RECLAMATION DISTRICT NO. 1000, CALIFORNIA

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

WITH INDEPENDENT AUDITORS' REPORTS THEREON

Year Ended June 30, 2018

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

1633 Garden Highway
Sacramento, California 95833
Tel: (916) 922-1449

Year Ended June 30, 2018

BOARD OF TRUSTEES
Elected Officials

DISTRICT MANAGEMENT

General Manager	Paul Devereux
District Secretary	Joleen Gutierrez

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Reclamation District 1000, California
Sacramento, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reclamation District No. 1000, California, (the District) as of June 30, 2018, which collectively comprise the District's basic 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.

Auditors' 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Reclamation District No. 1000, California as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed for special districts by the Office of the California State Controller.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-13, the Schedule of the District's Net Proportionate Share of the Net Pension Liability on page 44, the Schedule of the District's Contributions on page 45, the Schedule of Changes in the Net OPEB Asset and Related Ratios on page 46, the Schedule of the District's Contributions on page 47 and the respective budgetary comparisons for the governmental fund on pages 41 and 42 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.

Implementation of New Accounting Standard

As disclosed in Note 7 to the financial statements, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* during the fiscal year 2018.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

WALNUT CREEK, CALIFORNIA
November 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018

Our discussion and analysis of Reclamation District No. 1000, California (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2018

- At the end of the year, the District's net position is $51.8 million, of which $43.8 million is invested in capital assets and $8.0 million is unrestricted.
- As of June 30, 2018, the District's General Fund reported a total fund balance of $8.4 million, of which $7.8 million has been assigned or committed by the Board and $514 thousand has been legally restricted.
- The District's capital asset balances were $43.7 million at year-end, decreasing slightly due to $513 thousand in capital additions offset by $1.3 million in depreciation.
- The District has no long-term debt.

CAPITAL PROJECTS

- ***Pumping Plant No. 2 Reconstruction***

  During the 2006 flood emergency declaration, the District initiated flood emergency operations including removal of Pumping Plant No. 2 to prevent a levee failure due to under seepage concerns. Following the disaster, FEMA determined the costs for replacement of the pumping plant to be eligible for reimbursement through a FEMA Disaster Assistance Grant. The amount of the grant has been adjusted several times since its initial approval and currently the approved amount is $7,400,000 based on actual costs to date. This project was funded primarily by the FEMA disaster assistance grant with SAFCA funding associated canal, levee and other ancillary improvements not eligible for reimbursement under the FEMA grant as part of their Natomas Levee Improvement Project.

  In 2016, the District submitted a Project Close-Out and requested reimbursement of an additional $594,808 based on actual costs and work the District believes are eligible under the grant. In late 2017 FEMA indicated a revised Project Worksheet and estimate including most of the additional costs claimed by the District will be sent to the State and District in 2018 and the project formally closed out. By letter dated November 9, 2018, the District received notification from FEMA that the request to increase the Project Worksheet amount has been conditionally approved, and the project is ready for close-out. The District anticipates that the project will be closed out during fiscal 2019. The 10% project retention, along with the additional funds included in the revised Project Worksheet, being held by FEMA cannot be released until Project Close-Out.

- ***District Corp Yard Improvements***
  - The District installed a new well at the Corporation Yard site on W. Elkhorn Blvd to provide potable water for the site as well as the adjacent City Fire Station which is leased from the District. Cost of installing the new well in FY 2017-18 was $35,150.

- ***Supervisory Control and Data Acquisition System (SCADA)***

The District adopted a SCADA (Supervisory Control and Data Acquisition) Master Plan in 2017. With its implementation, the District will be able to remotely monitor canal levels and operations at its pumping stations. This will improve public safety and allow for a more efficient monitoring and operations of its interior drainage and flood control system. Eventually, the SCADA system can be expanded to allow for remote operations of its pumping plants, as well as security monitoring in the future. In FY 2017-2018, the District completed plans and specifications for implementing Phase 1 of the SCADA system; a portion of the costs are eligible for reimbursement through a Bureau of Reclamation federal grant coordinated through an agreement with the Natomas Mutual Water Company. A contract for construction of the Phase 1 facilities was awarded in July 2018 in the amount of $448,000. Consultant costs for preparation of the plans and specifications and bidding process in FY 2017-18 were $143,612.

- ***Pumping Plant No. 8 Security Fencing***

The District awarded a construction contract for security fencing around Pumping Plant No. 1 to Arktos Inc. in August 2017 in the amount of $59,750. Construction of the fence was completed in November 2017 and final payment made to the contractor in January 2018. The new security fence reduces the risk of vandalism and wire theft thereby improving the reliability of pump operations, especially during critical flood events. The total cost of the security fence construction in FY 2017-2018 was $53,775.

- ***Significant Capital Projects on District Facilities Undertaken By Others***

The Natomas Levee Improvement Project (NLIP) funded by the Sacramento Area Flood Control Agency (SAFCA) and Natomas Basin Project (Federal Project) funded by the Corps of Engineers with State and SAFCA cost sharing- The goal of the combined levee system improvements protecting the Natomas Basin is to provide at least 200-year flood protection as required by the State's Urban Level of Flood Protection or ULOP standards. Levee improvements and associated works completed to date have been funded through a combination of SAFCA funds (voter approved SAFCA Capital Assessment Districts) and State funds from the Proposition 1E Bond. These funds have been sufficient to complete 50% of the total levee improvements needed to provide the 200-year flood protection between 2006 and 2013. It should be noted the improvements completed to date addressed the highest risk areas based on studies done to date, as well as previous experience during flood events. It is anticipated that the remaining work will be completed by the Corps of Engineers (COE) as part of the Natomas Basin Project authorized by Congress in the 2014 Water Resources Reform and Development Act (WRRDA). Despite the availability of federal funds, construction has been delayed due to construction contracting issues. No levee construction work was done during FY 17-18. Work commenced in August 2018 and several additional construction contracts are anticipated to be awarded for construction in 2019. Completion of the project is estimated to be approximately six to seven years after construction is initiated. However, this schedule is dependent on annual federal appropriations and the timely acquisition of necessary rights of way and relocations of utilities, which interfere with the levee improvements

Activities on the federal Natomas Basin Project during the current fiscal year of 2017-18 included:

- Design, environmental and right of way activities continued by the COE, State and SAFCA for the federal Natomas Basin Project improvements.

