79.57%
Payroll tax expense	46,488	63,238	73.51%
Pension expense	136,254	156,542	87.04%
Compensation insurance	9,828	39,524	24.87%
Medical/dental/vision	179,735	213,378	84.23%
Fuel/oil reimbursement	22,041	35,000	62.97%
Equipment rental	18,598	20,000	92.99%
Equipment repairs/parts	58,644	45,000	130.32%
Equipment purchases (< \$5,000)	15,294	15,000	101.96%
Shop supplies	26,207	15,000	174.71%
Levee maint. (supp. & material)	8,704	20,000	43.52%
Levee maint. chemicals	21,103	15,000	140.69%
Levee maint. services	53,029	80,000	66.29%
Rodent abatement (supplies & materials)	3,147	10,000	31.47%
Employee uniforms	5,799	5,000	115.98%
Staff training	2,339	7,500	31.19%
Miscellaneous	1,125	2,000	56.25%
Small tools & equipment	2,783	7,500	37.11%
Emergency preparedness program	35,704	15,000	238.03%
Engineering services	28,578	20,000	142.89%
Environmental services/studies	-	5,000	0.00%
Encroachment remediation	-	15,000	0.00%
Urban camp cleanup	30,467	50,000	60.93%
Total M & O Expenses	1,334,874	1,645,158	81.14%
Administration Expenses			
Board of trustees compensation	5,505	7,600	72.43%
Trustee expenses	2,084	1,750	119.09%
Accounting services	13,150	20,000	65.75%
Legal services (general)	29,418	50,000	58.84%
Utilities	31,033	40,000	77.58%
Telephone	12,344	25,000	49.38%
Retiree benefits	123,526	135,000	91.50%
Office/shop/yard lease	4,800	6,000	80.00%
Office equipment/furniture	1,985	7,500	26.47%
Office supplies	-	2,000	0.00%
Auto allowance	5,906	6,600	89.48%
Parking reimbursement	-	500	0.00%
General office expense	9,688	15,000	64.59%
Technology and software	8,483	10,000	84.83%
Legislative services	-	-	Not budgeted
Dues and associations	22,500	25,000	90.00%
Property and liability insurance	19,184	30,000	63.95%
Conference/workshop/seminar	-	-	Not budgeted
Public relations/information	25,650	30,000	85.50%
Miscellaneous	3,131	5,000	62.62%
Election expense	-	-	Not budgeted
Employee morale/wellness	70	2,000	3.50%
Investment fees	8,675	20,000	43.38%
Community services	1,000	1,500	66.67%
Bookkeeping services	7,350	14,000	52.50%
Property taxes	1,752	3,000	58.40%
Building maintenance	9,865	10,000	98.65%
County Dtech fees for DLMS	52,586	50,000	105.17%
County assessment fees (non cash)	16,949	-	Not budgeted
Interest expense	256	-	Not budgeted
Total Administration Expenses	416,890	517,450	80.57%
Special Projects Expenses			
Engineering studies/survey studies	5,030	150,000	3.35%
Levee standards compliance	23,000	25,000	92.00%
Encroachment remediation	-	-	Not budgeted
Vegetation management	-	-	Not budgeted
Small capital projects	1,199	50,000	2.40%
Total Special Project Expenses	29,229	225,000	12.99%
Capital Outlay			
Bank protection	-	-	Not budgeted
Magpie Creek	-	-	Not budgeted
Property acquisition	-	-	Not budgeted
Miscellaneous	-	-	Not budgeted
Equipment purchases (> \$5,000)	51,958	100,000	51.96%
Total Capital Outlay	51,958	100,000	51.96%
Capital Outlay: District Headquarters Build-Out			
Building improvements/maintenance	61,546	225,000	27.35%
La Riviera improvements/maintenance	68	2,000	3.40%
Total District Headquarters Build-Out	61,614	227,000	27.14%

Note: Amounts above are not audited

The above information is current through the last day of the previous month's bank activity.

Data has been verified by the bookkeeper and physical copies of checks have not been reviewed or received and some checks may not have cleared the bank account.

AMERICAN RIVER FLOOD CONTROL DISTRICT
Cash Flow Report
July 2019 through June 2020

Cash Flow Report

Maintenance and Operations Expens	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	TOTAL
500 - Salary/Wages	58,116.53	59,270.60	61,453.64	61,066.28	65,950.92	94,194.78	32,029.14	64,058.28	60,273.00	67,758.92	68,356.28	0.00	692,528.37
501 - Payroll Taxes	4,470.68	4,558.96	4,726.01	4,286.42	4,282.16	5,884.39	3,024.09	5,588.26	4,729.95	5,273.20	5,353.68	0.00	52,177.80
502 - Pension	9,373.16	18,128.96	9,467.15	18,267.44	8,762.09	12,343.18	14,348.25	13,474.71	17,892.04	8,992.63	8,860.42	0.00	139,910.03
503 - Compensation Insurance	0.00	0.00	0.00	0.00	0.00	0.00	11,546.19	0.00	0.00	0.00	0.00	0.00	11,546.19
504 - Medical/Dental/Vision	15,684.32	15,856.32	14,028.06	14,806.69	17,042.54	19,830.44	19,032.98	18,371.00	16,814.84	17,515.42	0.00	0.00	168,982.61
508 - Fuel/Oil	2,188.69	5,121.50	1,669.65	2,200.13	2,975.27	3,914.87	756.90	3,517.54	967.62	2,355.79	0.00	0.00	25,667.96
509 - Equipment Rental	3,129.50	3,129.50	3,129.50	6,950.51	3,129.50	379.21	0.00	1,059.81	0.00	819.80	0.00	0.00	21,727.33
510 - Equipment Purchase(< \$5000	297.26	0.00	0.00	3,172.05	0.00	0.00	0.00	3,470.69	0.00	0.00	0.00	0.00	6,940.00
511 - Equipment Repair/Parts	5,655.89	8,224.85	9,097.22	3,665.05	2,066.12	4,416.39	10,760.46	3,763.77	9,327.87	7,599.55	0.00	0.00	64,577.17
512 - Shop Supplies	1,231.54	3,512.76	1,161.26	1,365.55	2,103.64	2,322.41	1,467.59	3,873.01	8,412.51	1,958.53	0.00	0.00	27,408.80
514 - Levee Maint(Supplies&Materi	134.09	1,109.89	182.69	2,028.65	1,409.36	1,497.64	142.45	1,435.26	869.87	27.73	0.00	0.00	8,837.63
515 - Levee Maintenance Services	4,645.16	1,635.71	5,152.78	15,593.86	287.74	3,598.78	4,888.32	1,455.95	153.70	16,761.76	0.00	0.00	54,173.76
516 - Employee Uniforms	492.64	4,782.23	0.00	0.00	285.47	650.00	0.00	0.00	0.00	81.56	0.00	0.00	6,291.90
518 - Staff Training	1,500.00	805.00	0.00	0.00	115.90	779.61	0.00	380.00	195.00	0.00	0.00	0.00	3,775.51
519 - Miscellaneous O&M	0.00	0.00	0.00	0.00	1,125.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,125.00
521 - Small Tools & Equip	0.00	1,185.23	0.00	0.00	3,030.92	847.91	2,109.21	0.00	0.00	452.54	0.00	0.00	7,625.81
523 - Levee Maint. (Chemicals)	0.00	1,360.38	0.00	0.00	142.72	9,008.16	4,773.83	4,712.92	756.86	263.19	0.00	0.00	21,018.06
525 - Emergency Preparedness Pr	0.00	0.00	15,942.92	0.00	26,416.43	(7,154.24)	499.38	0.00	0.00	0.00	0.00	0.00	35,704.49
530 - Encroachment Remediation I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
532 - Rodent Abatement	0.00	0.00	0.00	2,447.13	227.23	0.00	0.00	0.00	0.00	557.62	0.00	0.00	3,231.98
533 - Urban Camp Cleanup	0.00	0.00	0.00	937.40	312.12	8,334.84	3,030.71	3,926.14	7,444.79	6,481.25	0.00	0.00	30,467.25
605 - Engineering Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
615 - Survey Services	164.97	1,122.65	180.29	163.05	179.50	147.63	399.96	201.44	326.68	231.80	16.25	0.00	3,134.22
616 - Environmental Services/Studi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total M&O Expense	107,084.43	129,804.54	126,191.17	136,950.21	139,844.63	160,996.00	108,809.46	129,288.78	128,164.73	137,131.29	82,586.63	0.00	1,386,851.87

