RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2022, and have issued our report thereon dated April 14, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government 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 28, 2022. 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 28, 2022, 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.

We are required by the audit standards to identify potential risks of material misstatement during the audit process. We have identified the following significant risk of material misstatement as part of our audit planning: Management override of controls and revenue recognition. These are the areas that the audit standards require at a minimum to be identified as significant risks.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated July 28, 2022.

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 2022. 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: the fair value of investments, depreciable lives and method used to depreciate capital assets, the amount receivable from the County for delinquent assessments, the other postemployment benefits and pension liabilities, 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 valuation was prepared for the June 30, 2022 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 plan, including the District's share of the net pension liability, is shown in Note E. The District's share of the net pension liability at June 30, 2021, the most recent measurement date, was $647,552 which is reflected as a liability in the District's financial statements as of June 30, 2022. The pension liability decreased by $596,298 due to the unusually large investment earnings on the CalPERS plan assets as of the June 30, 2021 valuation.

Other Postemployment Benefits Liability: The other postemployment benefits (OPEB) liability disclosure in Note F shows the District's OPEB liability had decreased to $3,090,685 as of June 30, 2022 due to the actuaries increasing the discount rate, but this liability is expected to increase since the District is not pre-funding the plan, only paying premiums for current retirees. The District has budgeted reserve fund balance for retiree health benefits of $3,552,014, 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.

<u>Assessments</u>: 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.

<u>Difficulties Encountered in Performing the Audit</u>

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

<u>Corrected and Uncorrected Misstatements</u>

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. Two audit adjustments were proposed to record an operation and maintenance reimbursement receivable and reclassify committed fund balance.

<u>Disagreements With Management</u>

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.

<u>Management Representations</u>

We have requested certain representations from management that are included in the management representation letter dated April 14, 2023.

<u>Management Consultations With Other Independent Accountants</u>

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.

<u>Issues Discussed Prior to Retention of Independent Auditors</u>

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.

<u>Other Matters</u>

We applied certain limited procedures to the management discussion and analysis, other postemployment benefits schedule of funding progress, schedule of contributions to the OPEB plan, 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 – General Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the schedule of expenditures – budget and actual – General Fund, which accompanies the financial statements, but is 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.

Restriction on Use

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

Richardson & Company, LLP

April 14, 2023

AMERICAN RIVER FLOOD CONTROL DISTRICT

Audited Financial Statements
and Compliance Report

June 30, 2022

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AMERICAN RIVER FLOOD CONTROL DISTRICT

Audited Financial Statements
and Compliance Report

June 30, 2022

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Trustees
American River Flood Control District

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 analysis and budgetary comparison information on pages 4 to 11 and 34 to 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

To the Board of Trustees
American River Flood Control District

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.

Supplementary 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 – General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 – budgeted and actual – General Fund 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 April 14, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

April 14, 2023

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, 2022. 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 2021/2022

- At the end of current year, total net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) of the District was a positive $17.0 million.
- During the year, the District's net position increased by approximately $330,000. 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 $11.2 million, an increase of $385,000 from the previous year. The amount of the unassigned fund balance was $3.7 million, and the remaining $7.5 million was committed by the Board or in nonspendable form.
- The District's capital asset balance before depreciation was $14.2 million at the end of the year.
- The District has recognized a net pension liability in the amount of $648,000 due to Governmental Accounting Standards Board Statement (GASB) 68. The liability decreased approximately $596,000 from the prior year. See Note E of the basic financial statements.
- The District has recognized a liability in the amount of $3.1 million for post-employment benefits due to Governmental Accounting Standards Board Statement (GASB) 75. The liability decreased approximately $1.3 million 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference representing net position. Over time, increases or decreases in the District's net position 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.