OPERATIONS AND MAINTENANCE

After a record flood season in 2016-2017, rainfall amounts returned to normal in 2017-2018. After a dry fall and early winter, several large storms moved through the area in spring bringing the annual precipitation to just below normal. The river levels never reached stages where the District was on 24-hour patrol, though the field crew was busy operating and maintaining the District pump stations.

Outside of the flood season, the District's crew performed the normal operations and maintenance activities including mowing canals/levees; spraying both terrestrial and aquatic pesticides to manage the vegetation, minor repairs to facilities, garbage/debris removal and pump station maintenance. The District has also experienced a considerable increase in homeless activity within its floodways. This has resulted in a significant increase in trash and debris removal and impacted our efficiency in other operations due to the presence of camps within the floodway. The District is working with our other partners at the City and County to develop a coordinated plan.

As noted in previous years, the District has assumed full operations and maintenance responsibility for all 21 miles of levee improvements completed to date as part of the NLIP, including the remaining grassland vegetation along the levees. While the levees are improved and significantly reduce the flood risk in the District, they include a much larger footprint to operate and maintain. The District is currently studying options for the most efficient method to maintain the expanded levee footprint and is developing an Annual Operations and Maintenance Plan to determine the resources needed to meet its responsibility.

PLANNING

The District adopted a Capital Improvement Program (CIP) in 2014 which identified a number of projects to be constructed over the next 20 years and identified several funding sources to meet these future funding obligations. The CIP is scheduled to be updated in 2019.

The District previously adopted the 2015-2020 Reclamation District No. 1000 Strategic Plan, which will assist management and the Board in identifying and prioritizing short term planning and funding goals for the five year period of the Plan. Several actions identified in the Plan have already been implemented. The Board received an update on implementation of the Strategic Plan at their August 2018 meeting.

The Board approved an Asset Management Roadmap in March 2018 which identified several planning and administrative initiatives to improve the District's operations and efficiency. Action has already begun on several items identified in the Roadmap including implementation of electronic time keeping; initiation of the SCADA system' staff training; document management and implementation of a revised accounting system.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Annual Report consists of three parts, Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplemental Information (RSI). The Basic Financial Statements include the Government-wide financial statements and the 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 the entire District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference representing net position. Over time, increases or decreases in the District's net position is one 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 does not have business-type activities.

Governmental Activities - All of the District's basic services are included here. Assessment revenue and restricted capital project reimbursements finance almost all of the District's flood protection activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's significant funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has one type of fund, the Governmental Fund.

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

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 budget and actual on a budgetary basis, as well as required pension and OPEB schedules..

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets and deferred outflows of resources less liabilities and deferred inflows of resources equaled $51.8 million at the close of the most recent fiscal year.

The largest portion of the District's net position (84.5%) reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment) with the majority being levees, canals or pump stations. The District uses these capital assets to provide flood protection services. Consequently, these assets are not available for future spending. There is no related debt associated with the District's investments in its capital assets.

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

	2018	2017
Current and other assets	$ 9,658	$ 9,583
Capital assets	43,771	44,595
Total assets	53,429	54,178
Deferred outflows of resources	$ 469	$ 371
Current and other liabilities	$ 2,033	$ 1,911
Deferred inflows of resources	$ 50	$ 56
Net position:		
Invested in capital assets, net	$ 43,771	$ 44,595
Unrestricted net position	8,044	7,987
Total net position	$ 51,815	$ 52,582

Capital Assets, Net of Related Debt

As part of the implementation of GASB Statement No. 34, the District retroactively recognized infrastructure assets not previously required to be recognized. GASB Statement No. 34 requires prospective reporting of infrastructure but allows for retroactive application. The District opted to record infrastructure (predominantly levee improvements) retroactively to 1984, the earliest year in which documentation of historical costs was available.

The 2017-2018 capital purchases and additions were:

- Security Fencing: $53,775; Shop Well: $35,150; Asphalt: $23,600; Chevrolet Truck: $44,193; Kenworth Truck: $177,728, Honda Pioneer: $16,579; Komatsu Forklift: $9,634; Office Equipment: $8,507; SCADA Improvements: $143,612.

The District depreciates capital assets using the straight-line method over the estimated lives of the assets. During the 2018 fiscal year, $1,330,333 in depreciation expense was recognized.

There is no associated debt with any capital assets.

Change in Net Position for Governmental Activities

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

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

	2018	2017
Program Revenues:		
Charges for services	$ 20	$ 40
Capital Contributions	1,910	900
General Revenues:		
Assessment revenues	2,268	2,249
Investment earnings	94	58
Miscellaneous income	24	6
Total Revenues	4,316	3,253
Expenses:		
Flood Protection	4,558	4,170
Change in net position	(242)	(917)
Net position, beginning of year, as restated	52,057	53,500
Net position, end of year	$ 51,815	$ 52,583

The District's net position decreased by $241,579 during the current fiscal year, as restated.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At fiscal year end, the District's governmental fund reported a combined fund balance of $8.4 million, an increase of $495 thousand from the previous year's fund balance. This increase is due to current year revenues exceeding current year expenditures. Of the total $8.4 million fund balances, $7.8 million has been assigned or committed for specific purposes, $63 thousand is considered nonspendable, and $514 thousand is restricted.

Revenues in the District's governmental funds were $4.2 million. Assessment revenue of $2.2 million represents 53.7% of revenue for the governmental funds. Expenditures from governmental funds were $3.7 million, which resulted in a change in fund balance of $494,635.

Fund Balances

The Board has adopted a policy establishing various types of fund balances: Assignments and balances are determined by board action and General Manager discretion based on the type of fund. These individual fund assignments can be unassigned by the Board of Trustees. The emergency flood fight fund has been established by the General Manager and the committed funds by Resolution 2012-6 of the Board of Trustees.