Administrative Expenses	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	TOTAL
505 - Telephone	1,131.79	1,382.67	1,338.16	1,517.39	1,577.88	1,239.42	1,210.42	1,973.98	1,242.55	1,255.19	0.00	0.00	13,869.45
506 - Utility Charges	2,905.15	3,315.25	3,336.87	3,291.29	3,170.62	3,313.19	3,214.78	3,675.49	3,976.76	3,470.21	0.00	0.00	33,669.61
507 - Office/Shop Lease	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	0.00	0.00	600.00	0.00	5,400.00
513 - Office Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
517 - Auto Allowance	550.00	550.00	550.00	550.00	550.00	825.00	275.00	550.00	550.00	550.00	550.00	0.00	6,050.00
520 - Retiree Benefits	10,968.74	10,968.74	10,968.74	10,968.74	10,968.74	11,542.63	11,542.63	11,542.63	11,542.63	11,542.63	0.00	0.00	112,556.85
522 - Office Equipment/Furniture	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,984.69	0.00	0.00	0.00	1,984.69
526 - Mileage/Parking Reimburse	0.00	0.00	0.00	0.00	223.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	223.88
527 - General Office Expense	1,050.23	1,079.19	1,115.46	1,054.92	2,655.54	1,236.94	665.28	1,406.08	927.95	1,144.05	0.00	0.00	12,335.64
529 - Pre-funding Retiree Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
531 - Technology & Software	341.55	259.99	259.99	1,002.04	1,399.53	275.56	3,313.05	388.47	3,160.14	553.76	0.00	0.00	10,954.08
600 - Board of Trustees Compensa	0.00	0.00	0.00	937.40	312.12	8,334.84	3,030.71	3,926.14	7,444.79	6,481.25	0.00	0.00	30,467.25
601 - Trustee Expenses	380.00	380.00	380.00	475.00	760.00	475.00	285.00	475.00	950.00	475.00	475.00	0.00	5,510.00
602 - Accounting Services	53.92	798.12	61.94	181.90	106.63	206.15	294.29	181.90	199.98	53.17	0.00	0.00	2,138.00
603 - Legal Fees (General)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,672.00	0.00	2,778.00	0.00	0.00	12,450.00
604 - Flood Litigation	3,810.00	8,944.00	1,180.41	2,352.00	4,452.00	3,528.00	7,267.50	3,991.50	2,816.00	3,830.50	0.00	0.00	42,171.91
606 - Legislative Services	0.00	(8,323.69)	2,755.50	3,294.10	7,182.75	11,750.40	0.00	6,423.10	778.00	15,456.29	0.00	0.00	39,316.45
607 - Dues and Assoc. Expenes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
608 - Insurance Premiums	0.00	60.00	5,747.00	9,820.00	7,197.00	0.00	0.00	0.00	0.00	(60.00)	0.00	0.00	22,764.00
609 - Conference /Workshops/Sem	14,314.08	0.00	0.00	21,574.00	0.00	0.00	0.00	0.00	0.00	5,018.89	0.00	0.00	40,906.97
610 - Public Relations Information	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
611 - Election Expenses	0.00	0.00	0.00	0.00	0.00	4,294.35	9,597.10	10,286.66	0.00	1,472.18	0.00	0.00	25,650.29
612 - District Annexations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
613 - Community Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
614 - Miscellaneous Admin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00	0.00	0.00	0.00	1,000.00
617 - Investment Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
618 - Property Tax	0.00	4,083.00	0.00	0.00	0.00	0.00	4,334.00	4,341.00	0.00	0.00	0.00	0.00	12,758.00
619 - Building Maintenance	0.00	0.00	0.00	0.00	1,684.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,684.42
620 - Bookkeeping Services	0.00	0.00	0.00	0.00	0.00	0.00	250.00	0.00	0.00	0.00	0.00	0.00	250.00
621 - County Assessment Fees	675.00	1,387.50	0.00	712.50	0.00	2,887.50	0.00	2,137.50	975.00	0.00	0.00	0.00	8,775.00
622 - County DTech Fees for DLMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.00	0.00	0.00	0.00	70.00

AMERICAN RIVER FLOOD CONTROL DISTRICT
Cash Flow Report
July 2019 through June 2020

623 - Employee Morale/Wellness	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Administrative	36,780.46	25,484.77	28,294.07	58,331.28	42,841.11	50,508.98	45,879.76	61,571.45	37,618.49	54,021.12	1,625.00	0.00	442,956.49	

Special Projects Expenses	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	TOTAL
702 - Engineering/Survey Studies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
703 - Encroachment Remediation §	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
704 - Vegetation Management	0.00	0.00	0.00	9,450.00	14,630.00	25,980.00	0.00	0.00	0.00	0.00	0.00	0.00	50,060.00
705 - Small Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
707 - Levee Standards Compliance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Special Projects	0.00	0.00	0.00	9,450.00	14,630.00	25,980.00	0.00	0.00	0.00	0.00	0.00	0.00	50,060.00

Capital Outlay: Flood Control	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	TOTAL
700 - Bank Protection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
701 - Magpie Creek	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
706 - Property Acquisition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
709 - Equipment Purchase (> \$500)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,199.39	0.00	0.00	1,199.39
Total Capital Outlay: Flood Control	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,199.39	0.00	0.00	1,199.39

Income	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	TOTAL
120 - Benefit Assessment	0.00	38,024.99	0.00	0.00	0.00	28,726.23	722,016.80	0.00	0.00	0.00	0.00	0.00	788,768.02
122 - SAFCA CAD4	980,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	980,000.00
123 - Interest	3,819.31	1,892.89	1,552.62	3,972.63	717.78	444.05	2,794.26	960.13	732.79	2,750.08	14.35	0.00	19,650.89
124 - O&M Agreements	0.00	0.00	0.00	0.00	0.00	0.00	224,359.20	0.00	0.00	0.00	0.00	0.00	224,359.20
126 - Miscellaneous Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,474.54	0.00	0.00	0.00	13,474.54
Total Income	983,819.31	39,917.88	1,552.62	3,972.63	717.78	29,170.28	949,170.26	960.13	14,207.33	2,750.08	14.35	0.00	2,026,252.65

Fund Balance

District Operations Fund	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
Beginning Balance	1,204,681.07	2,044,635.49	1,929,264.06	1,776,331.44	1,575,572.58	1,378,974.62	1,170,659.92	1,965,140.96	1,775,240.86	1,623,664.97	1,435,262.64	0.00
Income	983,819.31	39,917.88	1,552.62	3,972.63	717.78	29,170.28	949,170.26	960.13	14,207.33	2,750.08	14.35	0.00
Expenses	143,864.89	155,289.31	154,485.24	204,731.49	197,315.74	237,484.98	154,689.22	190,860.23	165,783.22	191,152.41	84,211.63	0.00
Ending Balance	2,044,635.49	1,929,264.06	1,776,331.44	1,575,572.58	1,378,974.62	1,170,659.92	1,965,140.96	1,775,240.86	1,623,664.97	1,435,262.64	1,351,065.36	0.00

Capital Outlay Reserve Fund	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
Beginning Balance	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	0.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	1,270,000.00	0.00

Retiree Health Benefit Reserve Fund	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
Beginning Balance	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	0.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	3,480,014.00	0.00

Flood Emergency Response Reserve Fund	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
Beginning Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00

Emergency Repair Reserve Fund	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
Beginning Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00

Total Balance	9,794,649.49	9,679,278.06	9,526,345.44	9,325,586.58	9,128,988.62	8,920,673.92	9,715,154.96	9,525,254.86	9,373,678.97	9,185,276.64	9,101,079.36	0.00
----------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	-------------

Invoices Paid				
		DATE	AMOUNT	CHECK #
Kombat Ink (Employee Uniforms)		4/10/20	81.56	7564
River City Bank (Miscellaneous Admin)		4/10/20	30.00	EFT
Quickbooks (Employee)		4/15/20	\$43.25	EFT
Quickbooks (Trustees)		4/16/20	\$8.75	EFT
HSA (Employee)		4/16/20	\$150.00	EFT
HSA (Miscellaneous Expense)		4/16/20	\$2.95	EFT
National Auto Fleet Group (Equipment Purchase >\$5000)		4/20/20	\$36,885.55	7565
River City Bank (Miscellaneous Admin)		4/20/20	\$30.00	EFT
Lionakis (Architect/Building Design)		4/21/20	\$4,244.00	7566
Quickbooks (Employee)		4/30/20	\$114.75	EFT
Quickbooks (Trustees)		5/1/20	\$16.25	EFT
HSA (Employee)		4/30/20	\$150.00	EFT
North Sacramento Land Company (Office/Shop Lease)		5/1/20	\$600.00	7567
		Total	\$42,357.06	

