

February 8, 2019
Sacramento, California

The Board of Trustees of the American River Flood Control District met in regular session in its office at 185 Commerce Circle, Sacramento, CA at 11:00 a.m. on Friday, February 8, 2019. In attendance were Trustee Holloway, Trustee Johns, Trustee Redway, Trustee Shah and Trustee Vander Werf. Trustee Holloway presided. Also present from the District were General Manager (GM) Tim Kerr, Superintendent Ross Kawamura, Legal Counsel David Aladjem and Office Manager Malane Chapman. Ms. Nancy Moricz was present from Mead & Hunt. One member of the public was present.

Item No. 1 Public Comments on Non-Agenda Items: There were no comments on non-agenda items from members of the public.

Item No. 2 Approval of Consent Agenda Items: On a motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved Items 2a) Minutes of Regular Meeting on January 11, 2019, 2c) District Financial Reports: Statement of Operations (January 2019) and Cash Flow Report, and 2d) Correspondence: None.

Item No. 2b Approval of Report of Investment Transactions December 2018 (City Pool, LAIF, River City) and Treasurer's Certification: Trustee Shah commented on the interest rates at City Pool, LAIF and River City Bank. On a motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved the item.

Item No. 3 Accounts Payable and General Fund Expenses (January 2019): Trustee Vander Werf inquired about payments to Mead & Hunt. Trustee Redway inquired about payment to Alex Engardt Roofing & Siding Co. and Sunbelt Rental. Trustee Shah inquired about payment to US Bank and asked that the Best Buy purchase be moved from Trustee Expense to Technology & Software. On a motion by Trustee Shah seconded by Trustee Vander Werf, the Board unanimously approved changing the Best Buy purchase from account code Trustee Expense to Technology & Software. Following explanation by staff and on a motion by Trustee Shah seconded by Trustee Vander Werf, the Board unanimously approved payments on the Schedule of Accounts Payable (January 2019) of \$73,868.23 and General Fund Expenses of \$70,741.72 (total aggregate sum \$144,609.95). This item was heard out of order.

Item No. 4 Audio Recording Board Meetings Policy: Trustee Johns inquired about website storage and alternative media. Trustee Shah suggested changing the policy to reflect that the recording will be stored on the website for at least 15 months. On a motion by Trustee Vander Werf seconded by Trustee Johns, the Board unanimously accepted the correction and approved the item.

Item No. 5 Information: Presentation by Nancy Moricz, Mead & Hunt: ARFCD Levee Penetration Investigation: Ms. Moricz spoke to the Board about a database that Mead & Hunt is creating for the District using data from both DWR and SAFCA. This item was heard out of order.

Item No. 6 Administrative Staff Reports:

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

- General Manager's January Meeting Summary;
- North Sac Streams Project O&M Manual Update;
- District Facilities New Roof;
- Hydrologic Conditions: Folsom Lake is 62% full, with an outflow of 3,617 cfs and the gauge at the I Street Bridge shows 18.8 feet above sea level. Snow water equivalents are 77% of April 1 average and 109% of normal for this date;
- Next Board Meeting: March 8, 2019.

b) *Legal Counsel David Aladjem had nothing further to report.*

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

Item No. 7 Operations and Maintenance Staff Reports:

a) *Superintendent Ross Kawamura reported on:*

- Crew activities including annual tree trimming, vegetation management, equipment fabrication and camp cleanup.

Item No. 8 Questions and Comments by Trustees: There were no questions or comments by Trustees.

Item No. 9 Adjourn: There being no further business requiring action by the Board, the meeting was adjourned to the Ethics Training by Trustee Holloway at 12:13 p.m. The Trustees met with Legal Counsel and with District Staff for Ethics training until 2:15 p.m.

Attest:

Secretary

President

**American River Flood Control District
Staff Report**

Investment Transactions Summary; January 2019

LAIF:

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

City Pool A

- Accrued Interest Receivable for the month of January was \$16,728.87.
- As of January 31, 2019, the balance of Interest Receivable in this account was \$108,485.75.

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

River City Bank Money Market:

- On January 11, 2019, a transfer was sent to River City Bank Checking in the amount of \$155,000.00.
- On January 31, 2019, a monthly interest payment was deposited in the amount of \$261.42.

River City Bank Checking:

- On January 11, 2019, a transfer was received from River City Bank Money Market in the amount of \$155,000.00.
- On January 31, 2019, a monthly interest payment was deposited in the amount of \$5.00.
- Total amount of Accounts Payable cleared during the month of January was \$159,655.32.

**American River Flood Control District
Investment Transaction Report
January 2019**

Item 2b

Balance and Transactions

Account		LAIF	City Pool A	River City Bank Money Market	River City Bank Checking
Beginning Balance	1/1/19	\$447,349.17	\$7,933,300.92	\$259,406.44	\$16,085.00
Transactions					
City Pool A Interest	1/31/19		16,728.87		
River City Bank Transfer	1/11/19			(155,000.00)	155,000.00
River City Bank Interest	1/31/19			261.42	5.00
Accounts Payable (cleared)					(159,655.32)
Ending Balance:	1/31/19	\$447,349.17	\$7,933,300.92	\$104,667.86	\$11,434.68

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

Interest

Date:	Feb 2018	Mar 2018	Apr 2018	May 2018
LAIF	1.41	1.52	1.66	1.73
City Pool A	2.01	1.71	1.97	2.08
River City Bank Money Market	0.08	0.08	0.08	0.1
River City Bank Checking	0.00	0.00	0.00	0.00
Date:	June 2018	July 2018	Aug 2018	Sep 2018
LAIF	1.85	1.94	2.00	2.06
City Pool A	2.12	2.12	2.20	2.89
River City Bank Money Market	0.10	0.99	1.65	1.73
River City Bank Checking	0.00	0.00	0.06	0.06
Date:	Oct 2018	Nov 2018	Dec 2018	Jan 2019
LAIF	2.14	2.21	2.29	2.36
City Pool A	2.27	2.33	2.41	2.45
River City Bank Money Market	1.79	1.87	1.95	2.01
River City Bank Checking	0.08	0.09	0.06	0.09

**American River
Flood Control
District**

AMERICAN RIVER FLOOD CONTROL DISTRICT

MONTHLY REVIEW – JANUARY 2019

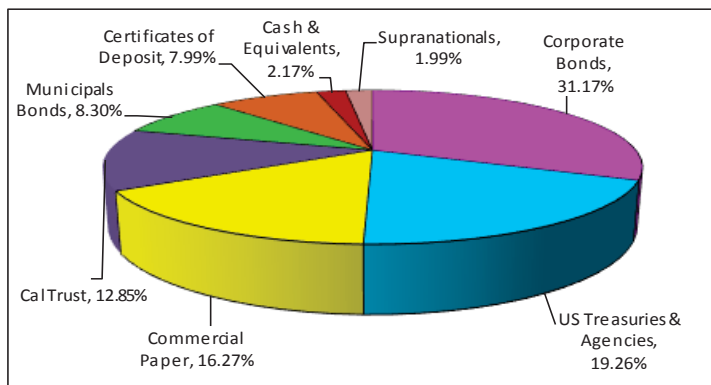
STRATEGY

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

PORTFOLIO STATISTICS

Portfolio’s Beginning Balance	8,025,058
Contributions	0
Withdrawals	0
Interest Earned	16,729
Month-End Market Value	8,041,787

POOL A PORTFOLIO COMPOSITION



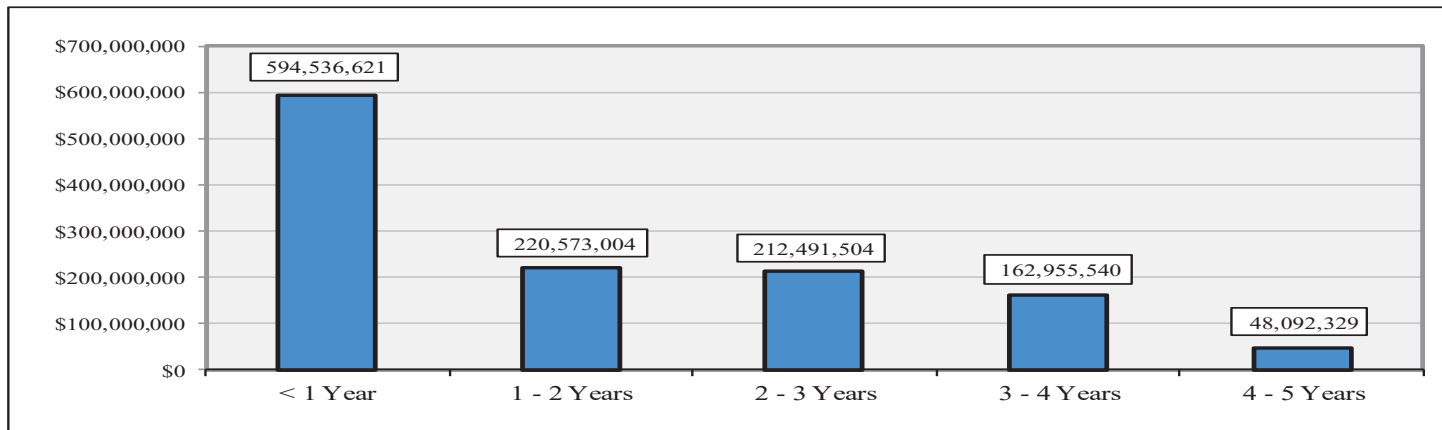
PERFORMANCE

Earned Interest Yield for the Month	2.45%
Laif Rate of Return (book value)	2.36%
90 Day T-Bill	2.35%
Federal Funds	2.40%

POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	594,536,621	47.99%
1 - 2 Years	220,573,004	17.81%
2 - 3 Years	212,491,504	17.16%
3 - 4 Years	162,955,540	13.16%
4 - 5 Years	48,092,329	3.88%
Total	1,238,648,998	100.00%

Asset Type	Pct. Assets	Yield
Corporate Bonds	31.17%	2.47%
US Treasuries & Agencies	19.26%	2.29%
Commercial Paper	16.27%	2.78%
CalTrust	12.85%	2.48%
Municipals Bonds	8.30%	2.21%
Certificates of Deposit	7.99%	2.63%
Cash & Equivalents	2.17%	2.42%
Supranationals	1.99%	1.96%



City of Sacramento
 CASH LEDGER
American River Flood Control District
From 01-01-19 To 01-31-19

Item 2b

All Cash Accounts

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
Pool A Interest Receivable						
01-01-19				Beginning Balance		91,756.88
01-31-19	01-31-19	in		Pool A Cash	16,728.87	108,485.75
				Jan 2019 estimated Pool A interest	16,728.87	
01-31-19				Ending Balance		108,485.75
Pool A Cash						
01-01-19				Beginning Balance		7,933,300.92
01-31-19				Ending Balance		7,933,300.92

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

www.treasurer.ca.gov/pmia-laif/laif.asp
February 01,
2019

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

PMIA Average Monthly Yields

Account Number:
90-34-002

Tran Type Definitions

January 2019 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
1/15/2019	1/14/2019	QRD	1594460	SYSTEM	2,703.24

Account Summary

Total Deposit:	2,703.24	Beginning Balance:	447,349.17
Total Withdrawal:	0.00	Ending Balance:	450,052.41



River City Bank

WWW.RIVERCITYBANK.COM

PO Box 15247, Sacramento, CA 95851-0247

Return Service Requested

Item 2b



Last statement: December 31, 2018

This statement: January 31, 2019

Total days in statement period: 31

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

Page 1
0811100952
(0)

Direct inquiries to:
916-567-2836

Public Fund Money Market

Account number	0811100952	Beginning balance	\$259,406.44
Low balance	\$104,406.44	Total additions	261.42
Average balance	\$154,406.44	Total subtractions	155,000.00
Avg collected balance	\$154,406	Ending balance	\$104,667.86
Interest paid year to date	\$261.42		

DEBITS

Date	Description	Subtractions
01-11	Cash Mgmt Trsfr Dr REF 0111556L FUNDS TRANSFER TO DEP XXXXX0736 FROM JANUARY PAYROLL AND EXPENSES	155,000.00

CREDITS

Date	Description	Additions
01-31	Interest Credit	261.42

DAILY BALANCES

Date	Amount	Date	Amount	Date	Amount
12-31	259,406.44	01-11	104,406.44	01-31	104,667.86

INTEREST INFORMATION

Annual percentage yield earned	2.01%
Interest-bearing days	31
Average balance for APY	\$154,406.44
Interest earned	\$261.42

AMERICAN RIVER FLOOD CONTROL DISTRICT
January 31, 2019

Page 2
0811100952

OVERDRAFT/RETURN ITEM FEES

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



River City Bank

WWW.RIVERCITYBANK.COM

PO Box 15247, Sacramento, CA 95851-0247

Return Service Requested

Item 2b



Last statement: December 31, 2018

This statement: January 31, 2019

Total days in statement period: 31

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

Page 1
0811090736
(46)

Direct inquiries to:
916-567-2836

Public Fund Interest Checking

Account number	0811090736	Beginning balance	\$16,085.00
Enclosures	46	Total additions	155,005.00
Low balance	\$8,145.59	Total subtractions	159,655.32
Average balance	\$67,738.49	Ending balance	\$11,434.68
Avg collected balance	\$67,738		