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, grants, 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 statements provide a detailed short-term view to determine whether there are more or fewer financial resources that can be spent in the near future to finance 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 for 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 $17.0 million at the close of the most recent fiscal year. Of this amount $10.6 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)

Table 1
Statement of Net Position
June 30, 2022 and 2021
(in thousands)

	Governmental Activities	
	2022	2021
Current and other assets	$ 11,606	$ 11,262
Capital assets, net	10,574	10,763
Total assets	22,180	22,025
Deferred outflows of resources	577	733
Current liabilities	180	195
Long term liabilities:		
Net pension liability	648	1,244
Other postemployment benefits liability	3,091	4,344
Total liabilities	3,919	5,783
Deferred inflows of resources	1,855	322
Net position:		
Net investment in capital assets	10,574	10,761
Unrestricted net position	6,409	5,892
Total net position	$ 16,983	$ 16,653

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, 2022, there were no major additions to capital assets from levee improvements; however, during fiscal 2022 two new mowers and a stump grinder was purchased for a combined cost of $118,000. Also during 2022, an older truck and mower with an original cost of $68,000 was sold resulting in a gain on sale of $9,000. These assets were fully depreciated.

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 2022, the District contributed $174,000 for employer required contributions to the pension plan, and the unfunded net pension liability decreased $596,298 from $1,243,850 in the prior year to $647,552 at June 30, 2022. This decrease was primarily due to unusually large investment earnings on plan assets as of the June 30, 2021 measurement date. In addition, the District has recorded deferred outflows and deferred inflows related to pensions of $305,004 and $637,303, respectively. See also Note E to the financial statements for additional information.

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

Other Postemployment Benefits Liability

The most recent actuarial study performed for the District for its post-employment benefits indicates that their plan has an unfunded liability of $3,090,685 at June 30, 2022. During 2022, the District paid $130,000 against this liability, and the liability decreased $1,253,315 from $4,344,000 at June 30, 2021 to $3,090,685 at June 30, 2022, primarily due to the increase in the discount rate used in the calculation. In addition, the District has recorded deferred outflows and deferred inflows related to postemployment benefits of $271,600 and $1,218,265 respectively. See also Note F to the financial statements for additional information. The next actuarial study is scheduled to be performed in 2024.

Restricted Net Position

The District has no restricted net position as of June 30, 2022.

Unrestricted Net Position

The District's unrestricted net position at June 30, 2022 totaled $6.4 million, an increase of approximately $517,000 from $5.9 million at June 30, 2021. 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.

Governmental Activities

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

Table 2
Statement of Activities
Years Ended June 30, 2022 and 2021
(in thousands)

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues		
O & M reimbursement agreements	$ 326	$ 312
FMAP grant	587	212
General revenues		
Assessments	2,304	2,337
Investment earnings	(291)	43
Miscellaneous	9	46
Total revenues	2,935	2,950
Expenses:		
Flood protection	2,605	2,970
Change in net position	330	(20)
Net position – beginning of year	16,653	16,673
Net position – end of year	$ 16,983	$ 16,653

The District's change in net position was an increase of $330,000 during the current fiscal year. Overall revenues decreased from $2,950,000 in 2021 to $2,935,000 in 2022. O&M reimbursements increased $14,000, assessment revenues decreased $33,000, and investment earnings decreased $334,000. The primary reason for the investment losses during the year was the result of a $381,000 reduction in the fair value of the District's City Pool investment balances. During the year the District also received a Flood Management Assistance Program grant for $587,000, which it used to support operations. Flood protection expenses decreased $365,000 from $2,970,000 in 2021 to $2,605,000 in 2022. Major decreases in flood protection were a result of decreases in levee maintenance services, retiree health, pension, and Trustee election related expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the fiscal year-end, the District's governmental funds reported a combined fund balance of $11.2 million, an increase of $385,000 from the previous year's fund balance. The current year-end fund balance consists of $7.5 million in committed funds for emergencies, capital improvements and retiree health benefits as follows:

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 $3.6 million for future retiree health benefits in the Retiree Health Benefits Fund. To fund improvements on District levees, $920,000 has been designated for the Capital Outlay Fund.

The remaining $3.7 million 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 $3.0 million. Assessment revenue of $2.3 million was the major source (78.7%) of revenue for the governmental fund. O & M reimbursements of $332,000 accounted for 11.3% of revenues, the FMAP grant of $587,000 accounted for 19.9%, and investment earnings of $(291,000) accounted for (9.9%) of revenues. As stated above, the District recognized a $381,000 decline in the fair value of its City Pool investment balances at June 30, 2022, causing its investment earnings to be a loss for the year. Expenditures from the governmental fund were $2.6 million, which resulted in an increase in fund balance of $385,000.

