

**MEETING AGENDA FOR  
RECLAMATION DISTRICT NO. 1608  
BOARD OF TRUSTEES REGULAR MEETING  
8:00 A.M. DECEMBER 5, 2018  
NEUMILLER & BEARDSLEE  
509 WEST WEBER AVENUE, FIFTH FLOOR  
STOCKTON, CALIFORNIA**

Call to Order.

Roll Call.

Agenda Items.

1. Public Comment. Under Government Code Section 54954.3, members of the public may address the Board on any issue in the District's jurisdiction. The public may address any item on the agenda as it is taken up.
2. Approval of Minutes. Minutes of the regular meeting of November 7, 2018.
3. Financial Report. Review, discuss, and accept financial report.
  - (a) Review and Accept 2017-2018 Audit Report and Authorize Execution of the Letter of Representation.
4. Engineer's Report. Request for directions and approvals.
  - (a) Consider new permits requests from homeowners.
    1. 4149 Fort Donaldson Drive, Index No 127, Lot 22200 APN 098-420-16 Owners Mr. Morgan and Mrs. Susan Mayfield – Seeks removal of vegetation and installation of gravel.
    2. 6669 & 6713 Embarcadero Dr, APN 098-400-16 & 098-130-22 Owner Embarcadero West Condominiums – Review status of application for existing stairs with railing and other encroachment features located on the landside slope of the District's Levee. installation of stairwell Railing.
  - (b) Discussion and Direction regarding Sediment Removal Project.
  - (c) Emergency Plan Review.
5. Meeting Location. Adopt Resolution 2018-12 Changing the Location of Regular Meetings.
6. Levee Superintendent Report. Request for directions and approvals.
7. Report by Trustees on meetings attended and up coming meetings. Request for direction.
8. Report and possible action on Progress of Tasks Assigned at Previous Board Meetings.
9. Discussion and direction on Short-Term and Long-Range Goals.

*This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code §54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact Jean Knight at 209/948-8200 during regular business hours, at least forty-eight hours prior to the time of the meeting.*

*Materials related to an item on this Agenda submitted to the Trustees after distribution of the agenda packet are available for public inspection in the office of the District Secretary at Neumiller & Beardslee, 509 W. Weber Avenue, 5th Floor, Stockton, California during normal business hours.*

10. District Calendar. Discussion and direction.

(a) Change January 2, 2019 Meeting Date.

11. Correspondence.

12. Approval of Bills.

13. Staff Reports.

(a) Attorney. The Agenda for this meeting was posted on the window outside the meeting room at 509 West Weber Avenue, Stockton, California, at least seventy-two (72) hours preceding the meeting.

14. Adjournment.

*This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code §54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact Jean Knight at 209/948-8200 during regular business hours, at least forty-eight hours prior to the time of the meeting.*

*Materials related to an item on this Agenda submitted to the Trustees after distribution of the agenda packet are available for public inspection in the office of the District Secretary at Neumiller & Beardslee, 509 W. Weber Avenue, 5th Floor, Stockton, California during normal business hours.*

**AGENDA PACKET  
RECLAMATION DISTRICT 1608  
December 5, 2018**

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<u>ITEM</u>	<u>COMMENTARY</u>
1.	Self-explanatory.
2.	Please see attached.
3.	Please see attached.
4.	Self-explanatory.
5.	Please see attached.
6.	Self-explanatory.
7.	Self-explanatory.
8.	Self-explanatory.
9.	Please see attached.
10.	Please see attached.
11.	Please see attached.
12.	Self-explanatory.
13.	Self-explanatory.
14.	Self-explanatory.

# ITEM 2

**MINUTES OF THE REGULAR MEETING OF BOARD OF TRUSTEES  
FOR RECLAMATION DISTRICT 1608  
HELD WEDNESDAY, NOVEMBER 7, 2018**

A Regular Meeting of the Board of Trustees of Reclamation District 1608 was called to order at 8:00 a.m. by President Panzer on November 7, 2018, at the law offices of Neumiller & Beardslee, 509 W Weber Avenue, 5<sup>th</sup> Floor, Stockton, California.

TRUSTEES PRESENT WERE:

MICHAEL PANZER  
BRETT THOLBORN  
DAN MacDONNELL

OTHERS PRESENT WERE:

DANIEL SCHROEDER  
ANDY PINASCO  
JACOB BEJARANO, Engineer with Kjeldsen, Sinnock & Neudeck  
JEAN L. KNIGHT  
JOE BRYSON  
JUDITH BUETHE  
DOMINICK GUILLI  
DR. ARRENDONDO  
CHRIS ELIAS – Executive Director - San Joaquin Area Flood Control Agency (SJAFCA)  
BOB BENTZ (Arrived at 8:06 a.m.)