CHECKS

Number	Date	Amount	Number	Date	Amount
6724	01-14	90.00	6790	01-23	2,632.00
6730 *	01-04	455.91	6791	01-22	643.31
6753 *	01-08	143.87	6792	01-23	619.45
6758 *	01-03	2,050.00	6793	01-23	1,042.44
6770 *	01-28	490.00	6794	01-23	89.31
6772 *	01-02	40.00	6795	01-23	491.72
6773	01-04	801.02	6796	01-18	3,964.74
6775 *	01-10	126.00	6797	01-25	81.19
6776	01-22	26,392.29	6798	01-23	866.63
6777	01-22	10,069.07	6799	01-24	23.82
6778	01-23	22.98	6800	01-23	525.00
6779	01-23	185.75	6801	01-22	533.72
6780	01-23	686.13	6803 *	01-22	933.67
6781	01-23	155.77	6804	01-24	24,477.00
6782	01-22	350.00	6805	01-23	961.46
6783	01-22	398.26	6806	01-23	761.40
6784	01-22	1,493.40	6807	01-23	200.00
6785	01-22	184.00	6808	01-24	1,111.94
6786	01-25	60.00	6809	01-22	2,418.69
6787	01-22	475.61	6810	01-25	202.81
6788	01-22	2,214.00	6811	01-24	108.99
6789	01-23	250.00	6812	01-23	245.41

AMERICAN RIVER FLOOD CONTROL DISTRICT
January 31, 2019

Number	Date	Amount	Number	Date	Amount
6813	01-24	233.65			
6814	01-25	1,000.00			

* Skip in check sequence

DEBITS

Date	Description	Subtractions
01-03	' ACH Withdrawal CALPERS 1900 100000015536680	4,322.61
01-15	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 190115 946000047	27,659.18
01-17	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 190117 946000047	108.00
01-17	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 190117 946000047	428.90
01-18	' ACH Withdrawal HEALTHEQUITY INC HealthEqui 190118	152.95
01-18	' ACH Withdrawal CALPERS 1900 100000015556966	2,561.23
01-18	' ACH Withdrawal CALPERS 3100 100000015514601	1,055.21
01-18	' ACH Withdrawal CALPERS 3100 100000015514560	2,954.26
01-31	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 190131 946000047	29,109.87
01-31	' Service Charge ADDITIONAL DEBITS	0.70

CREDITS

Date	Description	Additions
01-11	' Cash Mgmt Trsfr Cr REF 0111556L FUNDS TRANSFER FRMDEP XXXXX0952 FROM JANUARY PAYROLL AND EXPENSES	155,000.00
01-31	' Interest Credit	5.00

DAILY BALANCES

Date	Amount	Date	Amount	Date	Amount
12-31	16,085.00	01-11	163,145.59	01-23	68,329.65
01-02	16,045.00	01-14	163,055.59	01-24	42,374.25
01-03	9,672.39	01-15	135,396.41	01-25	41,030.25
01-04	8,415.46	01-17	134,859.51	01-28	40,540.25
01-08	8,271.59	01-18	124,171.12	01-31	11,434.68
01-10	8,145.59	01-22	78,065.10		

AMERICAN RIVER FLOOD CONTROL DISTRICT
January 31, 2019

Page 3
0811090736

INTEREST INFORMATION

Annual percentage yield earned	0.09%
Interest-bearing days	31
Average balance for APY	\$67,738.49
Interest earned	\$5.00

OVERDRAFT/RETURN ITEM FEES

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

CERTIFICATION

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

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

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

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

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

- LAIF Account, State Treasurer's Office **Dated January 2019**
- Investment Pool A Account, City of Sacramento **Dated January 2019**
- District Checking Account, River City Bank **Dated January 2019**
- District Repurchase Account, River City Bank **Dated January 2019**

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

American River Flood Control District
Statement of Operations
July 1, 2018 to February 28, 2019 (Eight Months Ending of Fiscal 2019)
For Internal Use Only

	Year to Date July 1, 2018 to February 28, 2019	Budget	Percent of Budget	
Revenues				
Benefit assessment	\$ 765,655	\$ 1,429,793	53.55%	
Consolidated capital assessment	-	980,000	0.00%	
Interest	120,854	77,267	156.41%	
O & M agreements	-	231,801	0.00%	
Miscellaneous	6,020	-		Not budgeted
Total Revenues	<u>892,529</u>	<u>2,718,861</u>	32.83%	
M & O Expenses				
Salaries and wages	450,626	730,938	61.65%	
Payroll tax expense	33,534	58,475	57.35%	
Pension expense	93,964	132,418	70.96%	
Compensation insurance	18,896	36,547	51.70%	
Medical/dental/vision	134,099	211,112	63.52%	
Fuel/oil reimbursement	16,346	30,000	54.49%	
Equipment rental	32,364	20,000	161.82%	
Equipment repairs/parts	15,012	40,000	37.53%	
Equipment purchases (< \$5,000)	9,946	15,000	66.31%	
Shop supplies	7,427	12,000	61.89%	
Levee maint. (supp. & material)	23,964	10,000	239.64%	
Levee maint. chemicals	11,919	20,000	59.60%	
Levee maint. services	45,293	60,000	75.49%	
Rodent abatement (supplies & materials)	2,833	10,000	28.33%	
Employee uniforms	396	5,000	7.92%	
Staff training	2,293	10,000	22.93%	
Miscellaneous	1,251	2,000	62.55%	
Small tools & equipment	3,502	6,000	58.37%	
Emergency preparedness program	9,432	15,000	62.88%	
Engineering services	12,224	20,000	61.12%	
Encroachment remediation	-	15,000	0.00%	
Test urban camp cleanup	-	100,000	0.00%	
Environmental services/studies	3,948	-		Not budgeted
Total M & O Expenses	<u>929,269</u>	<u>1,559,490</u>	59.59%	
Administration Expenses				
Board of trustees compensation	3,431	7,600	45.14%	
Trustee expenses	1,083	1,750	61.89%	
Accounting services	2,750	15,000	18.33%	
Legal services (general)	8,970	50,000	17.94%	
Utilities	20,902	35,000	59.72%	
Telephone	9,692	18,000	53.84%	
Retiree benefits	99,037	135,650	73.01%	
Office equipment/furniture	-	7,500	0.00%	
Office supplies	-	2,000	0.00%	
Auto allowance	4,727	6,600	71.62%	
Parking reimbursement	-	500	0.00%	
General office expense	7,012	13,000	53.94%	
Technology and software	2,963	10,000	29.63%	
Dues and associations	22,071	25,000	88.28%	
Property and liability insurance	23,906	30,000	79.69%	
Conference/workshop/seminar	-	3,000	0.00%	
Public relations/information	-	30,000	0.00%	
Miscellaneous	1,717	5,000	34.34%	
Employee morale/wellness	208	2,000	10.40%	
Investment fees	7,956	15,000	53.04%	
Community services	1,000	1,500	66.67%	
Bookkeeping services	4,200	14,000	30.00%	
Property taxes	1,737	3,000	57.90%	
Building maintenance	17,069	10,000	170.69%	
County Dtech fees for DLMS	36,313	40,000	90.78%	
Election expense	2,008	96,819	2.07%	
County assessment fees	22,507	-		Not budgeted Non cash expense, netted against assessment revenue
Interest expense	321	-		Not budgeted
Total Administration Expenses	<u>301,580</u>	<u>577,919</u>	52.18%	
Special Projects Expenses				
Engineering studies/survey studies	-	15,000	0.00%	
Levee standards compliance	71,163	100,000	71.16%	
Small capital projects	32,564	50,000	65.13%	
Total Special Project Expenses	<u>103,727</u>	<u>165,000</u>	62.86%	
Capital Outlay				
Equipment purchases (over \$5,000)	73,825	93,000	79.38%	
Total Capital Outlay	<u>73,825</u>	<u>93,000</u>		
Capital Outlay: District Headquarters				
Building improvements/maintenance	30,503	40,000	76.26%	
La Riviera improvements/maintenance	4,322	10,000	43.22%	
	<u>34,825</u>	<u>50,000</u>		

Note: Amounts above are not audited

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT
Cash Flow Report
July 2018 through June 2019

Cash Flow Report													
Maintenance and Operations Expens	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	TOTAL
500 - Salary/Wages	54,173.03	58,087.91	61,528.70	54,969.50	57,035.35	81,246.01	27,966.03	57,464.14	26,372.11	0.00	0.00	0.00	478,842.78
501 - Payroll Taxes	4,173.85	4,482.27	4,754.48	3,861.68	3,503.40	5,807.05	2,675.19	4,985.99	2,033.51	0.00	0.00	0.00	36,277.42
502 - Pension	12,673.06	12,483.57	11,913.77	7,394.26	15,652.21	10,969.24	8,685.50	10,906.76	(426.82)	0.00	0.00	0.00	90,251.55
503 - Compensation Insurance	8,751.70	0.00	0.00	8,827.33	0.00	0.00	10,069.07	0.00	0.00	0.00	0.00	0.00	27,648.10
504 - Medical/Dental/Vision	15,339.13	15,339.13	15,339.13	15,339.13	15,339.13	14,142.28	15,423.55	15,689.55	0.00	0.00	0.00	0.00	121,951.03
508 - Fuel/Oil	3,476.23	2,162.66	1,590.25	5,507.45	1,195.40	3,496.29	1,042.44	1,351.87	0.00	0.00	0.00	0.00	19,822.59
509 - Equipment Rental	0.00	1,420.71	7,838.74	6,966.92	7,685.31	3,053.15	1,111.94	4,171.48	0.00	0.00	0.00	0.00	32,248.25
510 - Equipment Purchase(< \$5000	6,452.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,452.49
511 - Equipment Repair/Parts	7,863.87	1,711.15	2,395.66	983.92	790.74	1,256.86	1,495.97	3,775.23	0.00	0.00	0.00	0.00	20,273.40
512 - Shop Supplies	694.04	564.90	735.07	809.91	2,053.06	2,037.41	1,160.57	207.06	0.00	0.00	0.00	0.00	8,262.02
514 - Levee Maint(Supplies&Materi	628.17	0.00	3,409.94	2,744.97	295.52	12,921.63	0.00	3,865.74	0.00	0.00	0.00	0.00	23,865.97
515 - Levee Maintenance Services	0.00	1,373.85	5,148.34	6,842.33	20,564.54	696.25	617.72	10,624.04	0.00	0.00	0.00	0.00	45,867.07
516 - Employee Uniforms	4,896.47	0.00	0.00	0.00	0.00	306.80	89.31	0.00	0.00	0.00	0.00	0.00	5,292.58
518 - Staff Training	350.00	0.00	52.39	119.14	63.63	711.56	0.00	180.00	0.00	0.00	0.00	0.00	1,476.72
519 - Miscellaneous O&M	0.00	0.00	0.00	0.00	1,125.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,125.00
521 - Small Tools & Equip	0.00	0.00	3,545.50	746.66	1,940.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,232.60
523 - Levee Maint. (Chemicals)	0.00	0.00	0.00	0.00	0.00	9,397.77	2,418.69	102.23	0.00	0.00	0.00	0.00	11,918.69
525 - Emergency Preparedness Pr	0.00	0.00	0.00	0.00	8,400.00	1,031.61	0.00	0.00	0.00	0.00	0.00	0.00	9,431.61
530 - Encroachment Remediation I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
532 - Rodent Abatement	404.83	0.00	0.00	0.00	2,587.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,992.46
605 - Engineering Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
615 - Survey Services	187.23	154.01	234.76	154.01	148.66	313.93	403.19	205.72	13.00	0.00	0.00	0.00	1,814.51
616 - Environmental Services/Studi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total M&O Expense	120,064.10	97,780.16	118,486.73	115,267.21	138,380.02	147,387.84	73,159.17	113,529.81	27,991.80	0.00	0.00	0.00	952,046.84
Administrative Expenses	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	TOTAL
505 - Telephone	1,057.50	1,083.40	1,418.71	1,335.95	1,285.00	2,696.87	3,931.06	1,403.04	54.11	0.00	0.00	0.00	14,265.64
506 - Utility Charges	2,494.07	2,891.72	3,455.51	3,121.87	2,938.77	2,845.25	2,901.94	2,790.70	0.00	0.00	0.00	0.00	23,439.83
507 - Office/Shop Lease	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
513 - Office Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
517 - Auto Allowance	550.00	550.00	550.00	550.00	550.00	825.00	275.00	550.00	275.00	0.00	0.00	0.00	4,675.00
520 - Retiree Benefits	11,300.68	11,300.68	11,300.68	10,045.45	10,882.27	10,968.74	10,968.74	10,968.74	0.00	0.00	0.00	0.00	87,735.98
522 - Office Equipment/Furniture	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
526 - Mileage/Parking Reimburse	0.00	0.00	0.00	116.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	116.63
527 - General Office Expense	760.67	936.58	1,531.21	843.08	1,054.71	1,142.84	1,697.20	831.69	145.28	0.00	0.00	0.00	8,943.26
529 - Pre-funding Retiree Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
531 - Technology & Software	389.89	730.24	259.99	484.94	259.99	259.99	341.18	426.40	0.00	0.00	0.00	0.00	3,152.62
600 - Board of Trustees Compensa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
601 - Trustee Expenses	285.00	380.00	475.00	380.00	285.00	475.00	380.00	475.00	0.00	0.00	0.00	0.00	3,135.00
602 - Accounting Services	82.41	33.70	28.46	177.93	296.99	462.35	0.00	89.79	0.00	0.00	0.00	0.00	1,171.63
603 - Legal Fees (General)	0.00	0.00	0.00	0.00	0.00	2,050.00	0.00	0.00	0.00	0.00	0.00	0.00	2,050.00
604 - Flood Litigation	5,646.68	5,689.00	866.59	656.00	943.00	3,634.36	2,214.00	656.00	0.00	0.00	0.00	0.00	20,305.63
606 - Legislative Services	1,079.00	302.00	0.00	0.00	0.00	2,823.25	3,964.74	5,134.25	0.00	0.00	0.00	0.00	13,303.24
607 - Dues and Assoc. Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
608 - Insurance Premiums	0.00	0.00	5,653.00	180.00	16,190.00	90.00	0.00	286.00	0.00	0.00	0.00	0.00	22,399.00
609 - Conference /Workshops/Sem	0.00	0.00	0.00	20,857.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,857.00
610 - Public Relations Information	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
611 - Election Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
612 - District Annexations	0.00	0.00	0.00	0.00	0.00	0.00	2,008.00	0.00	0.00	0.00	0.00	0.00	2,008.00
613 - Community Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
614 - Miscellaneous Admin	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	1,000.00
617 - Investment Fees	0.00	0.00	0.00	0.00	564.00	282.00	2,632.00	470.00	0.00	0.00	0.00	0.00	3,948.00
618 - Property Tax	3,682.00	3,716.00	0.00	0.00	3,967.00	0.00	0.00	3,989.00	0.00	0.00	0.00	0.00	15,354.00
619 - Building Maintenance	0.00	0.00	0.00	0.00	1,659.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,659.54
620 - Bookkeeping Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
621 - County Assessment Fees	787.50	975.00	450.00	600.00	1,162.50	375.00	525.00	1,087.50	0.00	0.00	0.00	0.00	5,962.50
622 - County DTech Fees for DLMS	0.00	189.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	189.91
623 - Employee Morale/Wellness	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