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, 2022
(in thousands)

	Budget Amount	Actual Amount	Variance From Final Budget
Assessments	$ 2,410	$ 2,323	$ (87)
O & M reimbursement agreements	232	332	100
Operating grants	-	587	587
Use of money and other income	77	(290)	(367)
	$ 2,719	$ 2,952	$ 233

Changes from Amounts Originally Budgeted

There were no changes made to the original budget.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the District's General Fund were $233,000 more than budget. The variance was primarily due to O & M reimbursements being more than originally budgeted, and the FMAP grant of $587,000 that was not budgeted for when the 2021/22 budget was adopted.

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, 2022
(in thousands)

	Budget Amount	Actual Amount	Variance From Final Budget
Current:			
Flood protection			
Operations	$ 2,122	$ 1,900	$ 222
Administration	574	553	21
Debt service:			
Principal	-	2	(2)
Interest payments	-	1	(1)
Capital outlay	162	119	43
	$ 2,858	$ 2,575	$ 283

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 $283,000 less than budgeted. Favorable variances from budget were noted in maintenance and operations activities, administration, and capital outlay. Under maintenance and operations, significant budget savings were in engineering and survey studies, levee standards compliance, and workers compensation insurance. Budget savings were also noted in capital outlay. Under administration, budget savings were in retiree health benefits, insurance, and County technology fees.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District has $10.6 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. 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, 2022	As of June 30, 2021	Increase (Decrease)
Land	$ 321,463	$ 321,463	-
Levees and improvements	9,544,047	9,544,047	-
Building	2,181,520	2,181,520	-
Equipment	2,084,681	2,033,086	$51,595
Building improvements	82,556	82,556	-
	$14,214,267	$14,162,672	$ 51,595

As stated above, during the fiscal year ended June 30, 2022, there were no major additions to capital assets from levee improvements; however, during the year two mowers and a stump grinder was purchased for $118,000. Also during 2022, an older truck and mower with an original cost of $68,000 was sold resulting in a gain on sale of $9,000. These assets were fully depreciated.

The District depreciates capital assets using the straight-line method over the estimated lives of the assets. Accumulated depreciation as of June 30, 2022 is $3,640,572, and depreciation expense for the year was $308,505.

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

As of June 30, 2022, the District has designated approximately $920,000 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. The lease was paid off during the year. 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

Arfcd.org

AMERICAN RIVER FLOOD CONTROL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

ASSETS	
Cash and investments - Note B	$ 9,633,294
Receivables:	
Assessments	51,443
Interest	392
Due from other agencies	1,872,626
Prepaid expenses	48,999
Capital assets, net - Note C	10,573,695
TOTAL ASSETS	22,180,449
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	305,004
Other postemployment benefits (OPEB) plan	271,600
TOTAL DEFERRED OUTFLOWS OF RESOURCES	576,604
LIABILITIES	
Accounts payable	64,767
Accrued payroll	33,545
Compensated absences	82,073
Long-term liabilities	
Net pension liability - Note E	647,552
OPEB liability - Note F	3,090,685
TOTAL LIABILITIES	3,918,622
DEFERRED INFLOWS OF RESOURCES	
Pension plan	637,303
OPEB plan	1,218,265
TOTAL DEFERRED INFLOWS OF RESOURCES	1,855,568
NET POSITION	
Net investment in capital assets	10,573,695
Unrestricted	6,409,168
TOTAL NET POSITION	$ 16,982,863

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, 2022

PROGRAM EXPENSES		
Governmental activities:		
Flood protection		$ 2,604,690
PROGRAM REVENUES		
Charges for services		325,911
Operating grants		586,602
	NET PROGRAM EXPENSES	(1,692,177)
GENERAL REVENUES		
Assessments		2,303,736
Interest earnings		(291,146)
Gain on sale of capital assets		8,609
Miscellaneous		734
	TOTAL GENERAL REVENUES	2,021,933
CHANGE IN NET POSITION		329,756
Net position at beginning of year		16,653,107
	NET POSITION AT END OF YEAR	$ 16,982,863