ABSENT WAS:

CHRIS NEUDECK

- 1. Public Comment.** Under Government Code Section 54954.3, members of the public may address the Board on any issue in the District's jurisdiction. The public may address any item on the agenda as it is taken up. Dominick Guilli presented some comments on the Lower San Joaquin Feasibility Study. He went over details of a document he distributed to the Trustees and staff. He discussed costs and said he felt it was imperative that the District get more information. He noted there will be a requested local cost share at some point. His feeling is that the gate could cost at least \$60,000,000. He is asking the District form a task force or hire an engineer to review this study and said there would also be a meeting on Thursday morning about the Feasibility Study.

Chris Elias, the new Executive Director for SJAFCA attended the RD1608 meeting to introduce himself and wanted to say thank you for the great job the District does for the community and also said he is delighted to be a part of it. He also said there was going to be a meeting with the Stockton City Counsel tomorrow and invited staff to attend. There will be a presentation on the Lower San Joaquin Feasibility Study. He noted there will need to be congressional authorization for the project and it will need to be an authorized project. He

noted that people do see value in protecting our levees. He would like to come back to the District and do a full blown presentation and discuss the various components and what is behind the federal funding potential. District staff will work with the arranging of a time Mr. Elias can come talk to the District at a future meeting. There were several discussion points that Mr. Guilli and Mr. Elias had that were in conflict and more discussion at a future meeting would be beneficial to all.

2. **Approval of Minutes.** Minutes of the regular meeting of October 3, 2018. After review,

It was moved, seconded (B. Tholborn/D. MacDonnell) and unanimously carried by the Board of Trustees of Reclamation District 1608 that the minutes of the regular meeting of October 3, 2018 be approved.

3. **Financial Report.** Review, discuss, and accept financial report. Secretary Knight presented the financial report. After review,

It was moved, seconded (B. Tholborn/D. MacDonnell) and unanimously carried by the Board of Trustees of Reclamation District 1608 that the financial report, as presented, be approved.

4. **Engineer's Report.** Request for directions and approvals. Engineer Jacob Bejarano gave the engineer's report. The following actions were taken.

(a) Consider new permits requests from homeowners.

1. 4149 Fort Donaldson Drive, Index No 127, Lot 22200 APN 098-420-16, Owners Mr. Morgan and Mrs. Susan Mayfield – Seeks removal of vegetation and installation of gravel. Joe Bryson reported that the work has started and it is showing some progress. The District engineer will continue working with Mrs. Mayfield although the engineers report states that she has been stalling for 8 months. The District agreed to give the Mayfields one last chance to get the work done before a letter goes out from the District's counsel regarding non-compliance. This will go on the agenda for the next meeting.

2. 6669 & 6713 Embarcadero Dr, APN 098-400-16 & 098-130-22 Owner Embarcadero West Condominiums – Review status of application for existing stairs with railing and other encroachment features located on the landside slope of the District's Levee. Installation of stairwell railing. It was reported that the property management company has retained an engineer and the engineer has made contact with the District's engineer. It is a long standing stairway up/down the levee slope and the District is dealing with an entity instead of one owner, which makes this issue a little more time consuming.

3. 6201 Embarcadero Drive, Index No. 17, Lot 1159, APN 098-370-01 Owners Antonio & Lillian Arrendondo – Requests permit to construct an 11' x 9' rolling storage shed at the toe of the levee in the rear of their home. The engineers are not recommending approval of the proposed shed due to the extent of an encroachment in an area that needs to be free and clear of encroachments at the toe of the levee. After discussion, Mr. Arrendondo understood this was not going to be approved and asked how long he had to remove it. He was given several weeks.
  
- (b) Award Security Fence Contract to Sandoval Fence for Fence along Caltrans Right of Way at Fourteen Mile Slough and Highway 5. Item I. B. on the Engineer's Report states the item is a review of the Caltrans Permit for Metal Barrier Fence at 14 Mile Slough and Interstate 5 including awarding a security fence contract to Sandoval Fence for Fence along Caltrans Right of Way at Fourteen Mile Slough and Highway 5. This a new type of fencing that the District is hoping will help prevent trespassers from entering and staying in this area of the District. After review of the plans and permit,

It was moved, seconded (D. MacDonnell/B. Tholborn) and unanimously carried by the Board of Trustees of Reclamation District 1608 that the Board authorize a \$25,000 Security Fence Contract to Sandoval Fence for Fence along Caltrans Right of Way at Fourteen Mile Slough and Highway 5.
  