Fund balances as of June 30, 2018 are restricted, nonspendable, assigned or committed as follows:

TABLE 3
Fund Balances
June 30, 2018

Fund Type	Fund Balance
Restricted fund balance	$ 513,914
Nonspendable fund balance	63,177
Committed fund balance	-
Assigned fund balances:	
Emergency Flood Fight	1,500,000
General capital	3,402,189
Operating reserve	2,941,127
Total assigned fund balances	7,843,316
Unassigned	-
Total fund balances	$ 8,420,407

GENERAL BUDGETARY HIGHLIGHTS

The following is a summary of current year budget and actual results for the District's General Fund revenues and other financing sources for the year ended June 30, 2018:

TABLE 4
Fund Revenues - Budget to Actual Comparisons

	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Property Assessments	$ 2,248,421	$ 2,231,678	$ (16,743)
Rents, easements, and fees for services	40,000	19,871	(20,129)
Interest	13,000	93,967	80,967
Reimbursement from CalOES	-	483,179	483,179
Other	5,000	23,946	18,946
O&M reimbursement from SAFCA	1,300,000	1,300,000	-
Finance Charges and penalties	200	-	(200)
Total	$ 3,606,621	$ 4,152,641	$ 546,020

Changes from the Amount Originally Budgeted

Changes made to the original budget can be found in the Required Supplementary Information.

Actual Revenues/Financing Sources Compared with Final Budgeted Amounts

Actual revenues and other financing sources recognized by the District's Governmental Fund were $546,020 more than budget. The variance resulted primarily from the CalOES reimbursement not budgeted for in fiscal 2018.

Actual Expenditures/Other Financing Uses Compared with Final Budgeted Amounts

Following is a summary of current year budget and actual results for the District's General Fund expenditures (See Table 5). The favorable variance resulted from operations, administration and capital outlay.

TABLE 5
Fund Expenditures – Budget to Actual Comparisons

	Budget	Actual	Favorable (Unfavorable) Variance
Flood Protection	$ 3,921	$ 3,658	$ 263

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the District has $64.3 million invested in capital assets including land, buildings, infrastructure, and equipment before depreciation (See Table 6).

Table 6
Changes in Capital Assets

	As of June 30, 2018	As of June 30, 2017	Increase (Decrease)
Lands and rights of way	$ 2,208,583	$ 2,208,583	$ -
Buildings, pump plants and improvements (including construction in progress)	32,856,655	32,600,518	256,137
Infrastructure	26,514,781	26,514,781	-
Equipment and vehicles	2,727,793	2,592,963	134,830
Total capital assets	$ 64,307,812	$ 63,916,845	$ 390,967

Debt Administration

As of June 30, 2018, the District had no long-term debt.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, 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 questions about this report or need additional information, contact the District office at:

Reclamation District No. 1000, California
1633 Garden Highway
Sacramento, CA 95833

Submitted by:
Paul Devereux, General Manager

BASIC FINANCIAL STATEMENTS

RECLAMATION DISTRICT No. 1000, CALIFORNIA

Statement of Net Position

June 30, 2018

		2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS:		
Cash	$	559,853
Pooled cash and investments		6,537,156
Assessments receivable		36,262
Grant reimbursement receivable		741,808
Interest receivable		26,599
Receivable from SAFCA		1,302,500
Other receivables, net of allowance of 2,863		171,377
Prepaid expenses		63,177
Inventory		174,241
Net OPEB Asset		44,998
Capital assets, net		43,770,770
TOTAL ASSETS		53,428,741
DEFERRED OUTFLOWS OF RESOURCES		469,413
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES:		
Accounts payable	$	106,562
Accrued payroll and related		125,945
Net pension liability		1,245,857
Deferred revenue		513,914
Deposits		40,666
Total liabilities		2,032,944
DEFERRED INFLOWS OF RESOURCES		50,516
NET POSITION:		
Invested in capital assets, net of $-0- related debt		43,770,770
Unrestricted		8,043,924
Total net position		51,814,694

See independent auditors' report and notes to the financial statements.

RECLAMATION DISTRICT No. 1000, CALIFORNIA
Statement of Activities
Year Ended June 30, 2018

	2018			
		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Capital Contributions and Grants	Governmental Activities
GOVERNMENTAL ACTIVITIES:				
Flood Protection	$ 4,557,637	$ 19,871	$ 1,910,335	$ (2,627,431)
GENERAL REVENUES:				
Assessments				2,267,939
Interest				93,967
Miscellaneous				23,946
Total general revenues				2,385,852
CHANGE IN NET POSITION				(241,579)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY STATED				52,582,463
PRIOR PERIOD ADJUSTMENT (NOTE 7)				(526,190)
NET POSITION, BEGINNING OF YEAR AS RESTATED				52,056,273
NET ASSETS, END OF YEAR				$ 51,814,694

See independent auditors' report and notes to the financial statements.

RECLAMATION DISTRICT No. 1000, CALIFORNIA
Balance Sheet - Governmental Fund
Year Ended June 30, 2018

		General Fund
		2018
ASSETS		
ASSETS:		
Cash	$	559,853
Pooled cash and investments		6,537,156
		7,097,009
Receivables:		
Interest receivable		26,599
Reimbursements receivable from SAFCA		1,300,000
Other		123,507
		1,450,106
Other assets		63,177
TOTAL ASSETS	$	8,610,292
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	$	106,562
Accrued payroll and related		42,657
Deposits		40,666
Total liabilities		189,885
FUND BALANCES:		
Restricted		513,914
Nonspendable		63,177
Unrestricted:		
Board-assigned and committed		7,843,316
Total fund balances		8,420,407
TOTAL LIABILITIES AND FUND BALANCES	$	8,610,292

See independent auditors' report and notes to the financial statements.