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

BALANCE SHEET – GENERAL FUND

June 30, 2022

ASSETS	
Cash and cash equivalents	$ 9,633,294
Receivables:	
Assessments	51,443
Interest	392
Due from other agencies	1,872,626
Prepaid costs	48,999
TOTAL ASSETS	$ 11,606,754
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 64,767
Accrued payroll	33,545
TOTAL LIABILITIES	98,312
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	327,955
FUND BALANCE	
Nonspendable	48,999
Committed	7,472,014
Unassigned	3,659,474
TOTAL FUND BALANCE	11,180,487
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 11,606,754

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, 2022

Fund balance - total governmental funds, June 30, 2022		$ 11,180,487
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	$ 14,214,267	
Less: accumulated depreciation	(3,640,572)	10,573,695
Deferred outflows of resources related to the pension and OPEB plans will be recognized as expense in the future.		
Pension plan		305,004
OPEB plan		271,600
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(82,073)
Net pension liability		(647,552)
OPEB liability		(3,090,685)
Deferred inflows of resources related to the pension and OPEB plans will be recognized as a reduction of expense in the future.		
Pension plan		(637,303)
OPEB plan		(1,218,265)
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		327,955
Net position - governmental activities, June 30, 2022		$ 16,982,863

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, 2022

REVENUES		
Assessments		$ 2,323,033
O & M reimbursements		332,334
Contributions and grants		586,602
Use of money		(291,146)
Other revenues		734
	TOTAL REVENUES	2,951,557
EXPENDITURES		
Current:		
Flood protection		
Maintenance and operations		1,900,184
Administration		552,750
Debt service:		
Principal		1,964
Interest payments		412
Capital outlay		119,384
	TOTAL EXPENDITURES	2,574,694
OTHER FINANCING SOURCES		
Proceeds from sale of capital assets		8,609
	NET CHANGE IN FUND BALANCE	385,472
Fund balance at beginning of year		10,795,015
	FUND BALANCE AT END OF YEAR	$ 11,180,487

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, 2022

Net change in fund balance - total governmental funds for the year ended June 30, 2022		$ 385,472
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	$ 119,384	
Depreciation expense	(308,505)	(189,121)
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 unavailable revenue		(25,720)
Change in compensated absences		(1,992)
Principal payments on capital lease		1,964
Change in deferred outflows of resources related to pension plan		(21,049)
Change in deferred outflows of resources related to OPEB plan		(135,800)
Change in net pension liability		596,298
Change in OPEB liability		1,253,315
Change in deferred inflows of resources related to pension plan		(543,662)
Change in deferred inflows of resources related to OPEB plan		(989,949)
Change in net position - governmental activities for the year ended June 30, 2022		$ 329,756

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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 by a five member elected 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 properly excluded 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.

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 or collected within the availability period.

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 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 the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. 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 ($5,000 beginning in May 2022) 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 capital 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.

Compensated Absences: The District's policies regarding vacation, sick leave, floating holidays and compensatory time-off permit employees to accumulate earned, but unused amounts. Vacation, floating holidays and compensatory time-off are fully payable at separation. The District's policy for sick-pay

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, floating holidays, compensatory time-off 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 compensated absences are considered current.

Net Position: The government-wide financial statements report net position. Net position is categorized as the net 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 reduce 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 Balance: 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, 2022, $920,000 has been committed by the Board.

Emergency Repair Fund – Funds designated for necessary repairs due to substantial damage from high flows. As of June 30, 2022, $1,500,000 has been committed by the Board.

Emergency Flood Fight Fund – Funds designated to fight flood emergencies and to help prevent the need for future special assessments. As of June 30, 2022, $1,500,000 has been committed by the Board.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retiree Health Benefits Fund – Funds designated to fund future retiree health benefit costs. As of June 30, 2022, $3,552,014 has been designated by the Board.