AMERICAN RIVER FLOOD CONTROL DISTRICT
Cash Flow Report
July 2018 through June 2019

Total Administrative	28,115.40	28,778.23	25,989.15	39,348.85	42,038.77	28,930.65	32,838.86	29,158.11	474.39	0.00	0.00	0.00	255,672.41
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Special Projects Expenses	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	TOTAL
702 - Engineering/Survey Studies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
703 - Encroachment Remediation &	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
704 - Vegetation Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
705 - Small Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
707 - Levee Standards Compliance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Special Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Capital Outlay: Flood Control	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	TOTAL
700 - Bank Protection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
701 - Magpie Creek	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
706 - Property Acquisition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
709 - Equipment Purchase (> \$500)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,801.05	0.00	0.00	0.00	0.00	1,801.05
Total Capital Outlay: Flood Control	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,801.05	0.00	0.00	0.00	0.00	1,801.05

Income	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	TOTAL
120 - Benefit Assessment	0.00	39,740.55	0.00	0.00	0.00	25,521.99	0.00	743,367.68	0.00	0.00	0.00	0.00	808,630.22
122 - SAFCA CAD4	780,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	780,000.00
123 - Interest	3,107.73	1,480.93	1,244.38	3,463.58	680.39	488.29	2,969.66	991.88	0.00	0.00	0.00	0.00	14,426.84
124 - O&M Agreements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	221,348.40	0.00	0.00	0.00	0.00	221,348.40
126 - Miscellaneous Income	0.00	224.62	160.00	5,760.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,144.62
Total Income	783,107.73	41,446.10	1,404.38	9,223.58	680.39	26,010.28	2,969.66	965,707.96	0.00	0.00	0.00	0.00	1,830,550.08

Fund Balance

District Operations Fund	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19
Beginning Balance	2,294,495.71	1,929,423.94	1,844,311.65	1,701,240.15	1,555,847.67	1,376,109.27	1,225,801.06	1,122,772.69	1,409,336.73	0.00	0.00	0.00
Income	783,107.73	41,446.10	1,404.38	9,223.58	680.39	26,010.28	2,969.66	965,707.96	0.00	0.00	0.00	0.00
Expenses	1,148,179.50	126,558.39	144,475.88	154,616.06	180,418.79	176,318.49	105,998.03	679,143.92	28,466.19	0.00	0.00	0.00
Ending Balance	1,929,423.94	1,844,311.65	1,701,240.15	1,555,847.67	1,376,109.27	1,225,801.06	1,122,772.69	1,409,336.73	1,380,870.54	0.00	0.00	0.00

Capital Outlay Reserve Fund	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19
Beginning Balance	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	0.00	0.00	0.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	0.00	0.00	0.00

Retiree Health Benefit Reserve Fund	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19
Beginning Balance	1,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,980,014.00	0.00	0.00	0.00
Income	1,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	536,456.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,980,014.00	2,980,014.00	0.00	0.00	0.00

Flood Emergency Response Reserve Fund	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19
Beginning Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00	0.00	0.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00	0.00	0.00

Emergency Repair Reserve Fund	Jul 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19
Beginning Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00	0.00	0.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	0.00	0.00	0.00

Total Balance	8,437,981.94	8,352,869.65	8,209,798.15	8,064,405.67	7,884,667.27	7,734,359.06	7,631,330.69	8,454,350.73	8,425,884.54	0.00	0.00	0.00
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American River Flood Control District
Central Valley Flood Protection Board Permit Application
5700 Coda Lane

Staff Report

Discussion:

The parcel owner at 5700 Coda Lane in Carmichael California seeks to obtain an encroachment permit to install a sewer connection across the District levee and re-construct two structures within the American River Floodway. The parcel is on the water side of the levee and is currently served by a sewage septic system. The owner would like to connect to the County sewer main on the land side of the levee.

The proposal includes trenching 2-feet deep to install a 3-inch ABS pipe across the levee. The County will core drill into their existing manhole riser to accept the owner's new pipe connection. The trench will be backfilled with compacted levee fill.

Previous proposals for this work were based on drilling under the levee to install the new sewer connection. Feedback obtained from the State Central Valley Flood Protection Board indicated that drilling through the levee would not be allowed at the proposed depth. The applicant revised their plan to focus on trenching to install the connection.

The proposal to install the pipes and construct the sewer line connection was endorsed by the District Board of Trustees at their November 2017 meeting. The application has been re-submitted to include the re-construction of two residential structures within the floodway. These structures are to be built at the same elevation as the current structures and are not within the waterside setback zone of the levee. The structures will not impact the integrity of the levee nor impact operations and maintenance activities of the District.

Recommendation:

The General Manager recommends that the Board of Trustees endorse the permit application.

**APPLICATION FOR A CENTRAL VALLEY FLOOD PROTECTION BOARD
ENCROACHMENT PERMIT**

Application No. _____
(For Office Use Only)

1. Description of proposed work being specific to include all items that will be covered under the issued permit.

NEW SEWER, MAIN HOUSE, GUEST HOUSE. EXISTING MAIN HOUSE & GUEST HOUSE TO BE DEMOLISHED AND NEW CONSTRUCTION BUILT PER ATTACHED PLANS. INSTALLATION OF NEW SEWER LINE PER ATTACHED PLANS.

2. Project Location: SACRAMENTO County, in Section _____
Township: _____ (N) _____ (E)
(S), Range: _____ (W), M. D. B. & M.
Latitude: 38.599407 Longitude: -121.330975
Stream: AMERICAN RIVER Levee: FEDERAL Designated Floodway: FEMA AE
APN: 283-0280-042

3. RICH GUY of 5700 COOA LANE
Name of Applicant / Land Owner Address
CARMICHAEL CA 95608 916.730.4146
City State Zip Code Telephone Number
richguy101@hotmail.com
E-mail

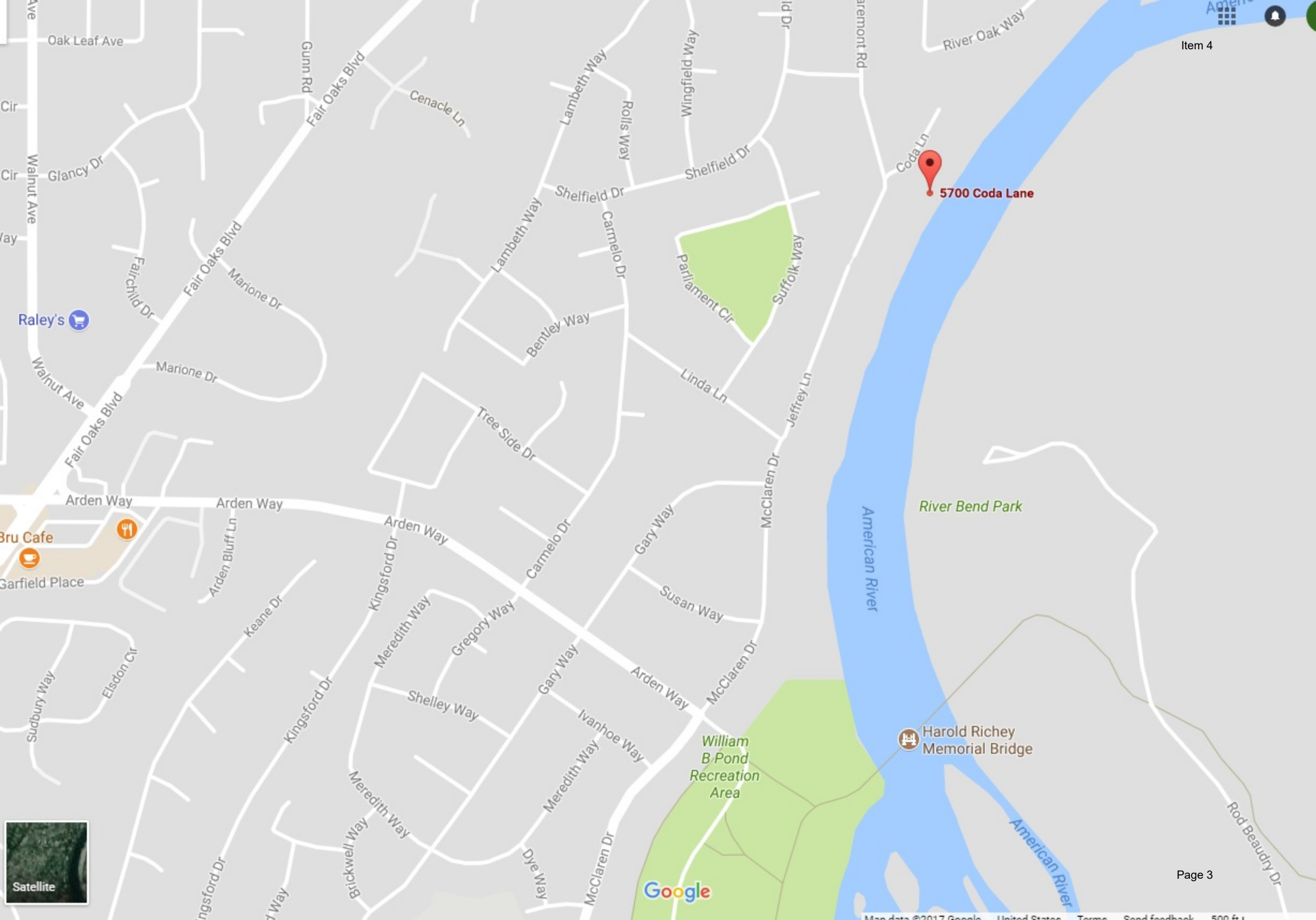
4. KELLIE CRISCIONE of LANDMARK BUILDERS
Name of Applicant's Representative Company
#120 DOUGLAS BLDG CA 95746 916.783.0356
#306-215 City State Zip Code Telephone Number
GRANITE BAY KELLIE@BAYBYLANDMARK.COM
E-mail

5. Endorsement of the proposed project from the Local Maintaining Agency (LMA):

We, the Trustees of American River Flood Control Agency approve this plan, subject to the following conditions:
Name of LMA

Conditions listed on back of this form Conditions Attached No Conditions

Trustee _____ Date _____ Trustee _____ Date _____
Trustee _____ Date _____ Trustee _____ Date _____



5700 Coda Lane

River Bend Park

American River

Harold Richey Memorial Bridge

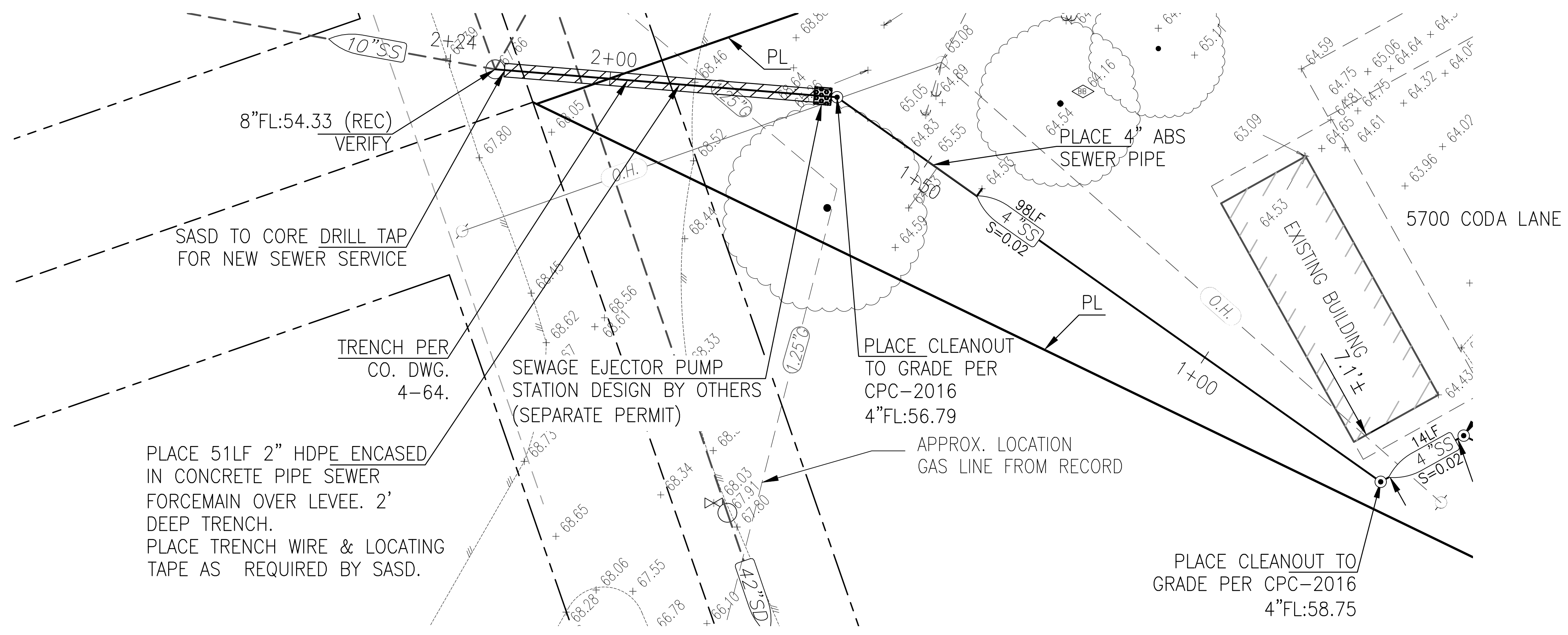
William B Pond Recreation Area



Satellite

5700 Coda Lane
New Sewer Reroute
and septic tank
Abandonment.





PLACE 51LF 2" HDPE ENCASED IN CONCRETE PIPE SEWER FORCEMAIN OVER LEVEE. 2' DEEP TRENCH. PLACE TRENCH WIRE & LOCATING TAPE AS REQUIRED BY SASD.