RECLAMATION DISTRICT No. 1000, CALIFORNIA
Reconciliation of the Balance Sheet to Statement of Net Position
June 30, 2018

		2018
TOTAL GOVERNMENTAL FUND BALANCES	$	8,420,407
Amounts reported for governmental activities but not included in the governmental fund:		
Non-financial resources:		
Capital assets, net		43,770,770
Net pension liability		(1,245,857)
Deferred outflows of resources related to pensions		441,413
Deferred outflows of resources related to OPEB		28,000
Deferred inflows of resources related to pensions		(50,516)
Deferred revenue and deposits		(513,914)
Accrued vacation		(83,288)
Receivables that will not be collected within 90 days		828,440
Inventory that will not be used within 90 days		174,241
Net OPEB asset		44,998
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	51,814,694

See independent auditors' report and notes to the financial statements

RECLAMATION DISTRICT No. 1000, CALIFORNIA

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund
Year Ended June 30, 2018

	General Fund
	2018
REVENUES:	
Property assessments	$ 2,231,678
Rents, easements, and fees for services	19,871
Interest	93,967
Other	23,946
Reimbursements from CalOES	483,179
O&M reimbursement from SAFCA	1,300,000
Total revenues	4,152,641
EXPENDITURES:	
Flood Protection:	
Operations	1,849,041
Administration	1,163,095
Capital outlay	645,870
Total expenditures	3,658,006
NET CHANGE IN FUND BALANCES	494,635
FUND BALANCES, BEGINNING OF YEAR	7,925,772
FUND BALANCES, END OF YEAR	$ 8,420,407

See independent auditors' report and notes to the financial statements

RECLAMATION DISTRICT No. 1000, CALIFORNIA

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities

Year Ended June 30, 2018

		2018
NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND	$	494,635
Amounts reported for governmental activities in the statement of net assets is different because:		
Governmental funds report capital outlay as expenditures; However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments		512,778
Current year depreciation expense		(1,330,333)
Loss on sale of assets per the government-wide financial statements is not reflected in the fund financial statements		(6,233)
Governmental funds do not report nonfinancial resources such as long term assets or liabilities.		
Grants and contributions reflected in the government wide financial statements that are not reflected in the fund financial statements		127,157
Timing of assessment revenues collected beyond 90 days		36,261
The increase in accrued vacation is not recognized as an expenditure in the governmental fund as accrued vacation does not represent financial resources		(748)
Pension payments reported as expense in the fund financial statements are not included in the government-wide financial statements		150,162
Actuarially determined pension plan expense reported in the government-wide financial statements is not reported in the fund financial statements		(233,469)
Other postemployment benefit payments made to retirees reported as expense in the fund financial statements are not reported in the government-wide financial statements		28,000
Actuarial determined OPEB expense reported in the government wide financial statements is not reported as expense in the fund financial statements		(19,789)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(241,579)

See independent auditors' report ad notes to the financial statements

1. DESCRIPTION OF THE DISTRICT AND SIGNIFICANT ACCOUNTING POLICIES

The District
Reclamation District 1000, California (the "District") was formed under an Act of the Legislature of the State of California on April 18, 1911. The District is governed by a Board of Trustees and operates and maintains seven pumping stations, 42.61 miles of federal project levees, ten miles of non-project levees in the Pleasant Grove area, and 180 miles of canals and ditches in Sacramento and Sutter Counties.

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

The District has determined that no other outside entity meets the above criteria, and, therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of such entity.

Basis of Presentation and Measurement Focus
The accounting policies of the District conform to generally accepted accounting principles, as applicable to governmental units. The basic financial statements of the District are comprised of the following:

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

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

The government-wide statements are prepared using the economic resources measurement focus. Such is the same approach used in the preparation of the fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund financial statements – Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures, and Changes in Fund Balance, which reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. Currently, the District has only one governmental fund, the general fund. The District considers all revenues available if they are collected within 90 days after year-end.

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

The General Fund is the general operating and maintenance fund of the District. It is used to account for all financial resources.

As of June 30, 2018, the Board of Trustees has assigned and/or committed fund balances of $7,843,316 of the $8,420,407 fund balance for various purposes. Such amounts are not legally restricted, and the Board has the authority to unassign and/or uncommit such reserves.

In June 2012, the District adopted Resolution 2012-06, adopting a fund balance policy in accordance with GASB 54 requirements. The following fund balance classifications were adopted:

- **Nonspendable Fund Balance** – for funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact. The District has $63,177 in nonspendable fund balance as of June 30, 2018 related to prepaid expense.

- **Restricted Fund Balance** – for funds that are mandated for specific purposes by external parties, constitutional provisions, or enabling legislation. At the time of adoption of this resolution, the Board of Trustees established the following restricted fund balance:
    - A legally restricted fund of $513,914 has been established related to monies received that are to be passed through to SAFCA. The District does not have variance power over these monies.

- **Committed Fund Balance** – for funds set aside for specific purposes by the District's highest level of decision-marking authority (Board of Trustees) pursuant to formal action taken, such as a majority vote or resolution. These committed funds cannot be used for any other purpose unless the Board of Trustees removes or changes the specific use through the same type of formal action taken to establish the commitment. Board of Trustee action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined with the release of the financial statements. As of June 30, 2018, there are no committed fund balances.

- **Assigned Fund Balance** – Funds that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Resolution 2012-06 delegates authority to assign amounts to be used to the District Manager. As of June 30, 2018, District management has assigned $1,500,000 for the Emergency Food Fight Fund, and $3,402,189 for the General Capital Fund. In addition, the Board's Financial Reserve Policy sets the Operation and Maintenance (O&M) Fund Reserve balance at 75% of the annual budget. As such, as of June 30, 2018, a fund of $2,941,127 has been assigned by management for future operations and maintenance.

- **Unassigned Fund Balance** – The residual positive net resources of the general fund in excess of what can properly be classified in one of the above four categories.

The Board also determined that when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. Similarly, when expenditures are incurred for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions are those in which the District receives value without directly giving equal value in return, such as property taxes. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been offset with deferred revenue.

Expenses/Expenditures – Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized on governmental fund financial statements.

Basis of Accounting
Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements use the modified accrual basis of accounting. Proprietary funds would use the accrual basis of accounting.

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

Cash Equivalents
The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The District pools money in several external investment funds to maximize investment income and considers all pooled investments to be cash and cash equivalents.

Inventory
The District has purchased significant amounts of large rock to keep on hand for emergency levee repair. Estimated remaining balances are recorded at cost on a first-in, first-out basis. During the year ended June 30, 2018, inventory was not included in the fund financial statements as these are considered non-financial resources.

Capital Assets
Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are recorded as assets in the government-wide financial statements. For the fund financial statements, capital outlay is recorded as expenditures of the general fund. Capital assets are recorded at historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date of contribution.