Commitments of fund balance are established by and may be changed only through a Resolution of the Board of Trustees.

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 earnings process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the District's pension and OPEB plans as described in Notes E and F, and for revenue not received within the availability period.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's 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.

Other Postemployment Benefits (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 as they are reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements: In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022.* This Statement enhances comparability in accounting and financial reporting and consistency in authoritative literature, including the classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions of Statement 87, *Leases*, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement term, classification as short-term and recognition of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to nonmonetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, related to the focus of the government-wide financial statements; terminology updates related to provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this Statement are effective immediately through periods beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

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

NOTE B – CASH AND INVESTMENTS

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

Cash on hand		$	73
Deposits with financial institutions			930,724
	Total cash		930,797
City of Sacramento Pool A			8,635,502
Local Agency Investment Fund (LAIF)			66,995
	Total investments		8,702,497
	Total cash and investments	$	9,633,294

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 concentrations of credit risk. During the year ended June 30, 2022, 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 the 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.

NOTE B – CASH AND INVESTMENTS (Continued)

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 fair value invested by all public agencies in the City's cash and investment pool is $1,548,082,168 at June 30, 2022. The City does not invest in any derivative financial products directly. However, they do invest in investment pools, which may invest in derivative financial products. The City Council has oversight responsibility for the cash and investment pool. The value of pool shares in the City that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasurer through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is $231,867,874,452, which is managed by the State Treasurer. Of that amount, 1.88% 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, 2022, the weighted average maturity of the investments contained in the City's investment pool was approximately 2.54 years. As of June 30, 2022, the weighted average maturity of the investment in LAIF was approximately 311 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.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE B – CASH AND INVESTMENTS (Continued)

At June 30, 2022, the carrying amount and the balances in financial institutions of the District's deposits were $930,724 and $931,364, respectively. Of the balances 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.

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 01, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets not being depreciated:				
Land	$ 321,463	$ -	$ -	$ 321,463
Total capital assets not being depreciated, net	321,463	-	-	321,463
Capital assets being depreciated:				
Levees and improvements	9,544,047	-	-	9,544,047
Building	2,181,520	-	-	2,181,520
Levee maintenance equipment	1,488,972	118,220	(43,839)	1,563,353
Vehicles	488,504	-	(23,950)	464,554
Office equipment	55,610	1,164	-	56,774
Building improvements	82,556	-	-	82,556
Total capital assets being depreciated	13,841,209	119,384	(67,789)	13,892,804
Less accumulated depreciation for:				
Levees and improvements	(1,625,196)	(95,430)		(1,720,626)
Building	(333,398)	(79,688)		(413,086)
Levee maintenance equipment	(1,108,379)	(76,736)	-	(1,185,115)
Vehicles	(273,619)	(44,040)	43,839	(273,820)
Office equipment	(35,840)	(6,266)	23,950	(18,156)
Building improvements	(23,424)	(6,345)	-	(29,769)
Total accumulated depreciation	(3,399,856)	(308,505)	67,789	(3,640,572)
Total capital assets being depreciated, net	10,441,353	(189,121)	-	10,252,232
Capital assets, net	$ 10,762,816	$ (189,121)	$ -	$ 10,573,695

Depreciation expense of $308,505 for the year ended June 30, 2022 was charged to the flood protection function.

NOTE D – LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2022.

	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Compensated absences	$ 80,081	$ 86,972	$ (84,980)	$ 82,073	$ 82,073
Capital lease obligation	1,964	-	(1,964)	-	-
Net pension liability	1,243,850	-	(596,298)	647,552	-
OPEB liability	4,344,000	-	(1,253,315)	3,090,685	-
	$ 5,669,895	$ 86,972	$ (1,936,557)	$ 3,820,310	$ 82,073

The District's capital lease (a direct borrowing) 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 was $9,742 and was fully depreciated at June 30, 2022. The lease was paid off in fiscal year 2022. Default provisions include repossession of the copier.

NOTE E –PENSION PLAN

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

- Miscellaneous Rate Plan
- PEPRA Miscellaneous Rate Plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 Risk Pool) 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 are applied as specified by the Public Employees' Retirement Law.