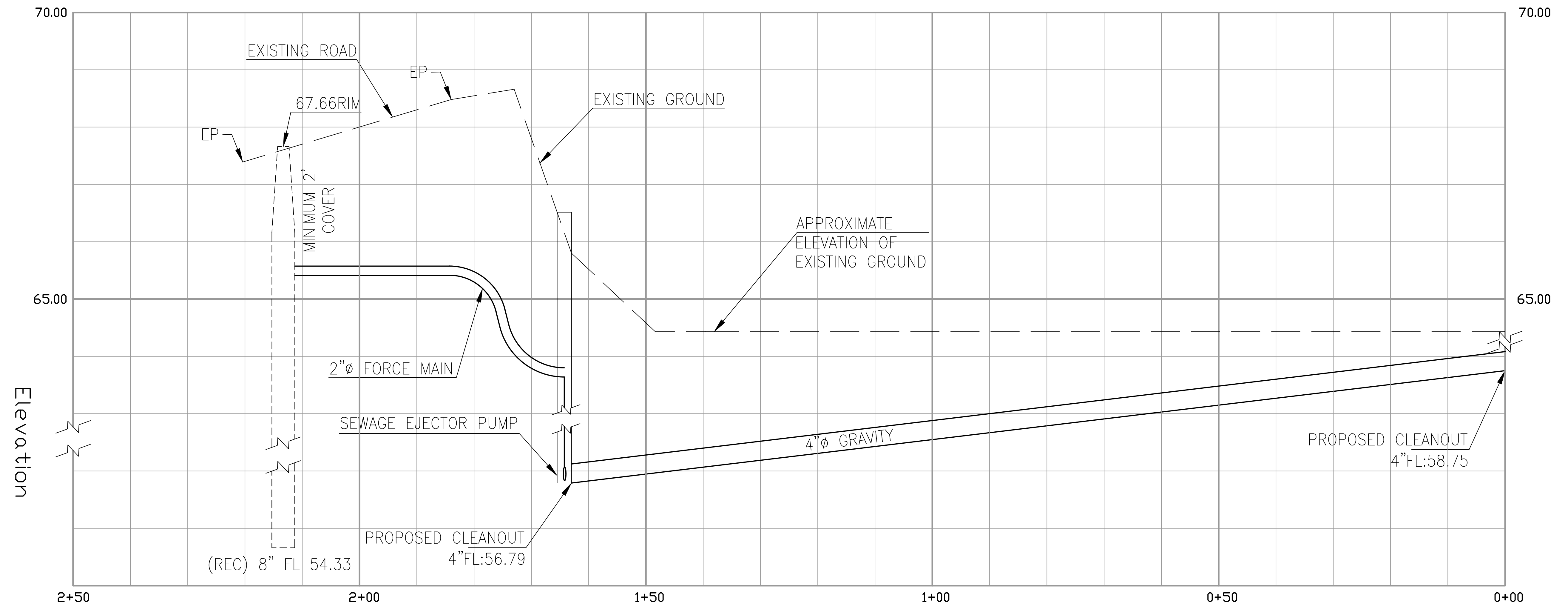
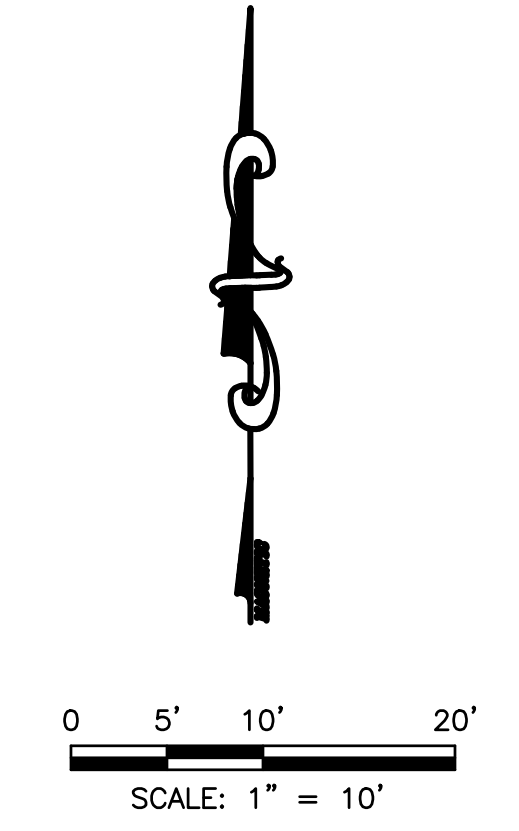
TRENCH PER CO. DWG. 4-64.

SEWAGE EJECTOR PUMP STATION DESIGN BY OTHERS (SEPARATE PERMIT)

PLACE CLEANOUT TO GRADE PER CPC-2016 4"FL:56.79

APPROX. LOCATION GAS LINE FROM RECORD

PLACE CLEANOUT TO GRADE PER CPC-2016 4"FL:58.75



BENCHMARK ELEVATION: 5/29/18

ASSUMED TBM ELEVATION ON MAN HOLE LOCATED ON THE CROSSING OF CLAREMONT ROAD AND CODA LANE.

FIELD BOOK NUMBER: _____ PAGE: _____

JTS ENGINEERING CONSULTANTS, INC.
 1808 J STREET
 SACRAMENTO, CALIFORNIA 95811 (916) 441-6708

DESIGNED:	PHYA	SCALE:	H: 1" = 10'
DRAWN:	AAS	CHECKED:	JTS
SUBMITTED:	JAVED T. SIDDIQUI	RCE:	25924

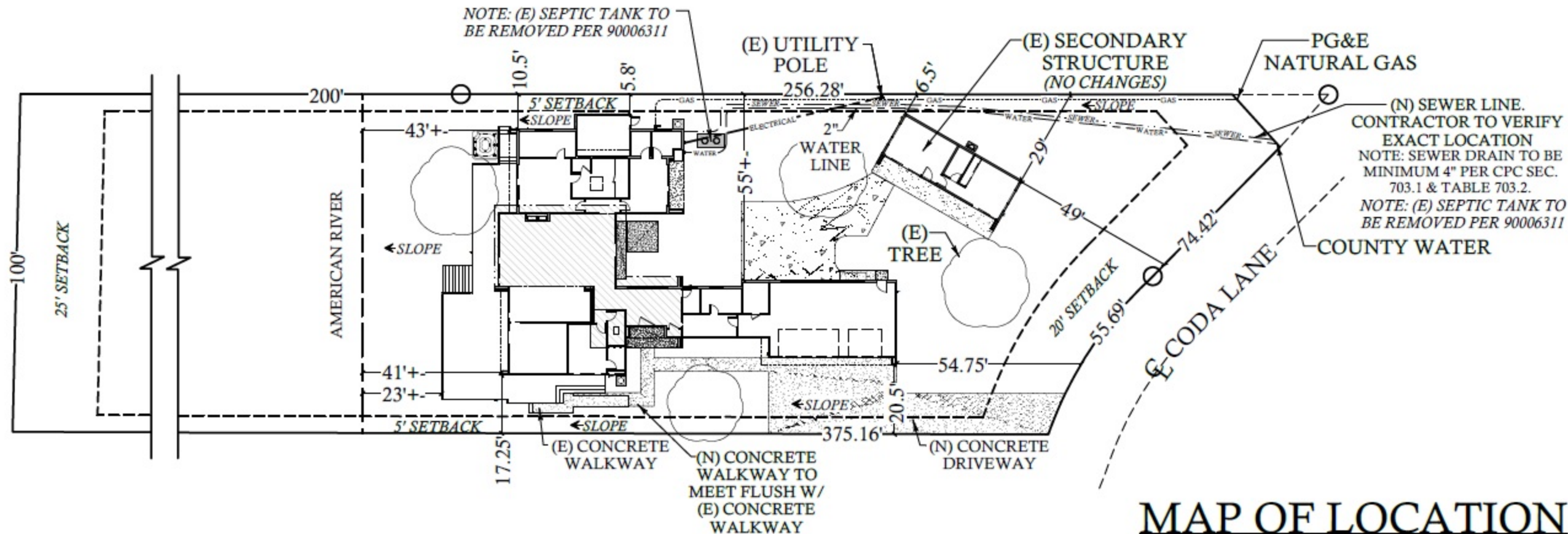


NO.	DESCRIPTION	ENGR INIT	APPROVAL	
			BY	DATE

PLAN AND PROFILE
5700 CODA LANE
 COUNTY OF SACRAMENTO APN: 283-0280-042 CALIFORNIA

DATE: 7/11/18
 SHEET
C2
 OF 2

SITE PLAN



SCALE: 1"=20'

SITE PLAN NOTES:
THIS SITE PLAN IS NOT A SURVEY. IT IS PROVIDED FOR THE BUILDING AND SITE WORK LAYOUT ONLY. THE CONTRACTOR SHALL VERIFY ON SITE ALL GRADES, EXISTING IMPROVEMENTS, PROPERTY LINES, EASEMENTS, SETBACKS, UTILITIES AND SUB-STRUCTURES. ANY CONFLICTS BETWEEN WORKING DRAWINGS AND EXISTING SITE SHALL BE IMMEDIATELY BROUGHT TO THE ATTENTION OF THE OWNER, GENERAL CONTRACTOR, AND THE DESIGNER FOR CLARIFICATION OR CORRECTION PRIOR TO ANY WORK.



NOTE:
CONTRACTOR SHALL GRADE THE PROPERTY IN A MANNER THAT RUNOFF FROM THE NEW STRUCTURE SHALL NOT ADVERSELY AFFECT ADJACENT NEIGHBOR'S PROPERTY.

NOTE:
GROUND IMMEDIATELY ADJACENT TO THE FOUNDATION SHALL BE SLOPED AWAY FROM THE BUILDING AT A SLOPE OF NOT LESS THAN 6 INCHES WITHIN THE FIRST 10 FEET (5% SLOPE) PER CBC 1804.3.

MAP OF LOCATION



**RICHARD GUY'S
CUSTOM HOME**
5700 CODA LANE
CARMICHAEL, CA 95608
APN# 283-0280-042

STRUCTURAL DESIGN INFORMATION

ROOF LOADS: LIVE LOAD: 20 (psf)
DEAD LOAD: 20 (psf) (INCLUDES CEILING LOAD)

WALL LOADS: EXTERIOR: 15 (psf) (STUCCO)

GENERAL CONSTRUCTION NOTES

- IN CASE OF DISCREPANCY CONCERNING DIMENSIONS, QUANTITIES, AND LOCATION, THE CONTRACTOR SHALL, IN WRITING, CALL TO THE ATTENTION OF THE BUILDING DESIGNER OR EOR, ANY DISCREPANCIES BETWEEN SPECIFICATIONS, PLANS, DETAILS OR SCHEDULES. THE BUILDING DESIGNER OR EOR WILL THEN INFORM THE CONTRACTOR IN WRITING, WHICH DOCUMENT TAKES PRECEDENCE. THERE SHALL BE NO ADJUSTMENT TO THE COST OF THE WORK RESULTING FROM SUCH CLARIFICATION OF DISCREPANCIES.
- FAILURE TO REPORT A CONFLICT IN THE CONTRACT DOCUMENTS SHALL BE DEEMED EVIDENCE THAT THE CONTRACTOR HAS ELECTED TO PROCEED IN THE MORE EXPENSIVE MANNER.