- (c) Discussion and Direction regarding Sediment Removal Project. The engineers provided in Exhibit M a summary of work activities associated with the sediment removal project dated November 4, 2018. Engineer Bejarano reported that the engineers are still going back and forth with Mr. Huber at Grupe. Mr. Huber has been held up with some family obligations. They are about midway through and Mr. Bejarano also said he made some connections with the tenant directly (by Grupe permission) and they had a meeting Tuesday, November 6<sup>th</sup> and said they are in agreement with the location – discussing pipe alignments vs. farming operations. Once the alignment has been agreed upon, they will approach Mr. Huber with their findings and formally request access for biological review.
  
- (d) Emergency Plan Review. This will be done at the December meeting.
  
- (e) Approval of Agreement with San Joaquin County regarding Flood Fight Material Container. It was reported that San Joaquin County doesn't want to pre-fund money for Flood Fighting Stockpile. The issue is still pending with the County.

On the engineer's report were two further items discussed below.

Page 3 of 4 – US Army Corps of Engineers (USACE) Lower San Joaquin River Feasibility Study (LSJRFS). At this point, Attorney Schroeder asked Mr. Bejarano if he would like Mr. Schroeder present this item and the response was “yes.”

Mr. Schroeder reported that he met with Chris Neudeck and the US Army Corps of Engineers regarding the Lower San Joaquin River Feasibility Study. He reported that about 8 years ago – it was the concept known as the Western Wall and would have a more regionalized solution. From Brookside across Wright Elmwood Tract and Fourteen Miles Slough and then they would put in some kind of structure that would hold water in during high tides in case of a surge and then go off to RD2115 and on to the Spanos Development. At that time, it was noted that it would be extremely expensive and whether it would be built and designed. Now, SJAFCA and the State have received money to help motivate from a wish list to a conceptual design phase. There are 9.6 million dollars involved that Corps of Engineers would provide a 65% cost share. The remaining monies, 35%, would be a local share of State, County, City and Reclamation Districts (RD). It is thought the state would provide 75%, then remaining costs would be the responsibility of the regional areas - SJAFCA, RD's, City of Stockton and the County. This was presented to introduce this as a concept.

Going south, there would be additional expenses to French Camp. During the meeting, it was discussed, where would the additional monies come from? As well as a whole host of other issues. Some say this is the solution. Is there political will of the people? Another issue is timing. RD1608's assessment expires in 2025. If the District would go to ask for some sort of an assessment going forward, what would the outcome be? One thing is pretty clear. SJAFCA is interested in going forward with the \$9.6 work and it doesn't commit anyone at this time. The voters would need to step in and provide part of the money.

It was stated that this is the direction we need to go if we want to use the money from the Corps of Engineers. There is nothing in front of us right now. Trustee Panzer stated - what is next logical step? One thing we are going to consider is going forward with the Study. SJAFCA is going to have a meeting tomorrow. Right now the money is for an initial design and at least they get a product for that but it doesn't commit any entities at this point.

At this time, Mr. Elias gave his position. If we don't show seriousness in going in with the Corps of Engineers, and don't get on board at this time, it will be very hard to get back on board. Mr. Schroeder said he will be attending the SJAFCA meeting on the 8<sup>th</sup>.

Engineer's Report second item on page 4 of 4:

FEMA Mapping Status;

- A. Review Progress of Eloma Application. It turns out that upon accessing the Eloma electronic application, a review of the online data requirements revealed that the electronic system will not accept (-) negative Base Flood Elevations (Lake Lincoln & North Lake BFE=-3.0)/. The system advised that a LOMA application or paper application be submitted in lieu of the Eloma. The only difference being the length of time to receive a determination (60 days LOMA vs. 2 weeks Eloma). FEMA advised that the District submit separate applications for each subdivision map rather than one application serving all properties surrounding the lakes. They reported that an



application template has been created for each subdivision. Mr. Bejarano said they are working their way through this and hope to have this submitted late this week.