Trustee Compensation					
		DATE	GROSS	NET	CHK#
4/10/2020 Board Meeting					
Holloway, Brian F		4/17/20	\$95.00	\$86.79	Direct Dep
Johns, Steven T		4/17/20	\$95.00	\$86.78	Direct Dep
L'Ecluse, Tamika AS		4/17/20	\$95.00	\$86.78	Direct Dep
Shah, Cyril A		4/17/20	\$95.00	\$86.78	Direct Dep
Vander Werf, Rachelanne		4/17/20	\$95.00	\$86.79	Direct Dep
4/24/2020 Special Board Meeting					
Holloway, Brian F		5/4/20	\$95.00	\$86.78	Direct Dep
Johns, Steven T		5/4/20	\$95.00	\$86.78	Direct Dep
L'Ecluse, Tamika AS		5/4/20	\$95.00	\$86.78	Direct Dep
Shah, Cyril A		5/4/20	\$95.00	\$86.78	Direct Dep
Vander Werf, Rachelanne		5/4/20	\$95.00	\$86.78	Direct Dep
		Total	\$475.00	\$433.92	

Trustee Taxes				
		DATE	AMOUNT	CHK#
4/10/2020 Board Meeting				
Federal Tax Payment		4/16/20	\$72.66	EFT
CA Withholding & SDI		4/16/20	\$4.75	EFT
CA UI & ETT		4/16/20	\$8.07	EFT
4/24/2020 Special Board Meeting				
Federal Tax Payment		5/4/20	\$72.70	EFT
CA Withholding & SDI		5/4/20	\$4.75	EFT
CA UI & ETT		5/4/20	\$8.07	EFT
		Total	\$171.00	

Payroll Summary					
		DATE	GROSS	NET	CHK#
PP ending 4/15/2020					
Malane Chapman		4/16/20	3267.44	2020.72	Direct Dep
Elvin Diaz		4/16/20	2376.00	1779.81	Direct Dep
David Diaz		4/16/20	2464.00	1450.36	Direct Dep
Gilberto Gutierrez		4/16/20	2636.48	1644.67	Direct Dep
Ross Kawamura		4/16/20	4132.93	2129.12	Direct Dep
Lucas Kelley		4/16/20	1982.64	1353.03	Direct Dep
Tim Kerr		4/16/20	7077.17	5190.58	Direct Dep
Victor Palacios		4/16/20	1936.00	1734.59	Direct Dep
Erich Quiring		4/16/20	2464.00	1638.35	Direct Dep
Jose Ramirez		4/16/20	2636.48	1932.76	Direct Dep
Scott Webb		4/16/20	3080.00	2012.19	Direct Dep
PP ending 4/30/2020					
Malane Chapman		5/1/20	3267.44	2020.71	Direct Dep
Elvin Diaz		5/1/20	2376.00	1779.81	Direct Dep
David Diaz		5/1/20	2604.00	1552.01	Direct Dep
Gilberto Gutierrez		5/1/20	2636.48	1644.67	Direct Dep
Ross Kawamura		5/1/20	4132.93	2129.13	Direct Dep
Lucas Kelley		5/1/20	1982.64	1353.01	Direct Dep
Tim Kerr		5/1/20	7077.17	5190.57	Direct Dep
Victor Palacios		5/1/20	2046.00	1827.81	Direct Dep
Erich Quiring		5/1/20	2464.00	1638.35	Direct Dep
Jose Ramirez		5/1/20	2636.48	1932.76	Direct Dep
Scott Webb		5/1/20	3080.00	2012.17	Direct Dep
		Total	\$68,356.28	\$45,967.18	

Employee & Relief GM Taxes				
		DATE	AMOUNT	CHK#
PP ending 4/15/2020				
Federal Tax Payment		4/15/20	\$8,398.44	EFT
CA Withholding & SDI		4/15/20	\$1,580.13	EFT
CA UI & ETT		4/15/20	\$32.92	EFT
PP ending 4/30/2020				
Federal Tax Payment		4/30/20	\$8,453.74	EFT
CA Withholding & SDI		4/30/20	\$1,599.16	EFT
CA UI & ETT		4/30/20	\$34.77	EFT
		Total	\$20,099.16	

Employee Pension				
		DATE	AMOUNT	CHK#
PP endin 4/15/2020				
PERS Retirement Contribution (Unfunded Liability)		4/16/20	\$5,532.54	EFT
PERS Retirement Contribution		4/15/20	\$5,039.36	EFT
457 Deferred Comp (Employee Paid)		4/15/20	\$2,944.47	EFT
457 District Contribution		4/15/20	\$80.00	EFT
PP ending 4/30/2020				
PERS Retirement Contribution		4/30/20	\$5,038.96	EFT
457 Deferred Comp (Employee Paid)		4/30/20	\$2,944.47	EFT
457 District Contribution		4/30/20	\$80.00	EFT
		Total	\$21,659.80	

Total of Invoices Paid and Payroll \$130,688.12



185 Commerce Circle
Sacramento, CA 95815
voice (916) 929-4006
fax (916) 929-4160
www.arfcd.org

Board of Trustees
Brian F. Holloway
Cyril A. Shah
Rachelanne Vander Werf
Steven T. Johns
Tamika L'Ecluse

Item 4
General Manager
Timothy R. Kerr, P.E.

_____, 2020

Richardson & Company, LLP
550 Howe Avenue, Suite 210
Sacramento, CA 95825

This representation letter is provided in connection with your audit of the financial statements of American River Flood Control District, which comprise the respective financial position of the governmental and fund activities as of June 30, 2019, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of _____, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 7, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.

- c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
 - 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
 - o Management,
 - o Employees who have significant roles in internal control, or
 - o Others where the fraud could have a material effect on the financial statements.
 - 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
 - 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
 - 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
 - 17) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior

management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements properly classify all funds and activities in accordance with GABS 34, as amended , and GASBS 84.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 31) Provisions for uncollectible receivables have been properly identified and recorded.
- 32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 33) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 34) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 36) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 37) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 38) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 40) With respect to the Schedule of Expenditures- Budget and Actual.
 - a) We acknowledge our responsibility for presenting the Schedule of Expenditures- Budget and Actual in accordance with accounting principles generally accepted in the United States of America, and we believe the Schedule of Expenditures- Budget and Actual, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of Expenditures- Budget and Actual have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signature: _____

Title: _____



GOVERNANCE LETTER

To the Board of Trustees
American River Flood Control District
Sacramento, California

We have audited the financial statements of the American River Flood Control District (the District) for the year ended June 30, 2019, and have issued our report thereon dated _____, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 7, 2019. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated July 7, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

Planned Scope and Timing of the Audit

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

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

Board of Trustees
 American River Flood Control District
 Page 2

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated July 7, 2019.

Qualitative Aspects of Accounting Practices

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: depreciable lives and method used to depreciate capital assets, the amount receivable from the County for delinquent assessments, the accruals for postemployment and pension benefits, and levee improvements constructed by the Army Corps of Engineers. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The accrual for postemployment benefits was determined by an actuarial valuation, which is required to be performed every two years. The most recent actuarial calculation was prepared for the June 30, 2018 audit. The accrual for the unfunded pension liability was determined by an actuarial valuation performed by CalPERS, which is performed annually.

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

Pension Liability: Information on the District's pension plans, including the District's share of the unfunded pension liability, is shown in Note E. The District's share of the unfunded pension liability at June 30, 2018, the most recent measurement date, was \$1,012,590 which is reflected as a liability in the District's financial statements as of June 30, 2019.

Liability for Other Postemployment Benefits: The other postemployment benefit (OPEB) disclosure in Note F shows the District's OPEB liability has increased to \$3,884,590 as of June 30, 2019. The District has budgeted reserve fund balance for retiree health benefits of \$3,480,014, but since this amount has not been deposited in an irrevocable trust to be used for retiree health benefits, this amount is not permitted to offset the OPEB liability for accounting purposes.