The District's capitalization thresholds are $5,000 for equipment, $25,000 for buildings and improvements, $50,000 for pumps and improvements, and $100,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase the values, change capacities, or extend the useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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

Asset Class	Years
Vehicles and equipment	5 to 10 years
Buildings and improvements	20 to 40 years
Pumps and improvements	7 to 50 years
Infrastructure	100 years

Current infrastructure projects include construction on the Natomas Levee Improvement Project (NLIP), which began in 2007. The purpose of the NLIP is to provide Natomas with at least 200-year flood protection. The work is being done by the Sacramento Area Flood Control Agency (SAFCA) using local assessment district funds and State bond funds (Proposition 1E). Upon completion, the levee improvements may become assets of the District, who will be responsible for the operation and maintenance of the modified levees. SAFCA will acquire and transfer the necessary rights of way to the District for the future operations and maintenance. At that time, the capital contributions will be recognized in the financial statements.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions (see Note 4) and other postemployment benefits (Note 5).

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and, accordingly, will not be recognized as an inflow of resources (revenue) until such time. The District has deferred inflows of resources related to pensions (see Note 4).

Pensions

For purposes of measuring the net pension liability (NPL) and deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position (FNP) of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' FNP 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, CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Compensated Absences
District employees accrue paid vacation and sick days in varying incremental amounts based upon length of employment. Upon termination of employment, an employee will be paid for unused vacation time not to exceed maximum accrual rate of 360 hours. The liability of $83,288 as of June 30, 2018 has been recorded as a liability in the government-wide financial statements but not in the governmental fund financial statements.

Employees are not paid for unused sick days upon termination of employment and, accordingly, no provision has been made in the financial statements. Unused sick leave can be converted to years of service upon retirement. Employees, upon retirement, may receive up to 1/3 of their accrued sick leave, up to a maximum of 400 hours, as compensation; the balance can be converted to years of service upon retirement. No provisions are made for payment of sick leave except at retirement.

Assessments
The District made assessments against properties within the District in accordance with requirements of State law. Assessments are processed through Sacramento and Sutter Counties based on the parcel size and designated land use of the parcels. Assessments are payable with the property owner's property taxes and are due, payable, and delinquent on the same schedule as property taxes. Treatment of delinquencies and foreclosures are the same as for property taxes. However, Sacramento County purchases rights to penalties and interest on all delinquencies on assessments within the District, under the Teeter Plan, by guaranteeing the District 100% of its annual benefit assessment within Sacramento County each year.

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

Subsequent Events
Management has evaluated subsequent events through November 14, 2018, the date on which the financial statements were available to be issued. Based on such evaluation, no additional adjustments to or disclosures in the financial statements were deemed necessary.

2. CASH AND INVESTMENTS AND FAIR VALUE MEASUREMENTS

The District has made investments in three pooled external investment funds, which investments have been recorded at fair value in the accompanying financial statements. There are no limitations of restrictions on withdrawals from the external investment pools (such as redemption notice periods, maximum transaction amounts, or the ability of the pool to impose liquidity fees or redemption gates.)

As of June 30, 2018, investments in pooled investment funds consist of the following:

	2018
Sacramento County Pooled Investment Fund	$ 2,079,170
City of Sacramento Investment Pool A	2,059,782
State of California Treasury (LAIF)	2,398,204
Total investments	$ 6,537,156

As of June 30, 2018, the carrying amount of the District's bank deposits was $559,853. Of the bank balances, the Federal Depository Insurance Corporation insures $250,000 by bank. The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. The remainder was covered by collateral held in the pledging financial institutions' trust departments in the District's name.

The external investment pools are described as follows:

Sacramento County Pooled Investment Fund

The District is a voluntary participant in the Sacramento County Pooled Investment Fund (County Fund) that is regulated by California Government Code Section 27131 under the oversight of the Sacramento County Board of Supervisors and the Treasury Oversight Committee, which consists of ten members. The County Fund is not rated. The County Fund is not registered with the SEC as an investment company. The County issues separate financial statements for the fund, which can be found at http://www.finance.saccounty.net.

The District's investment in the County Fund is reported at fair value. The District can withdraw their funds held in the County Fund upon demand.

The fair value of the position in the investment pool is the same as the value of the pooled shares. The District's fund share is accounted for separately. Any interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

The County Fund is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County Treasury are either secured by federal depository insurance or are collateralized. The County Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. Treasury notes and agency obligations, state registered warrants and municipal notes, local agency bonds, the State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit and repurchase or reverse repurchase agreements.

City of Sacramento Investment Pool A

The District is a voluntary participant in the City of Sacramento Investment Pool A (Pool A). Pool A is overseen by the City Council and managed by the City Treasurer, pursuant to California Government Code, and must adhere to an annually approved investment policy. Pool A is not registered with the SEC as an investment company. The City issues separate financial statements on the fund, which can be found at https://www.cityofsacramento.org.

The fair value of investments within Pool A is determined monthly. Participants' shares sold and redeemed are determined by the daily cash balance deposited in the pool (the value of pool shares). The value of the pool shares is based upon amortized cost in day-to-day operations, but is adjusted to fair value at year-end. The value of the shares is supported by the value of the underlying investments. The District can withdraw their funds held in Pool A upon demand. Pool A is not rated.

Local Area Investment Fund

The District is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. LAIF is not registered with the SEC as an investment company. LAIF issues separate financial statements, which can be found at https://www.treasurer.ca.gov/pmia-laif.

The District can withdraw their money held in LAIF upon demand. The fair value of the position in the investment pool is the same as the value of the pooled shares.

The share of each fund in the pooled account is separately accounted for and income earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4 and backed by the State of California. California Government Code Section 16429.4 stipulates that the State cannot borrow or ever withhold LAIF monies.

LAIF's portfolio consists predominantly of commercial paper, Federal Agency discount notes, time deposits and certificates of deposit. LAIF is not rated.