5. **Levee Superintendent Report.** Request for directions and approvals. Mr. Bryson reported he had to get to 49 houses on the southwest levee to hand out letters and it ended up taking him 2.5 hours. The main question was: When is dredging going to happen? Mr. Bryson went over his levee superintendent's report and discussed items further as necessary.
6. **Subventions Agreement.** Adopt Resolution 2018-10 Approving and Authorizing Execution of Delta Levee Maintenance Subventions Program Work Agreement Fiscal Year 2018-2019. Dan Schroder presented this item. It is something the District must do every year to continue being a part of the subventions program. There is one significant change that will take effect next year and that is that cost of the District's share will increase from \$1,000 a mile to \$2,500 a mile. Technically, the District will be receiving a little less money. After discussion,

It was moved, seconded (B. Tholborn D. MacDonnell) and unanimously carried by the Board of Trustees of Reclamation District 1608 that the Board Adopt Resolution 2018-10 Approving and Authorizing Execution of Delta Levee Maintenance Subventions Program Work Agreement Fiscal Year 2018-2019.

7. **Five-Year Funding Agreement.** Adopt Resolution 2018-11 Approving and Authorizing Execution of Project Funding Agreement for Preparation of Five-Year Plan for Lincoln Village West, LV-18-1.0-SP. Jacob Bejarano presented this item and referred Trustees and staff to Exhibit D in the engineer's report. The project funding sets out that the District gets 100% cost share for reported costs up to \$50,000 and 75% cost share for reported costs from \$50,000 to \$100,000. Exhibit E also identifies the requirements for 5 year plans. After discussion,

It was moved, seconded (B. Tholborn D. MacDonnell) and unanimously carried by the Board of Trustees of Reclamation District 1608 that the Board Adopt Resolution 2018-11 Approving and Authorizing Execution of Project Funding Agreement for Preparation of Five-Year Plan for Lincoln Village West, LV-18-1.0-SP.

8. **Newsletter.** Discussion and direction. Judith Buethe was present to go over the draft newsletter. Several corrections were made and afterwards, it was agreed the newsletter is ready to be finalized. Ms. Buethe said the corrections could be made today and the final submitted to attorney Schroeder for approval. The newsletter is expected to go out within the next few days. Therefore,

It was moved, seconded (B. Tholborn D. MacDonnell) and unanimously carried by the Board of Trustees of Reclamation District 1608 that the Board approve the newsletter as corrected

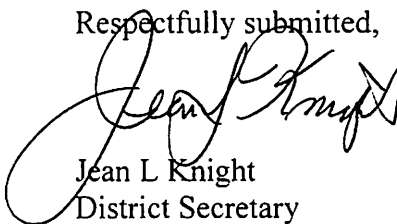
and upon final approval of the District Counsel, the newsletter will be produced and mailed out.

9. **Report by Trustees on meetings attended and upcoming meetings.** Request for direction. Dan MacDonnell attended the PreSeason Flood Meeting on October 24, 2018. He reported it was a good meeting and he personally did not realize there were so many entities involved. Mr. Schroeder also mentioned that the conservation corps plays a large role too. They have their facility by French Camp. They are told what to do and they do it.
10. **Report and possible action on Progress of Tasks Assigned at Previous Board Meetings.**  
No report.
11. **Discussion and direction on Short-Term and Long-Range Goals.** No report.
12. **District Calendar.** Discussion and direction. No report.
13. **Correspondence.** No correspondence.
14. **Approval of Bills.** The Bills to be Paid List for November, 2018 was presented and reviewed and,

Upon motion duly made, seconded (B. Tholborn/D. MacDonnell) and unanimously carried by the Trustees of Reclamation District 1608, the Bills to be Paid List for November, 2018 as presented, was approved.

15. **Staff Reports.**
  - (a) Attorney. The Agenda for this meeting was posted on the window outside the meeting room at 509 West Weber Avenue, Stockton, California, at least seventy-two (72) hours preceding the meeting.
16. **Adjournment.** The meeting adjourned.

Respectfully submitted,



Jean L Knight  
District Secretary

# ITEM 3



CROCE, SANGUINETTI, & VANDER VEEN<sup>INC.</sup>

CERTIFIED PUBLIC ACCOUNTANTS

October 22, 2018

Ms. Jean Knight  
**Reclamation District No. 1608**  
Post Office Box 4857  
Stockton, California 95204

Dear Ms. Knight:

We enclose a working draft copy of the financial statements and independent auditors' report, our report *Communication with Those Charged with Governance* for **Reclamation District No. 1608** for the year ended June 30, 2018 and a standard representation letter.

After reviewing these statements and reports, please call our office regarding any revisions. In addition, please review and return the signed representation letter to our office in the enclosed reply envelope.

If you should have any questions, please do not hesitate to contact our office.