PLAN CHECKED
ON 8/6/2018

Page 7

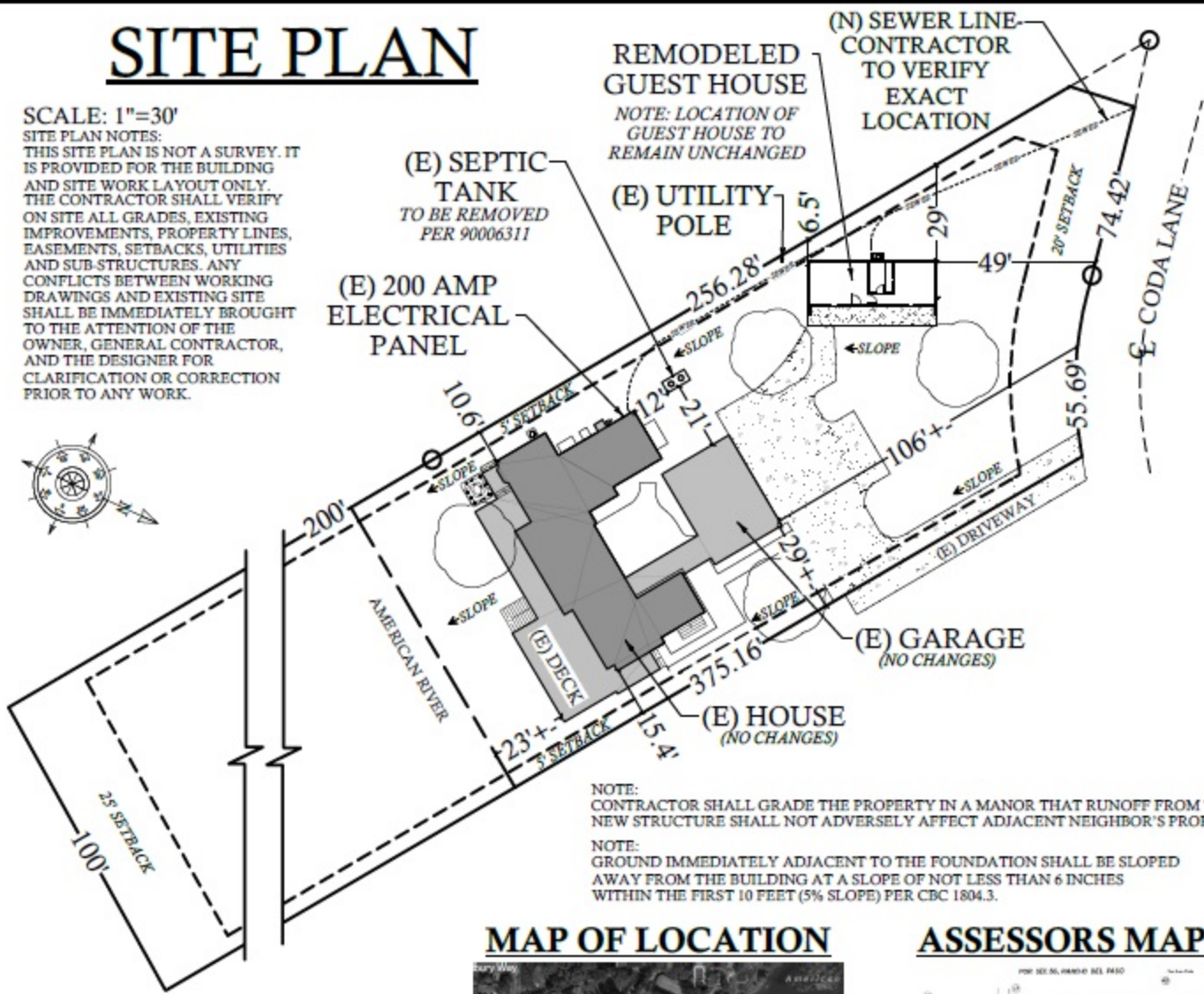


JAMIE R. YOUNG

SITE PLAN

SCALE: 1"=30'

SITE PLAN NOTES:
THIS SITE PLAN IS NOT A SURVEY. IT IS PROVIDED FOR THE BUILDING AND SITE WORK LAYOUT ONLY. THE CONTRACTOR SHALL VERIFY ON SITE ALL GRADES, EXISTING IMPROVEMENTS, PROPERTY LINES, EASEMENTS, SETBACKS, UTILITIES AND SUB-STRUCTURES. ANY CONFLICTS BETWEEN WORKING DRAWINGS AND EXISTING SITE SHALL BE IMMEDIATELY BROUGHT TO THE ATTENTION OF THE OWNER, GENERAL CONTRACTOR, AND THE DESIGNER FOR CLARIFICATION OR CORRECTION PRIOR TO ANY WORK.



NOTE:
CONTRACTOR SHALL GRADE THE PROPERTY IN A MANNER THAT RUNOFF FROM THE NEW STRUCTURE SHALL NOT ADVERSELY AFFECT ADJACENT NEIGHBOR'S PROPERTY.

NOTE:
GROUND IMMEDIATELY ADJACENT TO THE FOUNDATION SHALL BE SLOPED AWAY FROM THE BUILDING AT A SLOPE OF NOT LESS THAN 6 INCHES WITHIN THE FIRST 10 FEET (5% SLOPE) PER CBC 1804.3.

MAP OF LOCATION



ASSESSORS MAP



Above & Beyond
Item 4 Building Design, Inc.
8037 Fair Oaks Blvd, Suite 108
Carmichael, CA 95608
916.944.4088 Office
916.944.4087 Fax
Web site: abbdesign.net

**RICHARD GUY'S
GUEST HOUSE REMODEL**
5700 CODA LANE
CARMICHAEL, CA 95608
APN# 283-0280-042

REGISTERED PROFESSIONAL ENGINEER
MIM C STALEY
No. 26639
Exp. 3-31-2018
FINAL PLAN
CIVIL
PLOTTED ON
11.27.2017

A & B D. JAMIE R. YOUNG
PROFESSIONAL BUILDING DESIGNER
MEMBER OF THE AMERICAN
INSTITUTE OF BUILDING DESIGN

**TURAL DESIGN
FORMATION**

Page 8
T, & PS

January 10, 2019

Tim Kerr
General Manager
American River Flood Control District
185 Commerce Circle
Sacramento, CA 95815

Dear Tim:

As discussed, this letter is to formally notify you and the Board of ARFCD that I will be resigning my seat as Trustee on Friday, April 12, 2019. It has been an honor and pleasure serving on the Board.

Sincerely,


Bettina Redway

cc Brian Holloway, President, ARFCD Board of Trustees

Vacancies on the Board of Trustees are filled pursuant to Government Code § 1780. To appoint a replacement director under Government Code § 1780, the Board must (a) post a Notice of Vacancy in 3 or more places within the District's boundaries; (b) provide notification to the County of both the vacancy and the appointment; and (c) act within 60 days to fill the vacant seat. The Board may also choose to publish a notice of vacancy in area newspapers, appoint an ad hoc committee to evaluate potential director candidates, or interview potential director candidates prior to appointment, but these measures are not legally required. Any candidate appointed to fill the position must meet the director qualifications laid out in the District's organizing act.

The timeline below lays out the steps that the District must take to fill a vacancy by appointment. The Board *must* take action to appoint a new trustee within 60 days of the effective date of the vacancy. If the Board has not acted by that date, authority shifts to the County Board of Supervisors, which has 30 days to appoint someone or to order the District to conduct an election. If 90 days pass from the date of the vacancy and no provisions have been made (either by the County or the Board) to fill the vacancy, the District is obligated by statute to conduct an election for the seat. Gov't Code § 1780 (g)(1).

Step	Action
1	Vacancy Becomes Effective: A vacancy arises on the Board of Trustees due to the passing or resignation of a Trustee.
2	Notice of Vacancy to County: Staff notifies the County of a vacancy on the Board of Trustees (§ 1780(a)) within 15 days of effective date of vacancy.
3	Public Notice: Staff posts notice of vacancy in 3 or more conspicuous places within District at least fifteen days before the new trustee is appointed. (§ 1780(d)(1))
4	Appointment: Board appoints replacement to the Board of Trustees, or calls a special election to fill the vacancy. (§ 1780(d)(1)) (within 60 days of vacancy).
5	Notice of Appointment to County: Staff notifies the County of the appointment of a new trustee no later than 15 days after the appointment. (§ 1780(d)(1))

<p>6</p>	<p>Alternative Procedures: If the Board does not act to fill the vacancy, last day for the County to appoint a replacement trustee or order the District to conduct an election is 90 days from the vacancy. If no replacement is appointed within 90 days of the vacancy, the District <i>must</i> hold an election to fill the seat.</p>
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[Client's Letterhead]

_____, 2019

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

This representation letter is provided in connection with your audit of the financial statements of American River Flood Control District, which comprise the respective financial position of the governmental and fund activities as of June 30, 2018, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of _____, 2019, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 6, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

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

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

Government—specific

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

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

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

Signature: _____

Title: _____

550 Howe Avenue, Suite 210
Sacramento, California 95825

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



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 for the year ended June 30, 2018, and have issued our report thereon dated _____, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 2, 2018. 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 June 2, 2018, 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.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 performed the audit according to the planned scope previously communicated to you in our engagement letter dated June 2, 2018.

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. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions as of July 1, 2017, which resulted in the District recording a restatement of beginning net position at July 1, 2017 to increase the other postemployment benefit (OPEB) liability related to health benefits provided to retirees as discussed in Note I of the financial statements. Implementation of GASB No. 75 resulted in an increase in the OPEB liability of \$1,419,041 as of July 1, 2017. Additional required disclosures under GASB Statement No. 75 were also added to Note F to the financial statements due to the adoption of this Statement. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transaction entered into by the District during the year for which there is a lack of authoritative guidance or consensus, related to the calculation of the OPEB liability discussed below. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Pension Liability: Information on the District's pension plans, including the District's share of the unfunded pension liability, is shown in Note E. The District's share of the unfunded pension liability at June 30, 2018, the most recent measurement date, was \$1,032,329 which is reflected as a liability in the District's financial statements as of June 30, 2018.

Liability for Postemployment Benefits: The postemployment benefit (OPEB) disclosure in Note F shows that because the District has not been pre-funding its OPEB, the liability has increased to \$3,818,727 as of June 30, 2018, mostly due to the implementation of GASB No. 75 and the fact that the plan is not being pre-funded.

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

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

Board of Trustees
American River Flood Control District
Page 3

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. 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. Nine audit adjustments were proposed to update the accrued vacation, pension and post-employment health benefit balances, assessment receivable, adjust the net investment in capital assets net position account, record an operation and maintenance reimbursement receivable, and to reclassify County assessment expenses, current portion of capital lease, and capital assets between categories.

Disagreements With Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 13, 2018.

Management Consultations With Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Other Matters

We applied certain limited procedures to the management discussion and analysis, other postemployment benefits schedule of funding progress, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, and schedule of revenue, expenditures and changes in fund balance- budget and actual, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to

Board of Trustees
American River Flood Control District
Page 4

our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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.

_____, 2019

AMERICAN RIVER FLOOD CONTROL DISTRICT

Audited Financial Statements
and Other Reports

June 30, 2018

AMERICAN RIVER FLOOD CONTROL DISTRICT

Audited Financial Statements
and Other Reports

June 30, 2018

Audited Financial Statements

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

Government-wide Financial Statements:

Statement of Net Position	12
Statement of Activities	13

Fund Financial Statements:

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

Required Supplementary Information (Unaudited):

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

Other Supplementary Information:

Schedule of Expenditures – Budget and Actual – General Fund	37
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Other Reports

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39
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Sacramento, California 95825

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the American River Flood Control District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
American River Flood Control District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2018 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Change in Accounting Principles

As discussed in Note I to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

_____, 2019

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, 2018. 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 2017/2018

- At the end of the current year, total net position (total assets less total liabilities) of the District was a positive \$16.0 million.
- During the year, the District's net position decreased by approximately \$972,000. The decrease was a result of the District's governmental activities (flood protection) and the restatement of beginning net position as a result of the implementation of Governmental Accounting Standards Board Statement (GASB) 75. See Note I of the basic financial statements. 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 \$9.7 million. The amount of the unassigned fund balance was \$2,216,000, and the remainder was committed by the Board or in nonspendable form.
- The District's capital asset balance before depreciation was \$13.4 million at the end of the year.
- The District has recognized a liability in the amount of \$1.0 million for a net pension obligation due to Governmental Accounting Standards Board Statement (GASB) 68. See Note E of the basic financial statements.
- The District has recognized a liability in the amount of \$3.8 million for post-employment benefits. The liability increased approximately \$1.5 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 and liabilities, with the difference representing net position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.

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

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

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

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

FUND FINANCIAL STATEMENTS

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

The District has one kind of fund:

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The District's net position was \$16.0 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)

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

Table 1
Statement of Net Position
June 30, 2018 and 2017
(in thousands)

	Governmental Activities	
	2018	2017
Current and other assets	\$ 10,041	\$ 9,269
Capital assets	10,624	10,820
Total assets	<u>20,665</u>	<u>20,089</u>
Deferred outflow of resources – pensions	359	248
Current liabilities	52	55
Long term liabilities:		
Accrued vacation and sick leave	40	32
Capital lease	6	8
Net pension liability	1,032	860
Accrual for post-employment benefits	3,819	2,363
Total liabilities	<u>4,949</u>	<u>3,318</u>
Deferred inflow of resources – pensions	119	91
Net position:		
Net investment in capital assets	10,616	10,811
Unrestricted net position	5,340	6,117
Total net position	<u>\$ 15,956</u>	<u>\$ 16,928</u>

Capital Assets, Net of Related Debt

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

During the fiscal year ended June 30, 2018, there were no major additions to capital assets from levee improvements; however, during fiscal 2018 additional levee maintenance equipment was purchased for \$48,000, shop equipment for \$6,000 and security fencing for \$25,000 was installed on the District's remote staging lot. A fully depreciated trailer and shop equipment was sold during the year which resulted in the District realizing a gain of approximately \$3,700.

During 2016, the District purchased a vacant lot for approximately \$79,000 in proximity to the levees it maintains. The purpose was to store material and equipment at the site so it could respond to levee needs and emergencies in a more efficient manner. However, because of conflicts in obtaining the necessary permits from the City of Sacramento, the District has not yet been able to use the land for its intended purpose. The District has begun the effort to grant an easement on the parcel to the State of California to effectively merge the lot with the adjacent levee parcel. This will enable the intended use of the land since State levee parcels maintained by the District are not subject to residential zoning restrictions. Conclusion of the land easement transfer to the State of California is expected in the spring of 2019.

Management's Discussion and Analysis (Continued)

Restricted Net Position

The District has no restricted net position as of June 30, 2018.