Assessments: Note H describes the tentative nature of assessments and fees collected under Proposition 218.

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

Difficulties Encountered in Performing the Audit

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

Board of Trustees
American River Flood Control District
Page 3

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. Five audit adjustments were proposed to update pension balances, record an operation and maintenance reimbursement receivable, and to reclassify County assessment expenses, the current portion of the capital lease, and designated fund balance.

Disagreements With Management

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

Management Representations

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

Management Consultations With Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Other Matters

We applied certain limited procedures to the management discussion and analysis, other postemployment benefits schedule of funding progress, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, and schedule of revenue, expenditures and changes in fund balance- budget and actual, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Board of Trustees
American River Flood Control District
Page 4

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

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

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

_____, 2020

AMERICAN RIVER FLOOD CONTROL DISTRICT

Audited Financial Statements
and Other Reports

June 30, 2019

AMERICAN RIVER FLOOD CONTROL DISTRICT

Audited Financial Statements
and Other Reports

June 30, 2019

Audited Financial Statements

Independent Auditor’s Report 1
 Management’s Discussion and Analysis 4

Government-wide Financial Statements:

Statement of Net Position 12
 Statement of Activities 13

Fund Financial Statements:

Balance Sheet – General Fund 14
 Reconciliation of the Balance Sheet to the Government-wide
 Statement of Net Position – General Fund 15
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 – General Fund 16
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance to the Government-wide Statement of
 Activities – General Fund 17
 Notes to Basic Financial Statements 18

Required Supplementary Information (Unaudited):

Schedule of the Proportionate Share of the Net Pension Liability –
 Miscellaneous Plan 34
 Schedule of Contributions to the Pension Plan – Miscellaneous Plan 34
 Schedule of Changes in the total OPEB Liability and Related Ratios 35
 Schedule of Revenues, Expenditures and Changes in Fund Balance –
 Budget and Actual – General Fund 36

Other Supplementary Information:

Schedule of Expenditures – Budget and Actual – General Fund 37

Other Reports

Independent Auditor’s Report on Internal Control over Financial
 Reporting and on Compliance and Other Matters Based on an
 Audit of Financial Statements Performed in Accordance with
Government Auditing Standards 39



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
American River Flood Control District
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the American River Flood Control District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
American River Flood Control District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, schedule of changes in the total OPEB liability and related ratios, and budgetary comparison information on pages 4 to 11 and 34 to 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control

To the Board of Trustees
American River Flood Control District

_____, 2020

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis

As management of the American River Flood Control District (District), we are providing readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2019. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements, footnotes, and supplementary information.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2018/2019

- At the end of the current year, total net position (total assets less total liabilities) of the District was a positive \$16.5 million.
- During the year, the District's net position increased by approximately \$541,000. The increase was a result of the District's governmental activities (flood protection). The District has no business-type activities to report.
- At the end of the current year, the District's General Fund reported a total fund balance of \$10.5 million. The amount of the unassigned fund balance was \$2,487,000, and the remainder was committed by the Board or in nonspendable form.
- The District's capital asset balance before depreciation was \$13.5 million at the end of the year.
- The District has recognized a liability in the amount of \$1.0 million for a net pension obligation due to Governmental Accounting Standards Board Statement (GASB) 68. See Note E of the basic financial statements.
- The District has recognized a liability in the amount of \$3.9 million for post-employment benefits. The liability increased approximately \$66 thousand from the prior year. See Note F of the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplementary information (RSI). The Basic Financial Statements include the government-wide financial statements and fund financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The government-wide financial statements of the District report on one category, Governmental activities, as the District has no business-type activities.

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

Governmental Activities – All of the District's basic services, which include the maintenance and operation of a flood control system, are considered to be governmental activities and are included here.

Assessment revenue, maintenance agreements, and investment earnings finance the District's flood protection activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's significant funds. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, and to keep track of specific sources of funding and spending for particular purposes.

The District has one kind of fund:

General Fund – All of the District's basic services are included in the General Fund, which focuses on how resources flow in and out. The balances remaining at year-end are available for spending. The governmental fund statement provides a detailed short-term view to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, we described the relationship between governmental activities and governmental funds through the reconciliations on pages 15 and 17 and in the notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 18 of this report.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the Basic Financial Statements and accompanying notes, this report presents certain required supplementary information (RSI) concerning the District's pension plan, other postemployment benefits, and budget and actual revenue and expenditures on a budgetary basis. The RSI can be found on pages 34 to 36 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The District's net position was \$16.5 million at the close of the most recent fiscal year. Of this amount \$10.5 million is invested in capital assets. The District uses these capital assets to provide flood protection services. Consequently, these assets are not available for future spending. All remaining net position is unrestricted. (See Table 1)

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

Table 1
Statement of Net Position
June 30, 2019 and 2018
(in thousands)

	Governmental Activities	
	2019	2018
Current and other assets	\$ 10,824	\$ 10,041
Capital assets	10,479	10,624
Total assets	<u>21,303</u>	<u>20,665</u>
Deferred outflows of resources – pensions	321	359
Current liabilities	63	52
Long term liabilities:		
Accrued vacation and sick leave	45	40
Capital lease	4	6
Net pension liability	1,012	1,032
Accrual for post-employment benefits	3,884	3,819
Total liabilities	<u>5,008</u>	<u>4,949</u>
Deferred inflows of resources – pensions	119	119
Net position:		
Net investment in capital assets	10,473	10,616
Unrestricted net position	6,024	5,340
Total net position	<u>\$ 16,497</u>	<u>\$ 15,956</u>

Capital Assets, Net of Related Debt

As part of the implementation of GASB Statement No. 34, the District chose to not retroactively recognize infrastructure assets. GASB Statement No. 34 requires prospective reporting of infrastructure and allows for retroactive application of assets not previously required to be reported. The District opted to not record infrastructure assets (predominantly levee improvements) due to the difficulty in obtaining accurate costs for the levees, many of which were constructed over 50 years ago.

During the fiscal year ended June 30, 2019, there were no major additions to capital assets from levee improvements; however, during fiscal 2019 additional levee maintenance equipment was purchased for \$76,000, shop equipment for \$15,000 and building improvements for \$30,000. Fully depreciated field and shop equipment was sold during the year which resulted in the District realizing a gain of approximately \$6,000.

During 2016, the District purchased a vacant lot for approximately \$79,000 in proximity to the levees it maintains. The purpose was to store material and equipment at the site so it could respond to levee needs and emergencies in a more efficient manner. The District granted an easement on the parcel to the State of California in 2019 to effectively merge the lot with the adjacent levee parcel. This allowed the District's intended use of the land as a semi-industrial site since the State levee parcels maintained by the District are not subject to residential zoning restrictions.

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

Restricted Net Position

The District has no restricted net position as of June 30, 2019.

Unrestricted Net Position

The District's unrestricted net position at June 30, 2019 totaled approximately \$6.0 million. The entire unrestricted net position balance has been set aside by the Board for flood emergency, emergency repairs, future retiree health benefits, and future capital improvements.

Post Employment Benefits

The most recent actuarial study performed for the District for its post-employment benefits indicates that their plan has an unfunded accrued liability balance of \$3,884,590 at June 30, 2019. During 2019, the District paid \$132,000 against this liability, and recognized an additional \$198,000 in expense to bring the liability to its estimated carrying value of \$3,884,590 at June 30, 2019. See also Note F to the financial statements for additional information. The next actuarial study is scheduled to be performed in 2020.

Net Pension Liability

The District implemented GASB 68 during fiscal year 2015, which resulted in the District recording their share of the unfunded net pension liability. During fiscal year 2019, the District contributed \$108,000 for employer required contributions to the pension plan and the unfunded net pension liability decreased \$20,230 to \$1,012,099. In addition, the District has recorded deferred outflows and deferred inflows related to pensions of \$321,420 and \$119,104, respectively.