Yours very truly,

CROCE, SANGUINETTI, & VANDER VEEN, INC.  
Certified Public Accountants

A handwritten signature in black ink that reads "Pauline Sanguinetti".

Pauline Sanguinetti  
Certified Public Accountant

cml  
Enclosure

**RECLAMATION DISTRICT NO. 1608**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

**JUNE 30, 2018**

Working Draft



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**CROCE, SANGUINETTI, & VANDER VEEN**

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CERTIFIED PUBLIC ACCOUNTANTS

## CONTENTS

<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet - Governmental Funds	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	8
Notes to Financial Statements	9
<b>Required Supplemental Information</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Funds	20
Notes to Required Supplemental Information	21

## **Independent Auditors' Report**

To the Board of Trustees  
**Reclamation District No. 1608**  
Stockton, 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. 1608** (the District) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **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. 1608** as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the statement of revenues, expenditures and changes in fund balance - budget and actual - governmental funds on pages 20 through 21 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 supplemental 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.

**CROCE, SANGUINETTI, & VANDER VEEN, INC.**  
Certified Public Accountants  
Stockton, California  
October 15, 2018



**RECLAMATION DISTRICT NO. 1608**

**Statement of Net Position**

June 30, 2018

	<u>Governmental activities</u>
<b>Assets</b>	
Cash and investments	\$ 1,774,397
State assistance receivable - subventions	322,020
Prepaid insurance	6,358
Capital assets, net of accumulated depreciation of \$88,321	<u>19,499</u>
Total assets	<u>2,122,274</u>
<b>Deferred outflows of resources</b>	<u>-</u>
<b>Liabilities</b>	
Accounts payable	34,847
Payroll liabilities	<u>6,182</u>
Total liabilities	<u>41,029</u>
<b>Deferred inflows of resources</b>	<u>-</u>
<b>Net position</b>	
Net investment in capital assets	19,499
Unrestricted	<u>2,061,746</u>
Total net position	<u>\$ 2,081,245</u>

The accompanying notes are an integral part of this financial statement.

**RECLAMATION DISTRICT NO. 1608**

**Statement of Activities**

For the year ended June 30, 2018

	<u>Expenses</u>	<u>Program revenues Operating grants and contributions</u>	<u>Net (expenses) revenues and changes in net position</u>
<b>Governmental activities</b>			
Operations	\$ 736,285	\$ 143,396	\$ <u>(592,889)</u>
Net program (expenses) revenues			<u>(592,889)</u>
General revenues			
Assessments			300,148
Property taxes			213,086
Interest			<u>22,695</u>
Total general revenues			<u>535,929</u>
<b>Change in net position</b>			(56,960)
<b>Net position, beginning of year</b>			<u>2,138,205</u>
<b>Net position, end of year</b>			<u>\$ 2,081,245</u>

The accompanying notes are an integral part of this financial statement.

**RECLAMATION DISTRICT NO. 1608**

**Balance Sheet - Governmental Funds**

June 30, 2018

	<u>General Fund</u>
<b>Assets</b>	
<b>Assets</b>	
Cash and investments	\$ 1,774,397
Prepaid insurance	<u>6,358</u>
Total assets	<u>\$ 1,780,755</u>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 34,847
Payroll liabilities	<u>6,182</u>
Total liabilities	<u>41,029</u>
<b>Fund balance</b>	
Nonspendable:	
Prepaid insurance	6,358
Assigned to emergency repair projects	900,000
Assigned to capital improvement	500,000
Unassigned	<u>333,368</u>
Total fund balance	<u>1,739,726</u>
Total liabilities and fund balance	<u>\$ 1,780,755</u>

The accompanying notes are an integral part of this financial statement.

**RECLAMATION DISTRICT NO. 1608**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position**

June 30, 2018

**Total fund balance - governmental funds** **\$ 1,739,726**

Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds because of the following:

State assistance receivable are not available to pay current period expenditures and, therefore, not reported in the governmental funds balance sheet. 322,020

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.

Capital assets	\$ 107,820	
Less accumulated depreciation	<u>(88,321)</u>	
	<u>\$ 19,499</u>	<u>19,499</u>

**Net position of governmental activities** **\$ 2,081,245**

The accompanying notes are an integral part of this financial statement.