Unrestricted Net Position

The District's unrestricted net position at June 30, 2018 totaled approximately \$5.3 million. The entire unrestricted net position balance has been set aside by the Board for flood emergency, emergency repairs, future retiree health benefits, and future capital improvements.

Post Employment Benefits

The District implemented GASB 75 during the fiscal year and had a fifth actuarial study performed for its post-employment benefits indicating that their plan has an unfunded accrued liability balance of \$3,818,727 at June 30, 2018. During 2018, the District recognized a restatement to beginning net position in the amount of \$1,400,000, and paid \$136,000 against this liability, to bring the liability to its estimated carrying value at June 30, 2018. See also Notes F and I to the financial statements for additional information. The next actuarial study is scheduled to be performed in 2019.

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 2018, the District contributed \$88,000 for employer required contributions to the pension plan and the unfunded net pension liability increased \$172,310 to \$1,032,329. In addition, the District has recorded deferred outflows and deferred inflows related to pensions of \$358,673 and \$118,648, respectively.

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

Governmental Activities

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

Table 2
Statement of Activities
Years Ended June 30, 2018 and 2017
(in thousands)

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues -		
O & M reimbursement agreements	\$ 221	\$ 246
General revenues -		
Assessments	2,169	2,043
Interest income	139	108
Miscellaneous	4	5
Total revenues	<u>2,533</u>	<u>2,402</u>
Expenses:		
Flood protection	<u>2,086</u>	<u>2,378</u>
Changes in net position	447	24
Net position – beginning of year, as restated in 2018	<u>15,509</u>	<u>16,904</u>
Net position – end of year	<u>\$ 15,956</u>	<u>\$ 16,928</u>

The District's change in net position was \$447,000 during the current fiscal year. Overall revenues increased from \$2,402,000 in 2017 to \$2,533,000 in 2018. Assessment revenues increased \$126,000 and interest income increased \$31,000. Flood protection expenses decreased \$292,000 from \$2,378,000 in 2017 to \$2,086,000 in 2018. Major decreases in flood protection were a result of decreases in employee salaries, levee maintenance services and supplies, emergency preparedness, and engineering 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 \$9.7 million, an increase of \$.8 million from the previous year's fund balance. The current year-end fund balance consists of \$7.5 million in committed funds for emergencies and capital improvements as follows:

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

The Board has designated \$1.5 million for the Emergency Flood Fight Fund to be used by the District to initiate a flood emergency response and \$1.5 million has been designated for the Emergency Repair Fund. These funds will be used to initiate immediate repairs to levees damaged during a flood event so that the District will be better prepared to provide protection should another flood event follow. The Board has also designated \$3 million for future retiree health benefits in the Retiree Health Benefits Fund. To fund improvements on District levees, \$1.5 million has been designated for the Capital Outlay Fund.

The remaining \$2,216,134 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 almost \$2.6 million. Assessment revenue of \$2.2 million was the major source (85%) of revenue for the governmental fund. O & M reimbursements (\$245,000) accounted for 10% of revenues and interest income (\$138,000) accounted for 5%. Expenditures from the governmental fund were \$1.8 million, which resulted in \$802,212 in revenues over expenditures for District operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Summary – Revenues/Financing Sources

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

Table 3

Revenues and Other Funding Sources – General Fund
Year Ended June 30, 2018
(in thousands)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance From Final Budget</u>
Assessments	\$ 2,035	\$ 2,176	\$ 141
O & M reimbursement agreements	225	245	20
Interest income	75	139	64
	<u>\$ 2,335</u>	<u>\$ 2,560</u>	<u>\$ 225</u>

Changes from Amounts Originally Budgeted

There were no changes made to the original budget.

Management’s Discussion and Analysis (Continued)

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the District’s General Fund were \$225,000 more than budget. The variance was primarily due to assessment revenue and interest income being more than originally budgeted.

Budgetary Summary – Expenditures/Other Financing Uses

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

Table 4

Expenditures – General Fund
Year Ended June 30, 2018
(in thousands)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance From Final Budget</u>
Current:			
Flood protection			
Operations	\$ 1,503	\$ 1,248	\$ 255
Administration	522	428	94
Debt service			
Principal	-	2	(2)
Interest payments	-	1	(1)
Capital outlay	<u>70</u>	<u>79</u>	<u>(9)</u>
	<u>\$ 2,095</u>	<u>\$ 1,758</u>	<u>\$ 337</u>

Changes from Amounts Originally Budgeted

There were no changes made to the original budget.

Actual Expenditures Compared with Final Budget Amount

Actual expenditures from the District’s General Fund were \$337,308 less than budgeted. Favorable variances from budget were noted in maintenance and operations activities, and administration.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, 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.

AMERICAN RIVER FLOOD CONTROL DISTRICT CALIFORNIA

Management's Discussion and Analysis (Continued)

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

	As of <u>June 30, 2018</u>	As of <u>June 30, 2017</u>	Increase (Decrease)
Land	\$ 321,463	\$ 321,463	\$ -
Levees and improvements	9,544,047	9,544,047	-
Building	1,763,304	1,763,304	-
Equipment	1,774,986	1,725,927	49,059
Building improvements	<u>34,878</u>	<u>9,899</u>	<u>24,979</u>
	<u>\$13,438,678</u>	<u>\$ 13,364,640</u>	<u>\$ 74,038</u>

During fiscal 2018, additional levee maintenance equipment was purchased for \$48,000, shop equipment for \$6,000 and security fencing for \$25,000 was installed on the District's remote staging lot. A fully depreciated trailer and shop equipment was sold during the year which resulted in the District realizing a gain of approximately \$3,700.

The District depreciates capital assets using the straight-line method over the estimated lives of the assets. Accumulated depreciation as of June 30, 2018 is \$2,814,487.

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

As of June 30, 2018, the District has designated approximately \$1,500,000 for future capital outlay expenditures.

Debt Administration

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

American River Flood Control District

185 Commerce Circle

Sacramento, CA 95815

STATEMENT OF NET POSITION

June 30, 2018

ASSETS	
Cash and investments - Note B	\$ 8,924,126
Receivables:	
Assessments	65,263
Interest	2,574
Due from other agencies	1,001,348
Prepaid expenses	47,670
Capital assets, net - Note C	10,624,191
TOTAL ASSETS	<u>20,665,172</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>358,673</u>
 LIABILITIES	
Accounts payable	49,917
Accrued payroll expense	376
Current portion of capital lease	1,861
Long-term liabilities	
Accrued vacation and sick leave	39,778
Capital lease	5,963
Net pension liability - Note E	1,032,329
Accrual for post-employment benefits - Note F	3,818,727
TOTAL LIABILITIES	<u>4,948,951</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>118,648</u>
 NET POSITION	
Net investment in capital assets	10,616,367
Unrestricted	<u>5,339,879</u>
TOTAL NET POSITION	<u>\$ 15,956,246</u>

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

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

PROGRAM EXPENSES	
Governmental activities:	
Flood protection	\$ 2,085,591
PROGRAM REVENUES	
Charges for services	<u>221,348</u>
NET PROGRAM EXPENSES	(1,864,243)
GENERAL REVENUES	
Assessments	2,169,132
Interest income	138,730
Gain on sale of capital assets	<u>3,658</u>
TOTAL GENERAL REVENUES	<u>2,311,520</u>
CHANGE IN NET POSITION	447,277
Net position at beginning of year - as previously reported	16,928,010
Restatement for change in accounting principles - Note I	<u>(1,419,041)</u>
Net position at beginning of year - as restated	<u>15,508,969</u>
NET POSITION AT END OF YEAR	<u><u>\$ 15,956,246</u></u>

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

Item 6

BALANCE SHEET – GENERAL FUND

June 30, 2018

ASSETS	
Cash and cash equivalents	\$ 8,924,126
Receivables:	
Assessments	65,263
Interest	2,574
Due from other agencies	1,001,348
Prepaid costs	<u>47,670</u>
TOTAL ASSETS	<u>\$ 10,040,981</u>
 LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 49,917
Accrued payroll expense	<u>376</u>
TOTAL LIABILITIES	<u>50,293</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>246,870</u>
 FUND BALANCES	
Nonspendable	47,670
Committed	7,480,014
Unassigned	<u>2,216,134</u>
TOTAL FUND BALANCES	<u>9,743,818</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
	<u>\$ 10,040,981</u>

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

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

June 30, 2018

Fund balance - total governmental funds, June 30, 2018		\$ 9,743,818
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Governmental capital assets	\$ 13,438,678	
Less: accumulated depreciation	<u>(2,814,487)</u>	10,624,191
Employee pension differences will reduce the pension liability in the future and are reported as deferred outflows of resources on the statement of net position.		358,673
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued vacation and sick leave		(39,778)
Capital lease		(7,824)
Net pension liability		(1,032,329)
Accrual for post-employment benefits		(3,818,727)
Employee pension differences to be recognized in the future as pension expense are reported as deferred inflows of resources on the statement of net position.		(118,648)
Some revenues are not recognized in governmental funds because they do not represent current financial resources that are recognized in the Statement of Activities:		
Unavailable revenue		<u>246,870</u>
Net position - governmental activities, June 30, 2018		<u><u>\$ 15,956,246</u></u>

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

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

For the Year Ended June 30, 2018

REVENUES		
Assessments	\$ 2,175,918	
O & M reimbursements	245,528	
Use of money	138,730	
	<u>2,560,176</u>	TOTAL REVENUES
EXPENDITURES		
Current:		
Flood protection		
Maintenance and operations	1,248,398	
Administration	428,267	
Debt service		
Principal	1,774	
Interest payments	496	
Capital outlay	79,029	
	<u>1,757,964</u>	TOTAL EXPENDITURES
	802,212	EXCESS OF REVENUES OVER EXPENDITURES
OTHER FINANCING SOURCES		
Proceeds from sale of capital assets	3,658	
	<u>3,658</u>	OTHER FINANCING SOURCES
	805,870	NET CHANGE IN FUND BALANCE
Fund balance at beginning of year	<u>8,937,948</u>	
	<u><u>\$ 9,743,818</u></u>	FUND BALANCE AT END OF YEAR

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

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, 2018

Net change in fund balance - total governmental funds for the year ended June 30, 2018	\$ 805,870
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	\$ 79,029
Depreciation expense	<u>(275,059)</u> (196,030)
Revenues and expenses in the Government-wide Statement of Activities that do not provide current financial resources are not reported as revenues and expenses in the governmental funds.	
Change in accrual for post-employment benefits	(36,541)
Change in unavailable revenue	(30,966)
Change in accrued vacation and sick leave	(7,829)
Principal payments on capital lease	1,774
Change in deferred outflows of resources related to employee pensions	110,855
Change in employee net pension obligation	(172,310)
Change in deferred inflows of resources related to employee pensions	<u>(27,546)</u>
Change in net position - governmental activities for the year ended June 30, 2018	<u>\$ 447,277</u>

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental fund:

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

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

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

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

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

The District's capitalization threshold is \$1,000 with no minimum for infrastructure assets and other real property. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase the values, change capacities, or extend the useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

Capital Outlay Projects Fund – To accumulate funds for future capital projects. Such projects represent capital improvement projects to repair damaged levees, improve the reliability of the system and/or increase the District's ability to monitor the system and respond in a flood emergency. As of June 30, 2018, \$1,500,000 has been designated by the Board.

Emergency Repair Fund – Funds designated for necessary repairs due to substantial damage from high flows. As of June 30, 2018, \$1,500,000 has been designated by the Board.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Emergency Flood Fight Fund – Funds designated to fight flood emergencies and to help prevent the need for future special assessments. As of June 30, 2018, \$1,500,000 has been designated by the Board.

Retiree Health Benefits Fund – Funds designated to fund future retiree health benefit costs. As of June 30, 2018, \$2,980,014 has been designated by the Board.

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

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

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

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

New Pronouncements: In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's), which is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The timing and pattern of recognition of the liability and corresponding deferred outflow of resources recorded is defined in this Statement. This Statement is effective for periods beginning after June 15, 2018.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying and disclosing fiduciary activities of state and local governments. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements of the government. Four fiduciary funds should be reported under this statement: Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. This Statement is effective for periods beginning after December 15, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB statements, including issues related to blending component units, goodwill, fair value measurements and application, pensions and other postemployment benefits. This Statement is effective for periods beginning after June 15, 2017.

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

NOTE B – CASH AND INVESTMENTS

Cash and cash equivalents consisted of the following at June 30, 2018:

Cash on hand	\$	1
Deposits with financial institutions		547,994
	Total cash	<u>547,995</u>
City of Sacramento Pool A		7,933,301
Local Agency Investment Fund (LAIF)		442,830
	Total investment	<u>8,376,131</u>
	Total cash and investments	<u>\$ 8,924,126</u>

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE B – CASH AND INVESTMENTS (Continued)

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended June 30, 2018, the District's permissible investments included the following instruments:

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

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

Investment in the City of Sacramento's Investment Pool: The District maintains a portion of its cash in the City of Sacramento's cash and investment pool which is managed by the City Treasurer. The District's cash balances invested in the City Treasurer's cash and investment pool are stated at fair value. The amount invested by all public agencies in the City's cash and investment pool is \$1,096,617,396 at June 30, 2018. The City does not invest in any derivative financial products directly. However, they do invest in Local Agency Investment Fund (LAIF), which does invest in derivative financial products. The City Council has oversight responsibility for the cash and investment pool. The value of pool shares in the City that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE B – CASH AND INVESTMENTS (Continued)

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasurer through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$88,949,144,131, managed by the State Treasurer. Of that amount, 1.89% 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, 2018, the weighted average maturity of the investments contained in the City's investment pool was approximately 1.92 years. As of June 30, 2018, the weighted average maturity of the investment in LAIF was approximately 193 days.