Investments Authorized by the District's Investment Policy

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

Interest Rate Risk

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

As of June 30, 2018, the weighted average maturity of investments is approximately 309 days for pooled investments held in the Sacramento County Pooled Investment Fund, 193 days for funds held in LAIF, and 722 days for funds held within Pool A.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organization. State law, which governs the pools in which the District invests, limit the pools' respective investments to those issuers with top ratings as issued by nationally recognized statistical rating organizations.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District has no exposure to custodial credit risk because it primarily invests in external investment pools. The California Government Code does 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 and local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Derivative Investments

The District did not directly enter into any derivative investments. Current information regarding the amount invested in derivatives by the County Treasury was not available. Any investments in derivative financial products by LAIF are minimal.

Additional disclosure detail required by GASB Statements No. 3, 31, 40, 72, and 79 and GASB Technical Bulletin 94-1 regarding cash deposits and investments are presented in the financial statements of the County of Sacramento for the most recent fiscal year issued.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2018, the District held no individual investments. All investments are held in pooled investments funds.

Within all three external investment funds, deposits and withdrawals are made on the basis of $1 and not fair value. Accordingly, the District's proportionate share of investments in such pooled funds are an uncategorized input not defined as Level 1, Level 2, or Level 3 input.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

3. CAPITAL ASSETS

A summary of changes to capital assets for the year ended June 30, 2018, the total of which is recorded in the government-wide statements, is shown as follows:

	June 30, 2017	Additions	Transfers/ Disposals	June 30, 2018
Land and rights of way	$ 2,208,583	$ -	$ -	$ 2,208,583
Infrastructure	26,514,781	-	-	26,514,781
Building and improvements	2,336,740	88,925	(18,751)	2,406,914
Pump equipment and improvements	30,263,778	23,600	18,751	30,306,129
Equipment and vehicles	2,592,963	256,641	(121,811)	2,727,793
	63,916,845	369,166	(121,811)	64,164,200
Accumulated depreciation	(19,322,287)	(1,330,333)	115,578	(20,537,042)
Construction in progress	-	143,612	-	143,612
	$ 44,594,558	$ (817,555)	$ (6,233)	$ 43,770,770

Depreciation expense for the year ended June 30, 2018 was $1,330,333 and was charged to the single function of the District: flood protection.

4. DEFINED BENEFIT PENSION PLAN

General Information About the Plan

Plan Descriptions – The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes (but not accounting purposes), and membership information is listed in the June 30, 2017 Annual Actuarial Valuation Report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications. All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan administered by CalPERS. Benefit provisions under the Plans are established by State statute and District resolution.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. 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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or 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 Plan provisions and benefits in effect at June 30, 2018 are summarized as follows (plan descriptions are not made for tiers for which there are no eligible or active employees):

	Miscellaneous Plan		
Hire Date	After June 30, 2005 through August 30, 2011	After August 30, 2011 through December 31, 2012	After January 1, 2013 through the present
Benefit formula	2% @ 55	2% @60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	52 - 67	52 - 67	52 - 67
Monthly benefits, as % of eligible compensation	1.0% to 2.5%	1.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7%	7%	6.25%
Required employer contribution rates	9.4%	7.6%	6.8%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The District's proportionate share of the risk pool collective net pension liability as of the measurement date of June 30, 2017 is $1,245,857 for the fiscal year ended June 30, 2018. Also, the District recognized pension expense of $233,469 for the fiscal year ended June 30, 2018.

The District's net pension liability was on the proportionate shares (in dollars) determined by CalPERS based on actuarial measurement specific to the plan in the Miscellaneous Pool. The net pension liability is measured as of June 30, 2017, using annual actuarial valuations 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 plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 150,162	$ -
Net differences between projected and actual earnings on pension plan investments	48,187	-
Changes of assumptions	213,065	16,246
Differences between expected and actual experience	1,717	24,602
Differences between the employer's contributions and the employer's proportionate share of contributions	227	5,742
Change in employer's proportion	28,055	3,926
Total	$ 441,413	$ 50,516

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 subsequent year ended.

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

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense	
Fiscal Year Ending June 30:	Net Deferred Outflows/(Inflows) of Resources
2019	$ 55,083
2020	132,913
2021	81,348
2022	(28,609)
2023	-
Thereafter	-

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability (TPL) (valuation date). Both the June 30, 2016 valuation date TPL and the June 30, 2017 measurement date TPL were determined using the following actuarial methods and assumptions:

	Miscellaneous Plan
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%
Investment Rate of return	7.5%*
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds

*Net of pension plan investment and administrative expense; includes inflation

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 the 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

The table below reflects the long-term expected real rate of return by asset class. 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	Target Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	4.9%	5.38%
Global Fixed Income	19.0%	.8%	2.27%
Inflation Sensitive	6.0%	.6%	1.39%
Private Equity	12%	6.6%	6.63%
Real Estate	11%	2.8%	5.21%
Infrastructure and Forestland	3%	3.9%	5.36%
Liquidity	2%	(0.40%)	(.90%)
Total	100%		

(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 of 7.15 percent, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 1,948,182
Current Discount Rate	7.15%
Net Pension Liability	$ 1,245,857
1% Increase	8.15%
Net Pension Liability	$ 664,179

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2018, no amounts were payable for the outstanding amount of contributions to the pension plan as required for the year ended June 30, 2018.

5. OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The District's defined benefit postemployment healthcare plan provides medical benefits to employees who have attained age 50 with five years of service, or under PEPRA after 10 years of service, increasing 2% per year up to 100% of the benefit after 20 years of service. The plan also provides for dependent coverage. In fiscal year 2012/13, the District modified its contract with CalPERS Public Employees Healthcare to a 75/25 employer/employee cost share for current employees and retirees. Employees hired after January 1, 2013 cost share under the 100/90 State Vesting Plan as contracted by the District.

The District contracts with CalPERS to administer its retiree health benefits plan (an agent multiple- employer defined benefit plan) and to provide an investment vehicle, the California Employees' Retiree Benefit Trust Fund (CERBT), to prefund future OPEB costs. The District chooses from a menu of benefit provisions and adopts certain benefit provisions by Board resolution. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. By participating in CERBT, the District is also obligated to follow the actuarial assumptions established by the CalPERS Board of Administration. CalPERS issues a Comprehensive Annual Financial Report for the retirement plans. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA, 95814.

Employees Covered

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

Active employees	12
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to, but not yet receiving benefits	0
Total	19

Contributions

The District's plan and its contribution requirements are established by board resolution and the Employee Handbook. The annual contribution is based on the actuarially determined contribution. For the fiscal year June 30, 2018, the District's cash contributions were $28,000 to the trust, $42,393 in benefit payments, for total contributions of $70,393.