RECLAMATION DISTRICT NO. 1608

Statement of Revenues, Expenditures and Changes  
in Fund Balance - Governmental Funds

For the year ended June 30, 2018

	<u>General fund</u>
<b>Revenues</b>	
Assessments	\$ 300,148
Property taxes	213,086
State assistance	143,009
Interest	<u>22,695</u>
Total revenues	<u>678,938</u>
<b>Expenditures</b>	
Levee repairs and maintenance	344,628
Engineering	154,760
Salaries and wages/auto allowance	84,836
Legal and accounting fees	45,818
Repairs and maintenance	19,624
Insurance	15,950
Weed control	12,260
Secretary fees	10,400
Public relations	8,956
Payroll taxes	8,019
County tax administration	4,340
Trustee fees	3,300
Office expense	3,288
County office expense	2,867
Fuel	2,347
Utilities	2,276
Miscellaneous expense	2,145
Telephone	1,710
Storage	<u>800</u>
Total expenditures	<u>728,324</u>
<b>Net change in fund balance</b>	(49,386)
<b>Fund balance, beginning of year</b>	<u>1,789,112</u>
<b>Fund balance, end of year</b>	<u>\$ 1,739,726</u>

The accompanying notes are an integral part of this financial statement.

**RECLAMATION DISTRICT NO. 1608**

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Governmental Funds to the Statement of Activities**

For the year ended June 30, 2018

**Net change in fund balance - governmental funds** \$ (49,386)

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until such time as they are considered a current financial resource. 387

Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds. (7,961)

**Change in net position of governmental activities** \$ (56,960)

The accompanying notes are an integral part of this financial statement.

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of Reclamation District No. 1608 (the District) is presented to assist in understanding the District's financial statements.

#### Description of the reporting entity

The District was formed in 1914 under Section 50000 et. seq. of Division 15 of the California State Water Code to provide drainage, irrigation and complete reclamation of lands within District boundaries. It is governed by a three-member board of trustees, each elected by the landowners to a four-year term.

District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

#### Government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activity of the primary government.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, assessments, and other receipts not classified as program revenues are presented as general revenues.

#### Fund financial statements

The fund financial statements provide information about the District's funds. The District has one type of fund (governmental), which is comprised of one major fund as follows:

General fund - This fund is established to account for resources devoted to financing the general services that the District performs. Property taxes, assessments and other sources of revenue used to finance the fundamental operations of the District are included in this fund. This fund is charged with all costs of operating the District for which a separate fund has not been established.

(Continued)

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note A - Summary of Significant Accounting Policies (Continued)

#### Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period and apply to the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent that they have matured.

Assessments and state assistance are considered to be susceptible to accrual and, therefore, have been recognized as revenues provided they were collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

#### Budgetary accounting

The District does not adopt an appropriated budget and is not required to adopt such a budget by law. However, the District does adopt a non-appropriated budget annually, which is approved by the Board of Trustees.

#### Cash and investments

For the purpose of financial reporting "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

#### Capital assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The District's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years. The District has elected not to retroactively capitalize infrastructure capital assets acquired prior to July 1, 2003, as allowed by GASB Statement No. 34.

(Continued)



# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note A - Summary of Significant Accounting Policies (Continued)

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets.

Buildings and structures	20 years
Improvements	20 years
Equipment	7-10 years
Vehicles	5 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

#### Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

#### Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.

(Continued)

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note A - Summary of Significant Accounting Policies (Continued)

- c. Unrestricted - Amounts not required to be reported in the other components of net position.

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

#### Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

**Nonspendable** - Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

**Restricted** - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

**Committed** - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision making authority.

**Assigned** - Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Trustees, District manager or their designee.

**Unassigned** - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

(Continued)

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note A - Summary of Significant Accounting Policies (Continued)

#### Assessments

Assessments are levied at the discretion of the Board of Trustees. The assessments are approved by a vote of the land owners pursuant to the requirements of the California Constitution Article XIII.C and XIII.D.

#### Property taxes

Property taxes were levied January 1, 2017, and were payable in two installments on December 10, 2017 and April 10, 2018. The County of San Joaquin bills and collects property taxes on behalf of the District.

#### Demand warrants

The District is authorized under the California State Water Code to issue demand warrants.

#### Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

(Continued)

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note A - Summary of Significant Accounting Policies (Continued)

#### Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

The state assistance receivable in the amount of \$322,020 as reported on the statement of net position as of June 30, 2018 represents management's estimates of reimbursable state assistance for subvention eligible expenses relative to the fiscal years ended June 30, 2017 and 2018. Although considerable variability is inherent in this estimate, management believes that the accruals for state assistance receivable are adequate.