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

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

At June 30, 2018, the carrying amount and the balances in financial institutions of the District's deposits were \$547,994 and \$550,527, respectively. Of the balance in financial institutions, \$250,000 is covered by federal depository insurance and amounts in excess of this balance are covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 321,463			\$ 321,463
Capital assets being depreciated:				
Levees and improvements	9,544,047			9,544,047
Building	1,763,304			1,763,304
Levee maintenance equipment	1,272,808	\$ 54,049	\$ (4,991)	1,321,866
Vehicles	388,466			388,466
Office equipment	64,653			64,653
Building improvements	9,899	24,980		34,879
Total capital assets, being depreciated	<u>13,043,177</u>	<u>79,029</u>	<u>(4,991)</u>	<u>13,117,215</u>
Less accumulated depreciation for:				
Levees and improvements	(1,243,488)	(95,426)		(1,338,914)
Building	(93,063)	(58,777)		(151,840)
Levee maintenance equipment	(931,725)	(84,579)	4,991	(1,011,313)
Vehicles	(249,490)	(29,356)		(278,846)
Office equipment	(21,606)	(6,276)		(27,882)
Building improvements	(5,047)	(645)		(5,692)
Total accumulated depreciation	<u>(2,544,419)</u>	<u>(275,059)</u>	<u>4,991</u>	<u>(2,814,487)</u>
Total capital assets, being depreciated, net	<u>10,498,758</u>	<u>(196,030)</u>	<u>-</u>	<u>10,302,728</u>
Capital assets, net	<u>\$ 10,820,221</u>	<u>\$ (196,030)</u>	<u>\$ -</u>	<u>\$ 10,624,191</u>

Depreciation expense of \$275,059 for the year ended June 30, 2018 was charged to the flood protection function.

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

June 30, 2018

NOTE D – LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2018.

	Restated Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Accrued vacation and sick leave	\$ 31,949	\$ 7,829		\$ 39,778	
Capital lease obligation	9,598		\$ (1,774)	7,824	\$ 1,861
Net pension liability	860,019	172,310		1,032,329	
Accrual for post-employment benefits	3,782,186	36,541		3,818,727	
	<u>\$ 4,683,752</u>	<u>\$ 216,680</u>	<u>\$ (1,774)</u>	<u>\$ 4,898,658</u>	<u>\$ 1,861</u>

The District's capital lease consists of the following:

Copier Lease: In May 2017, the District entered into a capital lease for the acquisition of a copier. The lease has an interest rate of 4.77%, with monthly payments of \$183 through May 2022. The cost of the copier is \$9,742 and accumulated depreciation is \$2,111 at June 30, 2018.

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

Year Ended June 30,	Principal	Interest	Total
2019	\$ 1,861	\$ 333	\$ 2,194
2020	1,951	243	2,194
2021	2,047	147	2,194
2022	1,965	47	2,012
	<u>\$ 7,824</u>	<u>\$ 770</u>	<u>\$ 8,594</u>

NOTE E – PENSION PLANS

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

- Miscellaneous Plan
- PEPRM Miscellaneous Plan (inactive)

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE E – PENSION PLANS (Continued)

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

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

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

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

Included in the contribution rates above, the District was also required to make payments of \$38,716 toward its unfunded actuarial liability during the year ended June 30, 2018.

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

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

For the year ended June 30, 2018, the contributions made to the Plan were \$88,435.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2018, the District reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan of \$1,032,329.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE E – PENSION PLANS (Continued)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, 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, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2016	0.02476%
Proportion - June 30, 2017	0.02619%
Change - Increase (Decrease)	0.00143%

For the year ended June 30, 2018, the District recognized pension expense of \$177,436. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 88,435	
Differences between actual and expected experience	1,574	\$ (22,549)
Changes in assumptions	195,288	(14,891)
Change in employer's proportion	29,210	(14,588)
Differences between the employer's contribution and the employer's proportionate share of contributions		(66,620)
Net differences between projected and actual earnings on plan investments	<u>44,166</u>	
Total	<u>\$ 358,673</u>	<u>\$ (118,648)</u>

The \$88,435 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2019	\$ 13,811
2020	102,849
2021	61,152
2022	<u>(26,222)</u>
	<u>\$ 151,590</u>

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE E – PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities in the June 30, 2016 actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 12.2% (1)
Investment Rate of Return	7.50% (2)
Mortality	Developed using CalPERS Membership Data for all funds

- (1) Depending on age, service and type of employment
 (2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in June 30, 2018 were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

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

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE E – PENSION PLANS (Continued)

In June 30, 2017 accounting valuation, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent. Deferred outflows of resources for changes of assumptions represent the unamortized portion of this assumption change.

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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

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

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 1,676,053
Current Discount Rate	7.15%
Net Pension Liability	\$ 1,032,329
1% Increase	8.15%
Net Pension Liability	\$ 499,185

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, 2018, the District had no payable for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description: The District's defined benefit OPEB plan (OPEB Plan) provides OPEB benefits for all permanent full-time employees and part-time employees, who work at least 1,000 hours per year, for the District. Benefits are set and may be amended by the Board of Trustees. The OPEB Plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As of June 30, 2018, the District has \$2,980,014 designated in its Retiree Benefits Fund for future OPEB obligations. Since these funds are not held in an irrevocable trust to provide benefits to plan members, these funds do not meet the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms: As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

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

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

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

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

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

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

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

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

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at July 1, 2017	\$ 3,782,186
Changes in the year:	
Service cost	63,795
Interest	129,920
Benefit payments	(157,174)
Net changes	<u>36,541</u>
Balance at June 30, 2018	<u>\$ 3,818,727</u>

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

	1% Decrease <u>2.50%</u>	Current Discount Rate 3.50%	1% Increase <u>4.50%</u>
Net OPEB liability	\$ 4,455,671	\$ 3,818,727	\$ 3,191,132

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 <u>3.00%</u>	Current Healthcare Cost Trend Rates 4.00%	1% Increase <u>5.00%</u>
Net OPEB liability	\$ 3,204,076	\$ 3,818,727	\$ 4,423,652

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the District recognized OPEB expense of \$172,667. At June 30, 2018, the District had no deferred outflows or inflows related to the OPEB plan.

AMERICAN RIVER FLOOD CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2018

NOTE G – INSURANCE

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

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

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and auto liability (includes public officials liability)	\$ 5,000,000	\$ 55,000,000	None
Property damage	100,000	150,000,000	\$500 to 1,000
Fidelity	100,000	NA	1,000
Workers compensation liability	2,000,000	Statutory	None

NOTE H – CONTINGENCIES

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

NOTE I – CHANGE IN ACCOUNTING PRINCIPLES

During the year ended June 30, 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement required the District to recognize in its accrual basis financial statements the total OPEB liability, deferred outflows of resources and deferred inflows of resources for the District's retiree health benefits plans.

Due to the implementation of this Statement, total liabilities increased by \$1,419,041 and total net position decreased by \$1,419,041 as of July 1, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

AMERICAN RIVER FLOOD CONTROL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2018

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

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

Notes to Schedule:

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

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

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

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

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

Notes to Schedule:

Valuation date:

June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
------------------	------------------	------------------	------------------

Methods and assumptions used to determine contribution rates:

	Entry age normal			
Amortization method	Level percentage of payroll, closed			
Remaining amortization period	12 years	13 years	14 years	15 years
Asset valuation method	5-year smoothed market			
Inflation	2.75%			
Salary increases	Varies by entry age and service			
Investment rate of return	7.50%, net of pension plan investment expense, including inflation			

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

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

For the measurement periods ended June 30

	2018
Total OPEB liability	
Service cost	\$ 63,795
Interest	129,920
Benefit payments	(157,174)
Net change in total OPEB liability	36,541
Total OPEB liability - beginning	3,782,186
Total OPEB liability - ending	\$ 3,818,727
Covered-employee payroll - measurement period	\$ 596,436
Total OPEB liability as percentage of covered-employee payroll	640.26%
Notes to schedule:	
Valuation date	June 30, 2017
Measurement period - calendar year ended	June 30, 2017
Discount Rate	3.50%

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

Benefit changes. None since June 30, 2017.

Changes in assumptions. None since June 30, 2017.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2017. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Assessments	\$ 2,035,000	\$ 2,035,000	\$ 2,175,918	\$ 140,918
O & M reimbursements	225,000	225,000	245,528	20,528
Use of money	75,000	75,000	138,730	63,730
Other revenues	3,500	3,500	-	(3,500)
TOTAL REVENUES	<u>2,338,500</u>	<u>2,338,500</u>	<u>2,560,176</u>	<u>221,676</u>
EXPENDITURES				
Current:				
Flood protection				
Maintenance and operations	1,502,625	1,502,625	1,248,398	254,227
Administration	522,647	522,647	428,267	94,380
Debt service				
Principal	-	-	1,774	(1,774)
Interest payments	-	-	496	(496)
Capital outlay	70,000	70,000	79,029	(9,029)
TOTAL EXPENDITURES	<u>2,095,272</u>	<u>2,095,272</u>	<u>1,757,964</u>	<u>337,308</u>
EXCESS OF REVENUES OVER EXPENDITURES	243,228	243,228	802,212	558,984
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	3,658	3,658
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>3,658</u>	<u>3,658</u>
NET CHANGE IN FUND BALANCES	243,228	243,228	805,870	562,642
Fund balance at beginning of year	<u>8,937,948</u>	<u>8,937,948</u>	<u>8,937,948</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,181,176</u>	<u>\$ 9,181,176</u>	<u>\$ 9,743,818</u>	<u>\$ 562,642</u>

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

OTHER SUPPLEMENTARY INFORMATION

AMERICAN RIVER FLOOD CONTROL DISTRICT

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Maintenance and Operations:			
Salaries	\$ 664,645	\$ 627,037	\$ 37,608
Payroll taxes	53,172	46,200	6,972
Pension	124,602	118,652	5,950
Workers compensation insurance	33,232	28,586	4,646
Group insurance	189,474	168,671	20,803
Fuel and oil	30,000	25,069	4,931
Equipment rental	6,500	28,347	(21,847)
Equipment repairs	40,000	38,464	1,536
Equipment purchases less than \$1,000	5,000	-	5,000
Small tools and equipment	3,000	1,561	1,439
Shop supplies	12,000	16,986	(4,986)
Levee maintenance supplies	17,000	7,364	9,636
Levee maintenance chemicals	20,000	14,858	5,142
Levee maintenance services	34,000	59,226	(25,226)
Rodent abatement	10,000	8,156	1,844
Staff training	15,000	5,566	9,434
Employee uniforms	5,000	6,730	(1,730)
Emergency preparedness	20,000	6,907	13,093
Miscellaneous	2,000	711	1,289
Encroachment remediation	15,000	-	15,000
Engineering services	8,000	16,452	(8,452)
Not-capitalized capital outlay			
Levee Standards Compliance	100,000	11,173	88,827
Small capital projects	50,000	8,610	41,390
Engineering studies and survey studies	15,000	-	15,000
La Riviera improvements	30,000	3,072	26,928
	<u>1,502,625</u>	<u>1,248,398</u>	<u>254,227</u>

AMERICAN RIVER FLOOD CONTROL DISTRICT

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

For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Administration:			
Utilities	\$ 25,000	\$ 31,938	\$ (6,938)
Telephone	12,500	17,567	(5,067)
Retiree benefits	135,270	136,126	(856)
Office equipment and furniture	10,000		10,000
Office supplies	2,000	916	1,084
Auto allowance	7,100	7,084	16
Technology and software	17,000	6,284	10,716
Trustee fees	7,900	6,030	1,870
Trustee expenses	1,750	1,448	302
Accounting services	15,000	13,310	1,690
Legal services (general)	50,000	30,464	19,536
Dues and association expenses	25,000	21,124	3,876
Insurance premiums	30,000	6,318	23,682
Conferences and workshops	1,500	-	1,500
Public relations and information	35,000	22,962	12,038
Investment services	13,000	14,680	(1,680)
Parking reimbursement	150	96	54
General office	13,000	9,882	3,118
Bookkeeping services	12,000	10,031	1,969
County assessment fees	21,000	37,804	(16,804)
County technology fees	60,477	37,904	22,573
Community services	1,500	1,000	500
Building maintenance	17,000	4,397	12,603
Property taxes	3,000	1,660	1,340
Employee morale and wellness	1,500	1,047	453
Miscellaneous	5,000	8,195	(3,195)
	<u>522,647</u>	<u>428,267</u>	<u>94,380</u>
Debt service			
Principal	-	1,774	(1,774)
Interest payments	-	496	(496)
	<u>-</u>	<u>2,270</u>	<u>(2,270)</u>
Capital outlay:			
Capitalized equipment and building	70,000	79,029	(9,029)
	<u>70,000</u>	<u>79,029</u>	<u>(9,029)</u>
Total expenditures	<u>\$ 2,095,272</u>	<u>\$ 1,757,964</u>	<u>\$ 337,308</u>

OTHER REPORTS



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

To the Board of Trustees
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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated _____, 2019.

Internal Control Over Financial Reporting

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

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

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

To the Board of Trustees
American River Flood Control District

Compliance and Other Matters

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

Purpose of this Report

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

_____, 2019

American River Flood Control District

Request from the City of Sacramento to Allow a Portion of the Two Rivers Trail on Top of the Levee

Staff Report

Discussion:

Staff from the City of Sacramento Department of Transportation submitted a letter to the District on February 15, 2019 requesting that the Board of Trustees consent to allowing a short segment of the Two Rivers Trail in River Park to be constructed on the levee crown.