Net OPEB Liability

The District's Net OPEB Liability was measured on June 30, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated June 30, 2017 that was rolled back to June 30, 2016 to determine the total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	6.5%
Inflation	2.75% per annum
Salary Increases	2.75% per annum
Investment rate of Return	6.5%
Mortality Rate [1]	Derived using CalPERS' 2014 Active Mortality Table for Miscellaneous Employees
Pre-retirement turnover	Hired before 2013: 2009 CalPERS 2.0% @ 55 rates for Miscellaneous Employees Hired after 2012: 2009 CalPERS 2.0% @ 60 rates for Miscellaneous Employees
Vesting Rates	Hired before 2013: 100% at 5 Years of Service Hired after 2012: 50% at 10 Years of Service plus 5% per year at 20 years (percentages apply to employer contributions not premiums)
Healthcare trend rate	4% per annum

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (CERBT Strategy 2).

[1] Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website (www.calpers.ca.gov) under Forms and Publications.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Large Cap	40%	7.7950%
U.S. Small Cap	10%	7.7950%
Long term Corporate Bonds	18%	5.295%
Long term Government Bonds	6%	4.50%
Treasury Inflation Protected Securities (TIPS)	15%	7.7950%
U.S. Real Estate	8%	7.7950%
All Commodities	3%	7.7950%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5 percent. The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.5%.

Changes in the OPEB Liability

	Total OPEB Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net OPEB Obligation (Asset) = (a) – (b)
Roll-back balance at June 30, 2016	$887,198	$ 913,190	$ (25,992)
Changes recognized for the measurement period			
Service cost	28,438	-	28,438
Interest	57,189	-	57,189
Employer contributions	-	38,795	(38,795)
Net investment income	-	66,639	(66,639)
Benefit payments to retirees	(42,393)	(42,393)	-
Administrative expense	-	(801)	801
Net change	43,234	62,240	(19,006)
Balance at June 30, 2018			
Rolled forward balance as of June 30, 2017	$ 930,432	$ 975,430	$ (44,998)

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

The following presents the Net OPEB Liability of the District if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement period ended June 30, 2017:

	1% Decrease (5.5%)	Current Discount Rate	1% Increase (7.5%)
Net OPEB Liability (Asset)	$ 66,471	$ (44,998)	$ (137,928)

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement period ended June 30, 2017:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability (Asset)	$ (139,666)	$ (44,998)	$ 65,805

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from CalPERS, Prefunding Programs, CERBT (OPEB), P.O. Box 1494, Sacramento, CA 95812-1494.

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

The recognition period differs depending on the source of the gain or loss:

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

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $19,789. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 28,000	$ -
Net differences between projected and actual earnings on plan investments	-	-
Total	$ 28,000	$ -

The $28,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

There are no other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB expense over the next five years:

5. CONTINGENCIES

The District has programs for public liability and property damage. There have been no settlements related to these programs that exceed insurance coverage during the 2017-18 fiscal year. The District retains the risk for all loss exposure in excess of insurance coverage. Claims, expenditures, and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated.

The District receives Federal, State, and local funds for specific purposes and is subject to compliance requirements. Such funding is subject to review and audit by the awarding agencies at their discretion. If such audits were to disallow any expenditure, the District could potentially be liable to return funds. Management believes that such amounts, if any, would not have a significant effect on the financial position of the District. This is not considered a probable contingency and no liability has been reported on these financial statements.

6. NEW ACCOUNTING PRONOUNCEMENTS

In November 2016, GASB issued GASBS No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO 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.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should re-measure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June of 2017, GASB issued GASBS No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

7. CHANGE IN ACCOUNTING PRINCIPLE

The District implemented Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. The implementation of this statement required the District to record beginning total OPEB asset and the effects on net position of benefit payments and administrative expenses paid for by the District related to OPEB during the measurement period (fiscal year ended June 30, 2017), decreasing governmental activities beginning net position by $526,190.

The restatement of beginning net position of governmental activities is summarized as follows:

Governmental Activities:	
Net position at July 1, 2017, as previously stated	$ 52,582,463
Prior period adjustment	(526,190)
Net position at July 1, 2017, as restated	$ 52,056,273

REQUIRED SUPPLEMENTARY INFORMATION

RECLAMATION DISTRICT No. 1000, CALIFORNIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2018

	2018		
	Original and Final Budget	Actual	Favorable/ (unfavorable)
REVENUES:			
Property assessments	$ 2,248,421	$ 2,231,678	$ (16,743)
Rents, easements, and fees for services	40,000	19,871	(20,129)
Interest	13,000	93,967	80,967
Other	5,000	23,946	18,946
Reimbursement from CalOES	-	483,179	483,179
O&M reimbursement revenue from SAFCA	1,300,000	1,300,000	-
Finance charges and penalties	200	-	(200)
Total revenues	3,606,621	4,152,641	546,020
EXPENDITURES:			
Flood Protection:			
Operations	2,275,688	1,849,041	426,647
Administration	1,120,714	1,163,095	(42,381)
Capital outlay	525,100	645,870	(120,770)
Total expenditures	3,921,502	3,658,006	263,496
NET CHANGE IN FUND BALANCES	(314,881)	494,635	809,516
FUND BALANCES, BEGINNING OF YEAR AS RESTATED	7,925,772	7,925,772	-
FUND BALANCES, END OF YEAR	$ 7,610,891	$ 8,420,407	$ 809,516

See accompanying note to this schedule

RECLAMATION DISTRICT No. 1000, CALIFORNIA
Schedule of Expenditures - Budget and Actual - Governmental Fund
Year Ended June 30, 2018