#### New accounting pronouncements

In March 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB statements, including issues related to blending component units, goodwill, fair value measurement and application, pensions, and other postemployment benefits. The District implemented the provisions of this Statement for the year ended June 30, 2018. There was no effect on net position as a result of implementation of this Statement.

### Note B - Cash and Investments

Cash and investments of the District as of June 30, 2018, consist of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>	<u>Fair value</u>
<u>Deposits in commercial accounts</u>			
Public checking	<u>\$ 35,410</u>	<u>\$ 35,410</u>	
	<u>35,410</u>	<u>\$ 35,410</u>	
<u>Investment in external investment pool</u>			
San Joaquin County Treasurer	<u>1,738,987</u>		<u>\$ 1,738,987</u>
Total cash and investments	<u>\$ 1,774,397</u>		

(Continued)

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note B - Cash and Investments (Continued)

#### Deposit and Investment Policy

California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. The table below identifies the investment types that are authorized for the District by the California Government Code, Section 53600 (or District's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk.

As specified in Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds, the primary objectives, in priority order, of the District's investment activities and of the District's investment policy shall be (1) safety, (2) liquidity, and (3) yield. It is the policy of the District to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

The District is provided a broad spectrum of eligible investments under California Government Code Sections 53600-53609 (authorized investments), 53630-53686 (deposits and collateral), and 16429.1 (Local Agency Investment Fund). The District may choose to restrict its permitted investments to a smaller list of securities that more closely fits the District's cash flow needs and requirements for liquidity.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Notes, and Bonds	5 years	None	None
U.S. Government Agency Obligations	5 years	None	None
Repurchase Agreements	1 year	None	None
State Registered Warrants, Notes or Bonds	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	30%	10%
Negotiable Certificates of Deposit	1 year	30%	None
Medium Term Corporate Notes	3 years	30%	None
Mutual Funds	N/A	20%	10%
Bank Deposits	N/A	10%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Local government investment pools	N/A	None	None

(Continued)

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note B - Cash and Investments (Continued)

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statuses pertaining to public deposits and investments. The District does not maintain a formal investment policy.

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment type</u>	<u>Total</u>	<u>Remaining maturity (in months)</u>					
		<u>12 months or less</u>	<u>13 - 24 months</u>	<u>25 - 36 months</u>	<u>37-48 months</u>	<u>49-60 months</u>	<u>More than 60 months</u>
San Joaquin County							
Treasurer	\$1,738,987	\$ 1,738,987	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$1,738,987</u>	<u>\$ 1,738,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
San Joaquin County							
Treasurer	\$1,738,987	N/A	\$ -	\$ -	\$ -	\$ -	\$ 1,738,987
Total	<u>\$1,738,987</u>	<u>N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,738,987</u>

(Continued)

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note B - Cash and Investments (Continued)

#### Concentration of Credit Risk

The District had no investment policy limiting the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District's investments are concentrated in external investment pools which are not subject to investment limits.

#### Custodial Credit Risk

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

As of June 30, 2018, the District's bank balance was \$35,410 and \$35,410 of that amount was insured by the Federal Deposit Insurance Corporation and collateralized as required by state law.

#### Investment in External Investment Pool

The District's investment in the San Joaquin County investment pool is managed by the San Joaquin County Treasurer and is stated at fair value or amortized cost, which approximates fair value. Cash held by the San Joaquin County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.sjgov.org/treasurer/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained by the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. In accordance with applicable State laws, the San Joaquin County Treasurer may invest in derivative securities. However, at June 30, 2018, the San Joaquin County Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

(Continued)

# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note B - Cash and Investments (Continued)

#### Fair value hierarchy

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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District's investment in the County of San Joaquin Treasury Pool is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of San Joaquin, which is calculated as the fair value divided by the amortized cost of the investment pool.

### Note C - Capital Assets

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

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2018</u>
Depreciable capital assets				
Buildings and structures	\$ 22,897	\$ -	\$ -	\$ 22,897
Improvements	46,634	-	-	46,634
Equipment	10,970	-	-	10,970
Vehicles	<u>27,319</u>	<u>-</u>	<u>-</u>	<u>27,319</u>
Total depreciable capital assets	107,820	-	-	107,820
Less accumulated depreciation	<u>(80,360)</u>	<u>(7,961)</u>	<u>-</u>	<u>(88,321)</u>
Total depreciable capital assets, net	<u>27,460</u>	<u>(7,961)</u>	<u>-</u>	<u>19,499</u>
Total capital assets, net	<u>\$ 27,460</u>	<u>\$ (7,961)</u>	<u>\$ -</u>	<u>\$ 19,499</u>

### Note D - State Assistance

The District is participating in the California Delta Levee Maintenance Subventions Program. This program provides funding on a cost-share basis to local levee maintaining agencies for rehabilitation and maintenance of levees in the Delta.