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

Governmental Activities

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

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

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues -		
O & M reimbursement agreements	\$ 224	\$ 221
General revenues -		
Assessments	2,398	2,169
Interest income	218	139
Miscellaneous	6	4
Total revenues	<u>2,846</u>	<u>2,533</u>
Expenses:		
Flood protection	<u>2,305</u>	<u>2,086</u>
Changes in net position	541	447
Net position – beginning of year	<u>15,956</u>	<u>15,509</u>
Net position – end of year	<u>\$ 16,497</u>	<u>\$ 15,956</u>

The District's change in net position was \$541,000 during the current fiscal year. Overall revenues increased from \$2,533,000 in 2018 to \$2,846,000 in 2019. Assessment revenues increased \$229,000 and interest income increased \$79,000. Flood protection expenses increased \$219,000 from \$2,086,000 in 2018 to \$2,305,000 in 2019. Major increases in flood protection were a result of increases levee maintenance services and supplies, levee standards compliance, and administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the fiscal year-end, the District's governmental funds reported a combined fund balance of \$10.5 million, an increase of \$.8 million from the previous year's fund balance. The current year-end fund balance consists of \$8.0 million in committed funds for emergencies and capital improvements as follows:

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

The Board has designated \$1.5 million for the Emergency Flood Fight Fund to be used by the District to initiate a flood emergency response and \$1.5 million has been designated for the Emergency Repair Fund. These funds will be used to initiate immediate repairs to levees damaged during a flood event so that the District will be better prepared to provide protection should another flood event follow. The Board has also designated \$3.5 million for future retiree health benefits in the Retiree Health Benefits Fund. To fund improvements on District levees, \$1.5 million has been designated for the Capital Outlay Fund.

The remaining \$2,487,440 is unassigned and available for spending for flood protection purposes. These funds are included in the District's Operation and Maintenance Fund which is used for the annual costs associated with operating and maintaining the District's facilities, including administrative costs.

Revenues in the District's governmental fund (General Fund, which consists of the Board's four designated funds), were approximately \$2.8 million. Assessment revenue of \$2.4 million was the major source (84%) of revenue for the governmental fund. O & M reimbursements (\$221,000) accounted for 8% of revenues and interest income (\$218,000) accounted for 8%. Expenditures from the governmental fund were \$2.1 million, which resulted in \$761,679 in revenues over expenditures for District operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Summary – Revenues/Financing Sources

Following is a summary of the current year budget and actual results for the District's General Fund revenues and other financing sources. (See Table 3)

Table 3

Revenues and Other Funding Sources – General Fund
Year Ended June 30, 2019
(in thousands)

	Budget Amount	Actual Amount	Variance From Final Budget
Assessments	\$ 2,410	\$ 2,396	\$ (14)
O & M reimbursement agreements	232	221	(11)
Interest income	77	218	141
	<u>\$ 2,719</u>	<u>\$ 2,835</u>	<u>\$ 116</u>

Changes from Amounts Originally Budgeted

There were no changes made to the original budget.

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the District's General Fund were \$122,000 more than budget. The variance was primarily due to interest income being more than originally budgeted.

Budgetary Summary – Expenditures/Other Financing Uses

Following is a summary of the current year budget and actual results for the District's General Fund expenditures. (See Table 4)

Table 4

Expenditures – General Fund
Year Ended June 30, 2019
(in thousands)

	Budget Amount	Actual Amount	Variance From Final Budget
Current:			
Flood protection			
Operations	\$ 1,719	\$ 1,471	\$ 248
Administration	578	478	100
Debt service			
Principal	-	2	(2)
Interest payments	-	1	(1)
Capital outlay	148	121	27
	<u>\$ 2,445</u>	<u>\$ 2,073</u>	<u>\$ 372</u>

Changes from Amounts Originally Budgeted

There were no changes made to the original budget.

Actual Expenditures Compared with Final Budget Amount

Actual expenditures from the District's General Fund were \$371,924 less than budgeted. Favorable variances from budget were noted in maintenance and operations activities, and administration.

CAPITAL ASSETS AND DEBT ADMINISTRATIONCapital Assets

At June 30, 2019, the District has \$10.5 million invested in capital assets including levees and equipment. As allowed by GASB Statement No. 34, land and infrastructure have not been included for acquisitions prior to the implementation of the standard.

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

The District's capital assets increased from the prior fiscal year as shown in Table 5 below:

Table 5
Capital Assets

	As of June 30, 2019	As of June 30, 2018	Increase (Decrease)
Land	\$ 321,463	\$ 321,463	\$ -
Levees and improvements	9,544,047	9,544,047	-
Building	1,763,304	1,763,304	-
Equipment	1,831,188	1,774,985	56,203
Building improvements	65,381	34,879	30,502
	<u>\$13,525,383</u>	<u>\$ 13,438,678</u>	<u>\$ 86,705</u>

As stated above, during the fiscal year ended June 30, 2019, there were no major additions to capital assets from levee improvements and the building; however, during fiscal 2019 additional levee maintenance equipment was purchased for \$76,000, shop equipment for \$15,000 and building improvements for \$30,000. Fully depreciated field and shop equipment was sold during the year which resulted in the District realizing a gain of approximately \$6,000.

The District depreciates capital assets using the straight-line method over the estimated lives of the assets. Accumulated depreciation as of June 30, 2019 is \$3,045,975.

See Note C for more information on the District's capital assets.

As of June 30, 2019, the District has designated approximately \$1,500,000 for future capital outlay expenditures.

Debt Administration

The District entered into a capital lease for office equipment during 2017 at a cost of approximately \$10,000. See Note D for more information on the District's long-term liabilities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

American River Flood Control District

185 Commerce Circle

Sacramento, CA 95815

AMERICAN RIVER FLOOD CONTROL DISTRICT

DISCUSSION
DRAFT

STATEMENT OF NET POSITION

June 30, 2019

ASSETS	
Cash and investments - Note B	\$ 9,490,123
Receivables:	
Assessments	65,000
Interest	3,514
Due from other agencies	1,220,928
Prepaid expenses	44,063
Capital assets, net - Note C	10,479,408
TOTAL ASSETS	<u>21,303,036</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>321,420</u>
 LIABILITIES	
Accounts payable	57,212
Accrued payroll expense	3,565
Current portion of capital lease	1,952
Long-term liabilities	
Accrued vacation and sick leave	45,023
Capital lease	4,010
Net pension liability - Note E	1,012,099
Accrual for post-employment benefits - Note F	3,884,590
TOTAL LIABILITIES	<u>5,008,451</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>119,104</u>
 NET POSITION	
Net investment in capital assets	10,473,446
Unrestricted	<u>6,023,455</u>
TOTAL NET POSITION	<u>\$ 16,496,901</u>

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

PROGRAM EXPENSES	
Governmental activities:	
Flood protection	\$ 2,304,993
PROGRAM REVENUES	
Charges for services	<u>224,359</u>
NET PROGRAM EXPENSES	(2,080,634)
GENERAL REVENUES	
Assessments	2,397,638
Interest income	217,631
Gain on sale of capital assets	<u>6,020</u>
TOTAL GENERAL REVENUES	<u>2,621,289</u>
CHANGE IN NET POSITION	540,655
Net position at beginning of year	<u>15,956,246</u>
NET POSITION AT END OF YEAR	<u><u>\$ 16,496,901</u></u>

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

BALANCE SHEET – GENERAL FUND

June 30, 2019

ASSETS		
Cash and cash equivalents		\$ 9,490,123
Receivables:		
Assessments		65,000
Interest		3,514
Due from other agencies		1,220,928
Prepaid costs		<u>44,063</u>
	TOTAL ASSETS	<u>\$ 10,823,628</u>
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable		\$ 57,212
Accrued payroll expense		<u>3,565</u>
	TOTAL LIABILITIES	<u>60,777</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		<u>251,334</u>
FUND BALANCES		
Nonspendable		44,063
Committed		7,980,014
Unassigned		<u>2,487,440</u>
	TOTAL FUND BALANCES	<u>10,511,517</u>
	LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 10,823,628</u>

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

June 30, 2019

Fund balance - total governmental funds, June 30, 2019		\$ 10,511,517
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Governmental capital assets	\$ 13,525,383	
Less: accumulated depreciation	<u>(3,045,975)</u>	10,479,408
Employee pension differences will reduce the pension liability in the future and are reported as deferred outflows of resources on the statement of net position.		321,420
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued vacation and sick leave		(45,023)
Capital lease		(5,962)
Net pension liability		(1,012,099)
Accrual for post-employment benefits		(3,884,590)
Employee pension differences to be recognized in the future as pension expense are reported as deferred inflows of resources on the statement of net position.		(119,104)
Some revenues are not recognized in governmental funds because they do not represent current financial resources that are recognized in the Statement of Activities:		
Unavailable revenue		<u>251,334</u>
Net position - governmental activities, June 30, 2019		<u><u>\$ 16,496,901</u></u>