NOTE E – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Risk Pool	PEPRA Miscellaneous Risk Pool
Hire date	Prior to January 1, 2013	On or after January 1, 2013
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%	6.75%
Required employer contribution rates	10.880%	7.590%

In addition to the contribution rates above, the District was also required to make payments of $94,328 towards its unfunded actuarial liability during the year ended June 30, 2022.

The Miscellaneous Risk Pool 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 Plan 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, 2022, the contributions made to the Plan were $174,138.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2022, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of $647,552.

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, 2021, 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, 2020 rolled forward to June 30, 2021 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 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, 2022 and 2021 was as follows:

Proportion - June 30, 2021	0.02949%
Proportion - June 30, 2022	0.03410%
Change - Increase	0.00461%

NOTE E – PENSION PLAN (Continued)

For the year ended June 30, 2022, the District recognized pension expense of $142,551. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 174,138	
Differences between actual and expected experience	72,616	
Change in employer's proportion	58,250	
Differences between the employer's contribution and the employer's proportionate share of contributions		$ (72,025)
Net differences between projected and actual earnings on plan investments		(565,278)
Total	$ 305,004	$ (637,303)

The $174,318 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Year Ended June 30	
2023	$ (110,115)
2024	(113,909)
2025	(126,199)
2026	(156,214)
	$ (506,437)

Actuarial Assumptions: The total pension liability at June 30, 2021 was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service
Investment Rate of Return	7.15% (1)
Mortality	Developed using CalPERS Membership Data for all funds

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

NOTE E – PENSION PLAN (Continued)

The underlying mortality assumptions and all other actuarial assumptions 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.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

NOTE E – PENSION PLAN (Continued)

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

1% Decrease		6.15%
Net Pension Liability	$	1,403,540
Current Discount Rate		7.15%
Net Pension Liability	$	647,552
1% Increase		8.15%
Net Pension Liability	$	22,587

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, 2022, the District had $6,097 payable for the outstanding contributions to the pension plan.

NOTE F – OTHER POSTEMPLOYMENT 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, 2022, the District has $3,552,014 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.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2022

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Employees Covered by Benefit Terms: As of the June 30, 2022 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	9
Active employees	8
Total	17

Total OPEB Liability: The District's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2022 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%

The discount rate was based on the anticipated long-term yield on a 20-year municipal bond index and represents a change in assumptions from the 2.50% used at the June 30, 2020 valuation date.

Mortality information was based on the CalPERS Experience Study dated December 2017 Tables based on the results from an actuarial experience study for the period 1997 to 2015. 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, 2021	$ 4,344,000
Changes in the year:	
Service cost	117,722
Interest	106,867
Change in assumptions	(441,000)
Differences between expected and actual experience	(891,567)
Implied subsidy	(12,924)
Benefit payments	(132,413)
Net changes	(1,253,315)
Balance at June 30, 2022	$ 3,090,685

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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%
Total OPEB liability	$ 3,531,685	$ 3,090,685	$ 2,716,685

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%
Total OPEB liability	$ 2,727,685	$ 3,090,685	$ 3,514,685

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2022, the District recognized OPEB expense of ($37,356). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		$ (1,218,265)
Changes in assumptions	$ 271,600	
Total	$ 271,600	$ (1,218,265)

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30	
2023	$ 206,818
2024	206,819
2025	266,513
2026	266,515
	$ 946,665

Payable to the OPEB Plan: At June 30, 2022, the District had no contributions payable to the Plan.

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 official's liability)	$ 5,000,000	$ 55,000,000	None
Cyber liability	5,000,000	None	$75,000-100,000
Property damage	100,000	500,000,000	500 to 100,000
Crime	100,000	None	1,000
Workers compensation liability	2,000,000	Statutory	None

NOTE H – CONTINGENCIES AND COMMITMENTS

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.

In February 2020, the District approved a contract for property tax levy administration for fiscal year 2020 through 2023. The annual costs range from $21,000 to $26,000 per year.