Background:

The American River Flood Control District is an urban levee district with facilities located adjacent to pristine riverine aquatic habitat and residential neighborhoods. Recognizing the strong attraction for the public to enjoy the open spaces and parkways adjacent to District levees, the Board of Trustees of the District also envisioned the development of recreational trails along the levees. To promote the safe and sustainable implementation of levee trails, the Board created the District Recreational Trails Policy in 2002.

The Board foresaw the possible nuances and complications of adding paved trails to the levees and developed a policy that acknowledged the numerous benefits of established trails while maintaining a priority for flood control. The District policy seeks to uphold the highest practices of public safety by separating trail traffic from workflow traffic and O&M use of heavy equipment on the levee crown.

To this end, the policy states that wherever feasible, all new trails must be located at the levee toe. This is done to preserve the essential work area of the levee crown for levee O&M activities and to reduce the chance of collisions between District equipment and the recreating public. The policy states that this is to be observed wherever feasible but also reserves the flexibility to consider case specific variances due to physical landform geography or engineering complexity.

The District's Recreational Trails Policy was provided to the staff at the City of Sacramento Department of Transportation at the inception of the Two Rivers Trail project. To date, the City has pursued the development of a trail design that adheres to this policy and has been respectful of its objectives. In 2018, the City developed and presented to the public a trail plan that located the trail off the crown for the entire length of the levee through River Park. For most of the levee reach, the trail was shown to be constructed on the waterside toe of the levee where there is currently an unpaved levee toe road. For a short reach of trail at the downstream end of River Park, there is no waterside bench to construct a trail due to high erosion having destroyed the waterside bench in 1986. For this reach, the City investigated the possibility of constructing a mid-slope bench on the waterside slope of the levee for placement of the trail. The City invested considerable time and resources for the study and engineering of the mid-slope bench alternative.

The trail plans depicted in the City's 2018 Mitigated Negative Declaration for the Two Rivers Trail showed the mid-slope bench alternative for the trail's Segment 4. The District formally commented on the document during the review period and supported the alternative shown. The District comments indicated that the notch in the levee for the mid-slope bench alternative did not necessarily impact the strength of the levee if it was designed properly. The District comments noted that the US Army Corps of engineers has design standards for incorporating retaining walls in levees (utilized in the mid-slope bench alternative) and that the specific reach of levee for Segment 4 has excess freeboard above that required by federal standards.

Subsequent to the circulation of the City's Mitigated Negative Declaration, the City received considerable feedback from the public regarding safety concerns over the mid-slope bench alternative. City staff concluded that additional studies and environmental documentation would likely be required to continue with the mid-slope bench design. The additional studies and documentation coupled with substantial permitting requirements from the State and Federal levee authorities led the City to reconsider the feasibility of a mid-slope bench alternative.

On February 15, 2019, the City provided a letter to the District (attached to this staff report) requesting that the Board of Trustees consent to allowing the short reach of the Two Rivers Trail designated as Segment 4 be allowed to be constructed on the levee crown.

Per the District's Recreational Trails Policy, consent can be given by the Board for short reaches of the trail to be constructed on the levee crown where it is deemed not feasible to place it at the levee toe. In this case, the City has conducted a substantial effort to pursue an off-crown alternative and effectively demonstrated the complexity involved in implementing such an alternative for this reach. The District may be able to accommodate the trail on the crown in this special circumstance.

Factors that affect the District staff's ability to work with a trail on the crown include:

- The trail should be placed as close to the waterside crown hinge point as possible to preserve access to the landside toe.
- This reach is relatively short and isolated to roughly 1400-feet. This allows for visual cuing of equipment and temporary stoppage of bikes and work.
- District would have to adapt work practices and have more barricades, fencing, flaggers, and signage.
- Consider special work scheduling and possible outreach to bike community.
- Perhaps include assistance from City to periodically close trail or provide flaggers.
- City will need to perform frequent maintenance on the trail to address crumbling pavement edges, shoulder compaction, potholes, clearing of sediment and leaves, etc.

Public Communications:

Since some of the District's residents could be impacted by the City's proposal, District staff took steps to inform residents adjacent to the levee along Segment 4 of the request and the Board's consideration of the request at their March 8th meeting. Flyers notifying the public of this discussion were put on doors of the 26 adjacent parcels. Also, the flyer was distributed to

General Manager's Meeting Summary

February 2019

2/1: North Sacramento Streams O&M Transfer Coordination meeting. I met with staff from SAFCA, the State, and U.S. Army Corps of Engineers to discuss the development of a new Operations and Maintenance Manual for the levees in the North Sacramento Streams Project. Special O&M practices and considerations are necessary for the enhanced system.

2/4: SAFCA Agency Staff meeting. I attended this meeting to coordinate on local flood control topics. Items of discussion included LMA coordination for work near homeless camps, the new General Manger for RD 1000, and potential disposal sites for river sediment.

2/8: McClaren Drive Permit Application meeting. I met with an applicant to discuss his proposal to install bank protection along his property within the American River Floodway. I offered to contact his hydraulic engineer to discuss some of the project elements.

2/8: American River Flood Control District Board of Trustees meeting. The Board met in regular session. The agendized items included a policy on audio recording Board meetings and a presentation from Mead & Hunt on the District's pipe database.

2/12: Two Rivers Trail meeting. I met with Sacramento City Councilman Jeff Harris to discuss the status of the City's Two Rivers Trail project in River Park.

2/15: Steelhead Creek Clean-up Coordination meeting. I met with representatives of Sacramento City Parks, Sac County Regional Parks, the State Department of Fish and Wildlife, Sac County Environmental Management Division, RD 1000, and the Central Valley Regional Water Quality Control Board to discuss ongoing cleanup responsibilities within Steelhead Creek.

2/26: Deferred Maintenance Project Pipe Inspection meeting. I met with staff from CA DWR and Nancy Moricz from Mead & Hunt to discuss the identification and mapping of eligible pipes under the State's Deferred Maintenance Grant program. The State intends to perform further analysis on the locations of 'not found' pipes where current records cannot eliminate the possibility of a pipe existing.

the contact person for the River Park 'Save Don't Pave' group and the River Park Neighborhood Association. At the time of this writing, two comments were received on the District's website contact form and one call was received from the Sacramento Area Bicycle Advocates.

Recommendation:

The General Manager recommends that:

1. The Board of Trustees acknowledge the City conducted a considerable effort to develop an off-crown alternative for the entirety of the proposed Two Rivers Trail but faced significant challenges in trying to span the reach of Segment 4 near the 1986 washout; and
2. The Board consent to allowing the short reach of Segment 4 to be constructed on the levee crown.

February 15, 2019

Mr. Tim Kerr
General Manager
American River Flood Control District
185 Commerce Circle
Sacramento, CA 95815

SUBJECT: TWO RIVERS TRAIL (PHASE II)

Dear Mr. Kerr,

Thank you for your continued and on-going coordination and communication with the City regarding the Two Rivers Trail Project (Phase II). The City is respectfully requesting that ARFCD (District) grant a variance to the District's Recreational Trails Policy and allow the City of Sacramento to construct a short portion of the Two Rivers Trail project on top of the Southerly levee of the Lower American River.

As you are aware, the trail project has been in planning phases since 2012. The initial plan was to construct the entire trail on top of the levee between H Street Bridge and Sutter's Landing Park. After the District informed the City of the requirements within the District's Recreational Trails Policy, the City began analyzing a waterside levee toe option for the trail. This option created more extensive biological impacts but appears to be mitigatable and would adhere to the District's policy. However, in segment 4 of the trail (see attached segment map), there is no lower bench. After collaborating with SAFCA and ARFCD, the City developed an alternative that essentially constructs a notch in the levee, staying above and outside of the theoretical levee prism.

The City has diligently pursued this plan, presenting it to Central Valley Flood Protection Board and Army Corps of Engineers (USACE). The efforts required to obtain USACE approval is anticipated to be extensive.

In November 2018, the City circulated an Initial Study- Mitigated Negative Declaration describing the trail along the toe with the notch in segment 4 as the preferred alignment. We received public comments concerning flood safety and levee stability if the levee is notched. This project component also involves more impacts to biological resources.

The City has performed an exhaustive study to show the stability and safety of the mid-levee alternative. The USACE coordination, higher construction costs, increased biological impacts, and public comments received during the environmental document review period have led us to the conclusion that constructing a mid-levee trail through segment 4 poses enough of a risk to the implementation of the project to make it infeasible. We are requesting a variance to **construct the trail on top of the levee in segment 4 only**. The remainder of the trail is still planned along the levee toe, as per the District's policy.

Per the District's Recreational Trails Policy, Section 3a, the District can allow a crown trail where any other alternative is not feasible. This segment lends itself best to a shared levee top, being relatively short and straight. This means that potential conflicts are contained within a short area with the best possible sight distance.

We request consideration for the request to place this short segment of the City's trail project on top of the levee. City staff is available to meet with the ARFCD board to petition them directly and answer any further questions. We request that this be arranged at the earliest date possible to help preserve the project schedule.

Thank you for your consideration

Sincerely

A handwritten signature in black ink, appearing to read 'Adam Randolph'.

Adam Randolph, P.E.

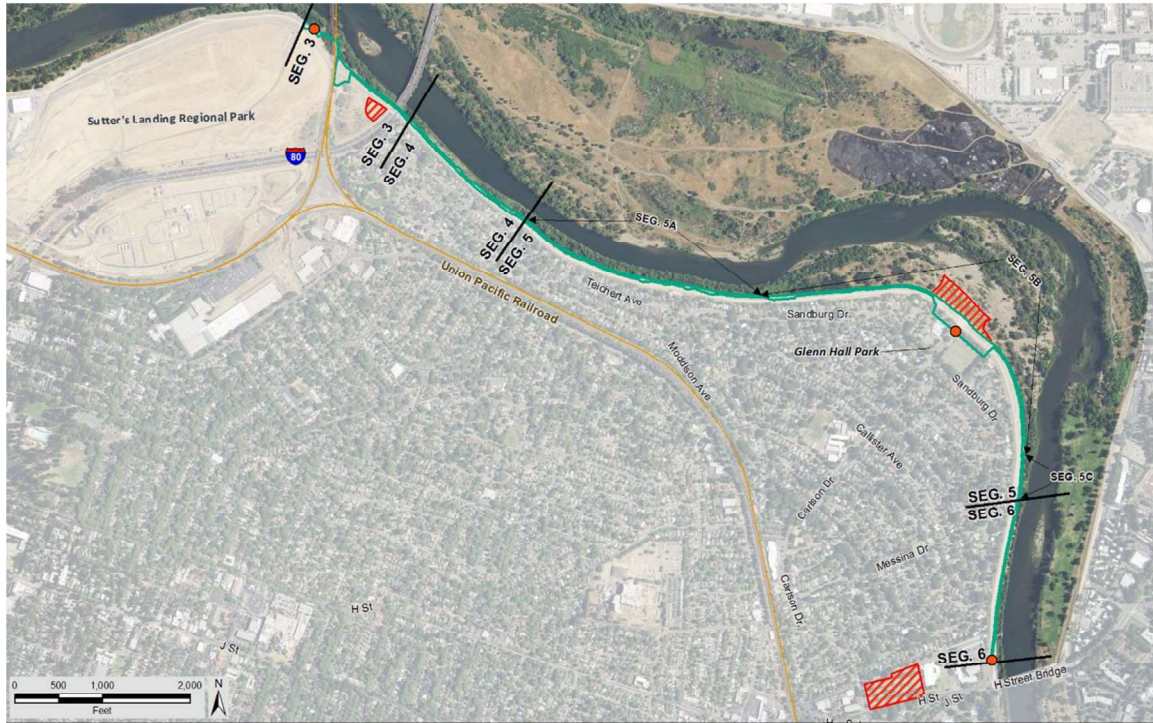
Senior Engineer

arandolph@cityofsacramento.org

Office: (916) 808-7803

Attachments:
Segment Map

Attachment 1: Segment Map



Tim Kerr

From: Adam Randolph <ARandolph@cityofsacramento.org>
Sent: Wednesday, February 20, 2019 4:29 PM
To: Tim Kerr
Cc: Judith Matsui-Drury; Nader Kamal; Shephard, Andrea
Subject: ARFCD- Work associated with trail relocation

Hi Tim, you had asked for a bullet-pointed list of the activities the City has engaged in to comply with the District's Recreational Trails Policy. The list below may not be comprehensive, but I hope conveys that the City has been diligently pursuing compliance with the District's policy.

- Re-design of trail between Sutter's Landing Park and H Street to be within the channel
- Identification of additional costs, and Application for Additional Funds (a \$3.3 million increase, over 250% construction cost increase)
- Submitting a Feasibility Memo for CVFPB and USACOE review
 - Conducting Hydraulic Study as part of the Feasibility analysis
 - Conducting a Levee Stability Geotechnical Analysis, also as part of the Feasibility analysis
- Meetings and correspondence with Maintenance and Regulatory Agencies
 - ARFCD Meeting (7/14/2017)
 - SAFCA meeting (6/1/2017)
 - CVFPB Meeting (8/21/2017)
 - USACOE Pre-ap meeting (10/4/2017)
 - USACOE Follow-up (6 months of correspondence)
- Other Stakeholder Correspondence
 - LARTF Meeting (12/12/17)
 - River Park Neighborhood Meetings (10/6/17, 4/7/17)
 - ARPAC (6/12/18)
 - City of Sac ATC (1/11/19)
- CEQA Document prep and circulation
 - Identifying additional biological impacts
 - Public Meetings (10/27/19)
 - Native American Consultation
- NEPA Document prep and studies
 - Identifying additional biological impacts
 - Native American Consultation

If you need anything else, please let me know.

Adam Randolph, P.E.
 Senior Engineer

City of
SACRAMENTO

Department of Public Works

Civil Design Section

arandolph@cityofsacramento.org

Office:(916) 808-7803