	2018		
	Original and Final Budget	Actual	Variance
OPERATIONS:			
Power	$ 500,000	$ 394,069	$ 105,931
Herbicides	135,000	67,309	67,691
Field services	96,500	169,188	(72,688)
Field operations consultants	20,000	26,132	(6,132)
Materials and supplies	22,000	17,570	4,430
Refuse collection	10,000	12,888	(2,888)
Compensation	987,688	962,221	25,467
Fuel	55,000	49,095	5,905
Equipment repairs and service	77,000	77,026	(26)
Shop equipment (not vehicles)	13,000	194	12,806
Contingency - Levee patrols	5,000	-	5,000
Facility repairs	250,500	29,315	221,185
Equipment rental and other	10,000	5,932	4,068
Field equipment	11,000	-	11,000
Security patrol	83,000	38,102	44,898
	$ 2,275,688	$ 1,849,041	$ 426,647
ADMINISTRATION:			
Assessment	$ 30,000	$ 23,157	$ 6,843
Office supplies and computer	15,500	30,837	(15,337)
Liability and auto insurance	110,000	106,984	3,016
Uninsured losses	1,000	-	1,000
Group insurance	118,305	107,737	10,568
Annuitant healthcare	38,785	28,000	10,785
Dental/vision insurance	26,000	19,057	6,943
Workers' compensation insurance	46,000	27,152	18,848
Memberships	35,000	21,487	13,513
Legal	85,000	100,608	(15,608)
Engineering/Administrative consultants	150,000	244,556	(94,556)
Public relations, legislative analyst	35,000	25,830	9,170
Accounting and related services	36,000	42,094	(6,094)
Administrative services	26,000	30,231	(4,231)
Payroll taxes	76,580	75,391	1,189
Pension	156,044	150,162	5,882
Trustees fees	39,000	37,800	1,200
City and county fees	10,000	13,295	(3,295)
Mitigation land taxes	3,000	106	2,894
Election Costs	50,000	45,763	4,237
Utilities	23,500	19,598	3,902
Other	10,000	13,250	(3,250)
	$ 1,120,714	$ 1,163,095	$ (42,381)
CAPITAL OUTLAY:			
Miscellaneous capital	$ 3,600	$ 6,359	$ (2,759)
Emergency/Facility repairs	-	126,733	(126,733)
Vehicles/Equipment	12,500	230,428	(217,928)
Capital - facilities	300,000	256,137	43,863
Capital - large equipment	209,000	26,213	182,787
	$ 525,100	$ 645,870	$ (120,770)

See accompanying note to this schedule

BUDGETARY DATA

The District adopts an annual budget for the General Fund (consisting of operations, maintenance, and designated modernization projects) for each fiscal year. Budgets are adopted on a basis consistent with generally accepted government accounting principles. The final approved budget for 2017-18 is presented in these financial statements. Minor line item adjustments were made to the original budget. As such, the original and revised budgets are presented in these financial statements.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA

Schedule 3 – Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2018

As described in Note 4, net pension liability and fiduciary net position are allocated to the plan based on its proportion of the Miscellaneous Risk Pool. However, GASB No. 68 requires that employers report certain proportions as a percentage of the total plan.[2]

	Measurement Date			
	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of the net pension liability (asset)	0.01256%	0.01256%	0.0124%	0.01360%
District's proportionate share of the net pension liability (asset)	$1,245,857	$ 1,086,420	$ 848,318	$ 846,161
District's covered-employee payroll (for the year ending on the measurement date)	$826,547	$ 858,126	$ 852,087	$ 630,170
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	150.73%	126.6%	99.56%	134.27%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.21%

[2] The schedule of the District's proportionate share of the net pension liability is intended to present historical information for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
Schedule 4 – Schedule of the District's Pension Contributions
Year Ended June 30, 2018

	Measurement Date			
	6/30/2017[3]	6/30/2016	6/30/2015	6/30/14
Actuarially determined contribution	$150,162	$ 139,989	$ 130,747	$ 100,907
Contributions in relation to the actuarially determined contribution	150,162	139,989	130,747	100,907
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll (for the fiscal year ending on the date shown)	$889,262	$ 826,547	$ 858,126	$ 630,170
Contributions as a percentage of covered-employee payroll	16.89%	16.94%	15.24%	16.01%

[3] The schedule of the District's plan contributions is intended to present historical information for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
Schedule 5 – Schedule of Changes in the Net OPEB Asset and Related Ratios
Measurement Period Ended June 30

Measurement Period	6/30/2017[4]
Total OPEB Asset:	
Service cost	$ 28,438
Interest on the total OPEB liability	57,189
Benefit payments	(42,393)
Net change in total OPEB asset	43,234
Total OPEB asset - beginning	887,198
Total OPEB asset – ending (a)	930,432
Plan Fiduciary Net Position:	
Contribution - employer	38,795
Net investment income	66,639
Benefit payments	(42,393)
Administrative expense	(801)
Net change in plan fiduciary net position	62,240
Plan fiduciary net position - beginning	913,190
Plan fiduciary net position – ending (b)	975,430
Net OPEB asset – ending (a) –(b)	$ (44,998)
Plan fiduciary net position as a percentage of the total OPEB asset	1.05%
Covered-employee payroll	$ 861,202
Net OPEB asset as a percentage of covered-employee payroll	5.2%

[4] Changes in Assumptions. The discount rate was changed from 7.28 percent (net of administrative expense) to 7.00 percent for the measurement period ended June 30, 2017.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

RECLAMATION DISTRICT NO. 1000, CALIFORNIA
Schedule 6 – Schedule of the District's OPEB Contributions
Last Ten Fiscal Years

Fiscal Year Ended June 30	6/30/2018
Actuarially Determined Contribution (ADC)	$ 19,789
Contribution in relation to the ADC	28,000
Contribution deficiency (excess)	$ (8,211)
Covered-employee payroll	$ 861,202
Contribution as a percentage of covered-employee payroll	3.3%

Notes to Schedule:
Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2018 were from the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation Rate	2.75%
Payroll Growth Rate	2.75% per annum
Investment Rate of Return	6.5% per annum
Healthcare Cost Trend Rate	4% per annum
Retirement Age	Tier 1 employees – 2.0% @55 Tier 2 employees – 2.0% @60 The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	Pre-retirement mortality probability based on 2014 CalPERS Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS

Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to ten years as information becomes available.

OTHER REPORTS

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

To the Board of Trustees of
Reclamation District 1000, California
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 of Reclamation District 1000, California (the District), which comprise District's basic financial statements as listed in the Table of Contents, as of June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Purpose of this Report

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

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
November 14, 2018