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

AMERICAN RIVER FLOOD CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND

For the Year Ended June 30, 2019

REVENUES		
Assessments	\$ 2,396,185	
O & M reimbursements	221,348	
Use of money	217,631	
	TOTAL REVENUES	2,835,164
EXPENDITURES		
Current:		
Flood protection		
Maintenance and operations	1,471,682	
Administration	478,219	
Debt service		
Principal	1,862	
Interest payments	488	
Capital outlay	121,234	
	TOTAL EXPENDITURES	2,073,485
	EXCESS OF REVENUES OVER EXPENDITURES	761,679
OTHER FINANCING SOURCES		
Proceeds from sale of capital assets	6,020	
	OTHER FINANCING SOURCES	6,020
	NET CHANGE IN FUND BALANCE	767,699
Fund balance at beginning of year		9,743,818
	FUND BALANCE AT END OF YEAR	\$ 10,511,517

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

For the Year Ended June 30, 2019

Net change in fund balance - total governmental funds for the year
ended June 30, 2019 \$ 767,699

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlay as expenditures. In the
statement of activities, however, the cost of those assets are
allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 121,234	
Depreciation expense	<u>(266,018)</u>	(144,784)

Revenues and expenses in the Government-wide Statement
of Activities that do not provide current financial resources are
not reported as revenues and expenses in the governmental funds.

Change in accrual for post-employment benefits		(65,863)
Change in unavailable revenue		4,464
Change in accrued vacation and sick leave		(5,244)
Principal payments on capital lease		1,862
Change in deferred outflows of resources related to employee pensions		(37,253)
Change in employee net pension obligation		20,230
Change in deferred inflows of resources related to employee pensions		<u>(456)</u>

Change in net position - governmental activities for the year ended June 30, 2019 \$ 540,655

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the American River Flood Control District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Background: The District was formed under an Act of the Legislature of the State of California in 1927. The District is governed under a Board of Trustees and operates and maintains levees in Sacramento County.

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

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

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

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.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues other than reimbursement revenues to be available if they are collected within 60 days of the end of the current fiscal period. For reimbursement revenues, amounts collected within 180 days of the end of the current fiscal period are considered available. Amounts not received within the 60 or 180 day availability period are reported as unavailable revenue. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Payable balances consist primarily of payables to vendors.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental fund:

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

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

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

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

Levees and improvement	100 years
Construction equipment and mowers	7-10 years
Vehicles	7 years
Shop and levee maintenance equipment	7-10 years
Office equipment and furniture	5-10 years
Computers and accessories	5 years
Building improvements	7-15 years
Buildings	30 years

The District's capitalization threshold is \$1,000 with no minimum for infrastructure assets and other real property. 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.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Committed fund balances include amounts that can be used only for specific purposes determined by a formal action of the Board. The Board has authority to establish, modify, or rescind a fund balance commitment through a resolution of the Board.

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

The District's committed or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. Committed fund balances consist of the following:

Capital Outlay Projects Fund – To accumulate funds for future capital projects. Such projects represent capital improvement projects to repair damaged levees, improve the reliability of the system and/or increase the District's ability to monitor the system and respond in a flood emergency. As of June 30, 2019, \$1,500,000 has been designated by the Board.

Emergency Repair Fund – Funds designated for necessary repairs due to substantial damage from high flows. As of June 30, 2019, \$1,500,000 has been designated by the Board.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Emergency Flood Fight Fund – Funds designated to fight flood emergencies and to help prevent the need for future special assessments. As of June 30, 2019, \$1,500,000 has been designated by the Board.

Retiree Health Benefits Fund – Funds designated to fund future retiree health benefit costs. As of June 30, 2019, \$3,480,014 has been designated by the Board.

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

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

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

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

New Pronouncements: In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

NOTE B – CASH AND INVESTMENTS

Cash and cash equivalents consisted of the following at June 30, 2019:

Cash on hand	\$	51
Deposits with financial institutions		408,959
	Total cash	<u>409,010</u>
City of Sacramento Pool A		8,628,237
Local Agency Investment Fund (LAIF)		452,876
	Total investment	<u>9,081,113</u>
	Total cash and investments	<u>\$ 9,490,123</u>

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE B – CASH AND INVESTMENTS (Continued)

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

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

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE B – CASH AND INVESTMENTS (Continued)

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasurer through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$106,046,486,872, managed by the State Treasurer. Of that amount, 1.49% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

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

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2019, the carrying amount and the balances in financial institutions of the District's deposits were \$408,959 and \$411,343, respectively. Of the balance in financial institutions, \$250,000 is covered by federal depository insurance and amounts in excess of this balance are covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE C – CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 321,463			\$ 321,463
Capital assets being depreciated:				
Levees and improvements	9,544,047			9,544,047
Building	1,763,304			1,763,304
Levee maintenance equipment	1,321,866	\$ 90,733	\$ (30,274)	1,382,325
Vehicles	388,466		(4,256)	384,210
Office equipment	64,653			64,653
Building improvements	34,879	30,502		65,381
Total capital assets, being depreciated	<u>13,117,215</u>	<u>121,235</u>	<u>(34,530)</u>	<u>13,203,920</u>
Less accumulated depreciation for:				
Levees and improvements	(1,338,914)	(95,427)		(1,434,341)
Building	(151,840)	(58,777)		(210,617)
Levee maintenance equipment	(1,011,313)	(71,141)	30,274	(1,052,180)
Vehicles	(278,846)	(29,356)	4,256	(303,946)
Office equipment	(27,882)	(6,275)		(34,157)
Building improvements	(5,692)	(5,042)		(10,734)
Total accumulated depreciation	<u>(2,814,487)</u>	<u>(266,018)</u>	<u>34,530</u>	<u>(3,045,975)</u>
Total capital assets, being depreciated, net	<u>10,302,728</u>	<u>(144,783)</u>	<u>-</u>	<u>10,157,945</u>
Capital assets, net	<u>\$ 10,624,191</u>	<u>\$ (144,783)</u>	<u>\$ -</u>	<u>\$ 10,479,408</u>

Depreciation expense of \$266,018 for the year ended June 30, 2019 was charged to the flood protection function.

AMERICAN RIVER FLOOD CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE D – LONG-TERM LIABILITIES

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Accrued vacation and sick leave	\$ 39,778	\$ 5,245		\$ 45,023	
Capital lease obligation	7,824		\$ (1,862)	5,962	\$ 1,952
Net pension liability	1,032,329		(20,230)	1,012,099	
Accrual for post-employment benefits	3,818,727	65,863		3,884,590	
	<u>\$ 4,898,658</u>	<u>\$ 71,108</u>	<u>\$ (22,092)</u>	<u>\$ 4,947,674</u>	<u>\$ 1,952</u>

The District's capital lease consists of the following:

Copier Lease: In May 2017, the District entered into a capital lease for the acquisition of a copier. The lease has an interest rate of 4.77%, with monthly payments of \$183 through May 2022. The cost of the copier is \$9,742 and accumulated depreciation is \$4,059 at June 30, 2019.

Annual debt service requirement of the District's long-term debt obligations are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 1,952	\$ 242	\$ 2,194
2021	2,047	147	2,194
2022	1,963	47	2,010
	<u>\$ 5,962</u>	<u>\$ 436</u>	<u>\$ 6,398</u>

NOTE E – PENSION PLANS

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

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE E – PENSION PLANS (Continued)

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

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

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

	Miscellaneous	PEPRA Miscellaneous
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	9.409%	6.842%

In addition to the contribution rates above, the District was also required to make payments of \$51,871 toward its unfunded actuarial liability during the year ended June 30, 2019.

The Miscellaneous Plan is closed to new members that are not already CalPERS participants.