In July 2021 and August 2021, the District approved vehicle and equipment purchases totaling $264,000. In July 2022, the District approved the purchase of rocks for use during operations totaling $143,000.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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AMERICAN RIVER FLOOD CONTROL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

For the Year Ended June 30, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.03410%	0.02949%	0.02815%	0.02686%	0.02619%	0.02476%	0.02269%	0.02458%
Proportionate share of the net pension liability	$ 647,552	$ 1,243,850	$ 1,127,332	$ 1,012,099	$ 1,032,329	$ 860,019	$ 622,519	$ 607,424
Covered payroll - measurement period	815,323	710,821	643,366	596,436	577,710	667,525	657,579	708,794
Proportionate share of the net pension liability as a percentage of covered payroll	79.42%	174.99%	175.22%	169.69%	178.69%	128.84%	94.67%	85.70%
Plan fiduciary net position as a percentage of the total pension liability	88.69%	77.44%	78.22%	79.22%	77.94%	78.90%	83.70%	83.03%
Notes to Schedule:								
Valuation date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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. Information will be added prospectively as it becomes available until ten years are reported.

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

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 174,138	$ 157,120	$ 131,043	$ 107,726	$ 88,435	$ 80,014	$ 82,858	$ 75,370
Contributions in relation to the actuarially determined contributions	(174,138)	(157,120)	(131,043)	(107,726)	(88,435)	(80,014)	(82,858)	(75,370)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 856,323	$ 815,021	$ 710,821	$ 643,366	$ 596,436	$ 577,710	$ 667,525	$ 657,579
Contributions as a percentage of covered payroll	20.34%	19.28%	18.44%	16.74%	14.83%	13.85%	12.41%	11.46%
Notes to Schedule:								
Contribution valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and sssumptions used to determine contribution rates:

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial method	Entry age normal cost method							
Amortization method	Level percentage of payroll, closed							
Remaining amortization period	Varies by rate plan, but not more than 30 years							
Asset valuation method	Market value							
Inflation	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service							
Investment rate of return and discount rate	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Payroll growth	2.75%	2.75%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Retirement age	50 to 67 years. Probabilities of retirement are based on the most recent CalPERS Experience							
Mortality	Most recent CalPERS Experience Study							

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be added prospectively as it becomes available until ten years are reported.

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 117,722	$ 64,885	$ 151,484	$ 53,163	$ 63,795
Interest	106,867	106,687	134,577	110,202	129,920
Changes in assumptions	(441,000)	135,800	543,200		
Differences between expected and actual experience	(891,567)	(76,105)	(304,421)		
Implied subsidy	(12,924)	(12,924)			
Benefit payments	(132,413)	(141,830)	(141,943)	(97,502)	(157,174)
Net change in total OPEB liability	(1,253,315)	76,513	382,897	65,863	36,541
Total OPEB liability - beginning	4,344,000	4,267,487	3,884,590	3,818,727	3,782,186
Total OPEB liability - ending	$ 3,090,685	$ 4,344,000	$ 4,267,487	$ 3,884,590	$ 3,818,727
Covered-employee payroll - measurement period	$ 856,323	$ 815,021	$ 710,821	$ 643,366	$ 596,436
Total OPEB liability as percentage of Covered-employee payroll	360.93%	532.99%	600.36%	603.79%	640.26%

Notes to schedule:

Valuation date	June 30, 2022	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018
Measurement period - fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Discount Rate	3.50%	2.50%	2.50%	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 and the actuary did not report actuarially required contributions. Consequently, a Schedule of Contributions to the OPEB Plan is not reported.

Benefit changes. None since June 30, 2017.

Changes in assumptions. The discount rate was revised from 3.50% to 2.50% in 2020 and from 2.50% to 3.50% in 2022.

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.