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

For the year ended June 30, 2019, the contributions made to the Plan were \$107,726.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan of \$1,012,099.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE E – PENSION PLANS (Continued)

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

Proportion - June 30, 2017	0.02619%
Proportion - June 30, 2018	0.02686%
Change - Increase (Decrease)	0.00067%

For the year ended June 30, 2019, the District recognized pension expense of \$125,205. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 107,726	
Differences between actual and expected experience	38,832	\$ 13,214
Changes in assumptions	115,382	28,278
Change in employer's proportion	54,476	
Differences between the employer's contribution and the employer's proportionate share of contributions		77,612
Net differences between projected and actual earnings on plan investments	<u>5,004</u>	
Total	<u>\$ 321,420</u>	<u>\$ 119,104</u>

The \$107,726 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2020	\$ 86,614
2021	48,605
2022	(31,527)
2023	<u>(9,102)</u>
	<u>\$ 94,590</u>

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE E – PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities in the June 30, 2017 actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	3.2% - 12.2% (1)
Investment Rate of Return	7.15% (2)
Mortality	Developed using CalPERS Membership Data for all funds

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

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

The underlying mortality assumptions and all other actuarial assumptions used for the June 30, 2018 measurement date were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE E – PENSION PLANS (Continued)

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

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

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

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

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

1% Decrease	6.15%
Net Pension Liability	\$ 1,671,060
Current Discount Rate	7.15%
Net Pension Liability	\$ 1,012,099
1% Increase	8.15%
Net Pension Liability	\$ 468,137

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description: The District's defined benefit OPEB plan (OPEB Plan) provides OPEB benefits for all permanent full-time employees and part-time employees, who work at least 1,000 hours per year, for the District. Benefits are set and may be amended by the Board of Trustees. The OPEB Plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As of June 30, 2019, the District has \$3,480,014 designated in its Retiree Benefits Fund for future OPEB obligations. Since these funds are not held in an irrevocable trust to provide benefits to plan members, these funds do not meet the criteria in paragraph 4 of Statement 75.

Benefits Provided: The OPEB Plan provides healthcare and insurance benefits to all permanent full-time employees and eligible part-time employees who retire directly from the District. The District provides benefits through the Association of California Water Agencies. Eligible employees' surviving spouses are also eligible for benefits. For employees hired before November 15, 2006, the District pays 100% of the health insurance premium for employees and their eligible spouses and dependents. Employees hired after November 15, 2006 must have provided a minimum of five years of service to be eligible for benefits. The District pays a portion of the husband and wife medical insurance premium rate for employees who have completed five or more years of service. The District pays 25% of the husband and wife medical insurance premium rate for retirees who have five to ten years of service completed. The District pays an additional 2.5% of the husband and wife medical insurance premium rate for each additional year of service over ten years, up to a maximum of 50% for twenty or more years of service. Retirees must enroll in Medicare Parts A, Part B, and Part D when they are eligible for Medicare and must pay all Medicare Premiums at their own costs to be eligible for benefits.

Employees Covered by Benefit Terms: As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>8</u>
Total	<u><u>16</u></u>

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

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions:	
Inflation	4.00%
Salary increases	Varies with age, grading down to 3.00% annually
Discount rate	3.50%
Mortality rate	Derived using CalPERS Membership Data
Pre-retirement turnover	Derived using CalPERS Membership Data
Healthcare trend rate	4.00%

AMERICAN RIVER FLOOD CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

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

The discount rate was based on the anticipated long-term yield on a 20-year municipal bond index.

Mortality information was based on the CalPERS Experience Study dated January 2014 Tables based on the results from of an actuarial experience study for the period 1997 to 2011. The experience study report may be accessed on the CALPERS website at <https://www.calpers.ca.gov>.

Changes in the Total OPEB Liability: The change in the total OPEB liability for the plan is as follows:

	Increase (Decrease)
	Total OPEB Liability
Balance at July 1, 2018	\$ 3,818,727
Changes in the year:	
Service cost	53,163
Interest	110,202
Benefit payments	(97,502)
Net changes	65,863
Balance at June 30, 2019	\$ 3,884,590

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

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
	Net OPEB liability	\$ 4,558,075	\$ 3,884,590

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

	1% Decrease 3.00%	Current Healthcare Cost Trend Rates 4.00%	1% Increase 5.00%
	Net OPEB liability	\$ 3,306,480	\$ 3,884,590

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2019, the District recognized OPEB expense of \$197,806. At June 30, 2019, the District had no deferred outflows or inflows related to the OPEB plan.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2019

NOTE G – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public official liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and auto liability (includes public officials liability)	\$ 5,000,000	\$ 55,000,000	None
Property damage	100,000	500,000,000	\$500 to 1,000
Fidelity	100,000	1,000,000	1,000
Workers compensation liability	2,000,000	Statutory	None

NOTE H – CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

AMERICAN RIVER FLOOD CONTROL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2019

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

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.02686%	0.02619%	0.02476%	0.02269%	0.02458%
Proportionate share of the net pension liability	\$ 1,012,099	\$ 1,032,329	\$ 860,019	\$ 622,519	\$ 607,424
Covered payroll - measurement period	\$ 596,436	\$ 577,710	\$ 667,525	\$ 657,579	\$ 708,794
Proportionate share of the net pension liability as a percentage of covered payroll	169.69%	178.69%	128.84%	94.67%	85.70%
Plan fiduciary net position as a percentage of the total pension liability	79.22%	77.94%	78.90%	83.70%	83.03%

Notes to Schedule:

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

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

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

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

	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 107,726	\$ 88,435	\$ 80,014	\$ 82,858	\$ 75,370
Contributions in relation to the actuarially determined contributions	(107,726)	(88,435)	(80,014)	(82,858)	(75,370)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	\$ 643,366	\$ 596,436	\$ 577,710	\$ 667,525	\$ 657,579
Contributions as a percentage of covered payroll	16.74%	14.83%	13.85%	12.41%	11.46%

Notes to Schedule:

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Valuation date:					
Methods and assumptions used to determine contribution rates:					
Amortization method				Entry age normal	
Remaining amortization period				Level percentage of payroll, closed	
Asset valuation method				Varies, not more than 30 years	
Inflation				5-year smoothed market	
Salary increases				2.75%	
Investment rate of return	7.375%			Varies by entry age and service	
				7.50%, net of pension plan investment expense, including inflation	

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

For the measurement periods ended June 30

	2019	2018
Total OPEB liability		
Service cost	\$ 53,163	\$ 63,795
Interest	110,202	129,920
Benefit payments	<u>(97,502)</u>	<u>(157,174)</u>
Net change in total OPEB liability	65,863	36,541
Total OPEB liability - beginning	<u>3,818,727</u>	<u>3,782,186</u>
Total OPEB liability - ending	<u><u>\$ 3,884,590</u></u>	<u><u>\$ 3,818,727</u></u>
Covered-employee payroll - measurement period	<u><u>\$ 643,366</u></u>	<u><u>\$ 596,436</u></u>
Total OPEB liability as percentage of covered-employee payroll	<u><u>603.79%</u></u>	<u><u>640.26%</u></u>
Notes to schedule:		
Valuation date	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018
Discount Rate	3.50%	3.50%

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

Benefit changes. None since June 30, 2017.

Changes in assumptions. None since June 30, 2017.

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Assessments	\$ 2,409,793	\$ 2,409,793	\$ 2,396,185	\$ (13,608)
O & M reimbursements	231,801	231,801	221,348	(10,453)
Use of money	77,267	77,267	217,631	140,364
TOTAL REVENUES	<u>2,718,861</u>	<u>2,718,861</u>	<u>2,835,164</u>	<u>116,303</u>
EXPENDITURES				
Current:				
Flood protection				
Maintenance and operations	1,719,490	1,719,490	1,471,682	247,808
Administration	577,919	577,919	478,219	99,700
Debt service				
Principal	-	-	1,862	(1,862)
Interest payments	-	-	488	(488)
Capital outlay	148,000	148,000	121,234	26,766
TOTAL EXPENDITURES	<u>2,445,409</u>	<u>2,445,409</u>	<u>2,073,485</u>	<u>371,924</u>
EXCESS OF REVENUES OVER EXPENDITURES	273,452	273,452	761,679	488,227
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	6,020	6,020
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>6,020</u>	<u>6,020</u>
NET CHANGE IN FUND BALANCES	273,452	273,452	767,699	494,247
Fund balance at beginning of year	9,743,818	9,743,818	9,743,818	-
FUND BALANCE AT END OF YEAR	<u>\$ 10,017,270</u>	<u>\$ 10,017,270</u>	<u>\$ 10,511,517</u>	<u>\$ 494,247</u>

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

OTHER SUPPLEMENTARY INFORMATION

AMERICAN RIVER FLOOD CONTROL DISTRICT

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Maintenance and Operations:			
Salaries	\$ 730,938	\$ 675,899	\$ 55,039
Payroll taxes	58,475	50,558	7,917
Pension	132,418	140,339	(7,921)
Workers compensation insurance	36,547	34,286	2,261
Group insurance	211,112	179,416	31,696
Fuel and oil	30,000	29,624	376
Equipment rental	20,000	48,386	(28,386)
Equipment repairs	40,000	49,432	(9,432)
Small tools and equipment	6,000	5,120	880
Shop supplies	12,000	15,807	(3,807)
Levee maintenance supplies	10,000	27,900	(17,900)
Levee maintenance chemicals	20,000	12,066	7,934
Levee maintenance services	60,000	58,642	1,358
Rodent abatement	10,000	5,570	4,430
Staff training	10,000	4,303	5,697
Employee uniforms	5,000	1,145	3,855
Emergency preparedness	15,000	9,700	5,300
Miscellaneous	2,000	1,252	748
Encroachment remediation	15,000	-	15,000
Engineering services	35,000	10,240	24,760
Environmental services	-	3,948	(3,948)
Urban camp cleanup	100,000	-	100,000
Not-capitalized projects			
Levee Standards Compliance	100,000	71,163	28,837
Small capital projects	50,000	32,564	17,436
La Riviera improvements	10,000	4,322	5,678
	<u>1,719,490</u>	<u>1,471,682</u>	<u>247,808</u>

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Administration:			
Utilities	\$ 35,000	\$ 36,933	\$ (1,933)
Telephone	18,000	16,844	1,156
Retiree benefits	135,650	131,943	3,707
Office equipment and furniture	7,500	2,484	5,016
Auto allowance	7,100	7,093	7
Technology and software	10,000	4,905	5,095
Trustee fees	7,600	6,339	1,261
Trustee expenses	1,750	1,742	8
Accounting services	15,000	16,300	(1,300)
Legal services (general)	50,000	38,163	11,837
Dues and association expenses	25,000	22,126	2,874
Insurance premiums	30,000	19,821	10,179
Conferences and workshops	3,000	-	3,000
Public relations and information	30,000	24,748	5,252
Election expense	96,819	2,008	94,811
Investment services	15,000	16,052	(1,052)
General office	15,000	13,225	1,775
Bookkeeping services	14,000	9,563	4,437
County assessment fees	-	45,014	(45,014)
County technology fees	40,000	36,313	3,687
Community services	1,500	1,210	290
Building maintenance	10,000	20,708	(10,708)
Property taxes	3,000	1,767	1,233
Employee morale and wellness	2,000	208	1,792
Miscellaneous	5,000	2,710	2,290
	<u>577,919</u>	<u>478,219</u>	<u>99,700</u>
Debt service			
Principal	-	1,862	(1,862)
Interest payments	-	488	(488)
	<u>-</u>	<u>2,350</u>	<u>(2,350)</u>
Capital outlay:			
Capitalized equipment and building	148,000	121,234	26,766
	<u>148,000</u>	<u>121,234</u>	<u>26,766</u>
Total expenditures	<u>\$ 2,445,409</u>	<u>\$ 2,073,485</u>	<u>\$ 371,924</u>

OTHER REPORTS



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

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

To the Board of Trustees
American River Flood Control District
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the American River Flood Control District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated _____, 2020.

Internal Control Over Financial Reporting

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

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

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

To the Board of Trustees
American River Flood Control District

Compliance and Other Matters

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

Purpose of this Report

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

_____, 2020

American River Flood Control District

Resolution No. 2020-02

**LEVYING A BENEFIT ASSESSMENT
ESTABLISHING THE RATES THEREOF
AND
REQUESTING COLLECTION OF BENEFIT ASSESSMENTS**

WHEREAS, the Board of Trustees of American River Flood Control District is authorized under various sections of the American River Flood Control District Act, as amended, to levy an assessment upon property in benefit zones within said District, to be apportioned in accordance with prescribed and adopted percentages for said zones, to carry out the objectives and purposes of said Act and to pay costs and expenses of maintaining, operating, extending, and repairing facilities, works, and improvements of said District for the ensuing fiscal year; and

WHEREAS, pursuant to Sections 17(a), 17(b), and 18 of said Act, as amended, the District is further authorized and empowered to elect to have its assessments collected by the County of Sacramento; and

WHEREAS, the Board of Trustees of District has previously divided the District into zones of benefit (Zones A through C), which zones are designated on a map or plat of the District filed in the office of said Board of Trustees, a copy of which has been previously provided to the Auditor of the County of Sacramento; and

WHEREAS, no ballot or election is required under Article XIID of the California Constitution, since assessment rates are not being increased for the FY 2020-21 assessment; and

WHEREAS, the Board has duly considered the matter of the amount of funds for the stated purposes, each and all of them, and being fully advised;

NOW THEREFORE BE IT RESOLVED as follows:

1. There be and is hereby levied upon and against the lands within the American River Flood Control District a benefit assessment equal in rate to the rate previously established by the County Auditor-Controller for FY 1996-97 for each benefit zone (Zone A, Zone B, and Zone C) and land use category established by the above referenced Water Code sections.
2. For each benefit assessment Zone within the District the assessment rate shall be as follows:
 - Zone A: 15.5456 for each benefit product (same as FY 96-97)
 - Zone B: 15.1251 for each benefit product (same as FY 96-97)
 - Zone C: 4.9696 for each benefit product (same as FY 96-97)

3. The Board of Trustees of District hereby elects to have the District's assessments collected by the County of Sacramento pursuant to Sections 17(a), 17(b), and 18 of the said District Act, as amended; said assessments to be collected at the same time and manner and subject to the same penalties and interest for delinquencies as shall apply to the taxes collected by the County.
4. The Secretary of the Board is hereby authorized and directed to transmit a certified copy of this Resolution to the Auditor, Municipal Services Agency and County Executive of the County of Sacramento immediately upon adoption with the request that the County Municipal Services Agency compute and impose upon the respective Zones this District's benefit assessment, based on the above prescribed rates.

PASSED AND UNANIMOUSLY ADOPTED this 8th day of May, 2020.

ATTEST:

President
Board of Trustees

Secretary
Board of Trustees

General Manager's Meeting Summary

April 2020

4/1: Central Valley Flood Control Association Board of Directors Special meeting. This meeting was held via audio teleconference. Topics of discussion included the Association's modified operations under COVID-19 restrictions, State regional meetings on the Sacramento San Joaquin Drainage District assessment, temporary adjustments to the Brown Act, and the Governor's allowance for work on critical infrastructure.

4/2: American River Pipe Removal Design meeting. I attended this meeting via video teleconference. The engineer's at Mead & Hunt worked with District Legal Counsel Sean Filippini and I to finalize the bid language in the contract specs.

4/8: Meeting with SMUD. Superintendent Kawamura and I met with staff from SMUD and their utility contractor regarding the installation of new conductors across the American River near How Avenue. SMUD's work is anticipated to be complete in roughly 3 days.

4/9: American River Pipe Removal Contractor's Site Visit. Superintendent Kawamura and I attended this meeting with staff from Mead & Hunt, Kleinfelder and two construction contractors. The group discussed access and staging for the project.

4/10: American River Flood Control District Board of Trustees meeting. The Board met in regular session. The General Manger provided an update on District operations under COVID-19 safety restrictions and progress on the pipe removal contract.

4/16: American River Pipe Removal meeting with City Public Works. I met on-site with staff from the City of Sacramento Department of Public Works to discuss the pipe removal project and the need to temporarily close the bike trail on the levee crown. City staff will develop signage to post on the levee and will coordinate with public officials and the recreating public. ARFCD will place water filled barriers across the levee crown on the morning of initiation of work. ARFCD will keep the City up to date on the schedule of the project.

4/21: American River Pipe Removal Public Bid Opening. This meeting was held via video teleconference to open three bids received. Bids were then posted to the District website.

4/24: American River Flood Control District Board of Trustees Special meeting. The Board met in Special session to award the contract to the lowest responsive responsible bidder. The contract was awarded to Diamond D General Engineering from Woodland, California at a price of \$187, 783.50. The Board also considered an encroachment permit application from the Sacramento Area Sewer District to repair trunk lines in the American River.

4/30: American River Pipe Removal Pre-Construction meeting. Superintendent Kawamura and I attended this meeting with staff from Mead & Hunt, Kleinfelder, the City of Sacramento, County Regional Parks, and Diamond D General Engineering. The group discussed construction access, fencing, trail closure, staging, and construction schedule.