OTHER SUPPLEMENTARY INFORMATION

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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, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Assessments	$ 2,409,793	$ 2,409,793	$ 2,323,033	$ (86,760)
O & M reimbursements	231,801	231,801	332,334	100,533
Contributions and grants	-	-	586,602	586,602
Use of money	77,267	77,267	(291,146)	(368,413)
Other revenues	-	-	734	734
TOTAL REVENUES	2,718,861	2,718,861	2,951,557	232,696
EXPENDITURES				
Current:				
Flood protection				
Maintenance and operations	2,122,337	2,122,337	1,900,184	222,153
Administration	574,175	574,175	552,750	21,425
Debt service:				
Principal	-	-	1,964	(1,964)
Interest payments	-	-	412	(412)
Capital outlay	162,000	162,000	119,384	42,616
TOTAL EXPENDITURES	2,858,512	2,858,512	2,574,694	283,818
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	8,609	8,609
NET CHANGE IN FUND BALANCE	(139,651)	(139,651)	385,472	525,123
Fund balance at beginning of year	10,795,015	10,795,015	10,795,015	-
FUND BALANCE AT END OF YEAR	$ 10,655,364	$ 10,655,364	$ 11,180,487	$ 525,123

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Maintenance and Operations:			
Salaries	$ 890,792	$ 895,347	$ (4,555)
Payroll taxes	71,263	66,640	4,623
Pension	203,100	206,160	(3,060)
Workers compensation insurance	44,540	24,803	19,737
Group insurance	273,642	261,231	12,411
Fuel and oil	35,000	51,428	(16,428)
Equipment rental	15,000	32,890	(17,890)
Equipment repairs	65,000	72,424	(7,424)
Equipment purchases	15,000	-	15,000
Shop supplies	27,500	16,500	11,000
Levee maintenance supplies	20,000	23,346	(3,346)
Levee maintenance chemicals	35,000	32,787	2,213
Levee maintenance services	80,000	89,879	(9,879)
Employee uniforms	7,500	5,614	1,886
Staff training	2,500	3,240	(740)
Miscellaneous	2,000	1,540	460
Small tools and equipment	7,500	7,745	(245)
Rodent abatement	10,000	12,793	(2,793)
Urban camp cleanup	30,000	15,957	14,043
Emergency preparedness	35,000	19,593	15,407
Encroachment remediation	15,000	-	15,000
Engineering services	20,000	38,411	(18,411)
Not-capitalized projects			
Levee Standards Compliance	25,000	-	25,000
Small capital projects	20,000	11,997	8,003
Engineering and survey studies	170,000	9,859	160,141
La Riviera improvements	2,000	-	2,000
	2,122,337	1,900,184	222,153

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Administration:			
Utilities	$ 40,000	$ 48,584	$ (8,584)
Telephone	25,000	16,979	8,021
Retiree benefits	157,231	130,005	27,226
Yard land lease	7,344	6,732	612
Office equipment and furniture	5,000		5,000
Auto allowance	6,600	7,091	(491)
Parking reimbursement	500		500
Technology and software	10,000	30,144	(20,144)
Regulation Compliance (OSHA)	20,000	26,528	(6,528)
Trustee fees	7,600	5,812	1,788
Trustee expenses	7,400	63	7,337
Accounting services	15,000	13,800	1,200
Legal services (general)	50,000	48,925	1,075
Dues and association expenses	25,000	25,987	(987)
Insurance premiums	42,000	30,479	11,521
Public relations and information	30,000	19,005	10,995
Investment fees	20,000	17,930	2,070
General office	15,000	15,561	(561)
Bookkeeping services	14,000	10,935	3,065
County assessment fees	-	41,330	(41,330)
Community services	1,500	-	1,500
Building maintenance	10,000	28,477	(18,477)
County Dtech fees	55,000	22,238	32,762
Property taxes	3,000	1,735	1,265
Employee morale and wellness	2,000	-	2,000
Miscellaneous	5,000	4,410	590
	574,175	552,750	21,425
Debt service			
Principal	-	1,964	(1,964)
Interest payments	-	412	(412)
		2,376	(2,376)
Capital outlay:			
Capitalized equipment and building	162,000	119,384	42,616
Total expenditures	$ 2,858,512	$ 2,574,694	$ 283,818

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COMPLIANCE REPORT

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

To the Board of Trustees
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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 14, 2023.

Report on 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) as a basis for designing 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 entity'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. 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 or significant deficiencies may exist that were not identified.

To the Board of Trustees
American River Flood Control District

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

April 14, 2023