# RECLAMATION DISTRICT NO. 1608

## Notes to Financial Statements

June 30, 2018

### Note E - Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; risk of loss to employees; and natural disasters. In order to insure for risks of loss, the District participates in a joint venture under a joint powers agreement with the California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA). The relationship between the District and the JPRIMA is such that the JPRIMA is not a component unit of the District for financial reporting purposes. The JPRIMA arranges for and provides property, liability, crime, auto, and worker's compensation coverage for its member districts. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPRIMA. The District's share of surpluses and deficits cannot be determined, although District management does not expect such amounts, if any, to be material in relation to the financial statements. As of June 30, 2018, the District's insurance coverage includes general liability insurance with liability limits of \$1,000,000 per occurrence and \$10,000,000 in the aggregate and commercial excess coverage with liability limits of \$3,000,000 per occurrence and \$3,000,000 in the aggregate.

### Note F - Governing Board

As of June 30, 2018, the three members of the District's Board of Trustees were as follows:

<u>Trustee</u>	<u>Term expires</u>
Dan MacDonnell	December 2021
Michael Panzer	December 2019
Brett Tholborn	December 2019

REQUIRED SUPPLEMENTAL INFORMATION

Working Draft

**RECLAMATION DISTRICT NO. 1608**

**Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Governmental Funds**

Year ended June 30, 2018

	General fund		
	Budgeted amounts <u>original/final</u>	Actual amounts	Variance with final budget positive/ (negative)
<b>Revenues</b>			
Assessments	\$ 298,000	\$ 300,148	\$ 2,148
Property taxes	204,020	213,086	9,066
State assistance	348,298	143,009	(205,289)
Interest	9,500	22,695	13,195
Reimbursement	<u>22,000</u>	-	<u>(22,000)</u>
Total revenues	<u>881,818</u>	<u>678,938</u>	<u>(202,880)</u>
<b>Expenditures</b>			
Levee repairs and maintenance	265,000	344,628	(79,628)
Engineering	607,100	154,760	452,340
Salaries and wages/auto allowance	99,500	84,836	14,664
Legal and accounting fees	59,000	45,818	13,182
Repairs and maintenance	27,500	19,624	7,876
Insurance	21,400	15,950	5,450
Weed control	14,000	12,260	1,740
Secretary fees	10,000	10,400	(400)
Public relations	41,500	8,956	32,544
Payroll taxes	6,300	8,019	(1,719)
County tax administration	4,250	4,340	(90)
Trustee fees	6,000	3,300	2,700
Office expense	2,000	3,288	(1,288)
County office expense	3,000	2,867	133
Fuel	-	2,347	(2,347)
Utilities	3,000	2,276	724
Miscellaneous	-	2,145	(2,145)
Telephone	1,800	1,710	90
Storage	<u>-</u>	<u>800</u>	<u>(800)</u>
Total expenditures	<u>1,171,350</u>	<u>728,324</u>	<u>443,026</u>
<b>Net change in fund balance</b>	(289,532)	(49,386)	240,146
<b>Fund balance, beginning of year</b>	<u>1,789,112</u>	<u>1,789,112</u>	-
<b>Fund balance, end of year</b>	<u>\$ 1,499,580</u>	<u>\$ 1,739,726</u>	<u>\$ 240,146</u>

The accompanying notes are an integral part of this financial statement.

## **RECLAMATION DISTRICT NO. 1608**

### **Notes to Required Supplemental Information**

June 30, 2018

The District prepares a budget annually which is approved by the Board of Trustees setting forth the contemplated fiscal requirements. The District's budget is maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the annual budget as originally adopted and the final adopted amounts. There were no amendments to the budget during the year ended June 30, 2018. The budget amounts are based on estimates of the District's expenditures and the proposed means of financing them. Actual expenditures for certain line items may vary significantly from the budget due to timing of such expenditures.

Working Draft

**RECLAMATION DISTRICT NO. 1608  
POST OFFICE BOX 4857  
STOCKTON, CALIFORNIA 95204**

October 22, 2018

Croce, Sanguinetti, & Vander Veen, Inc.  
3520 Brookside Road, Suite 141  
Stockton, California 95219

This representation letter is provided in connection with your audit of the financial statements of **Reclamation District No. 1608** (the District), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2018, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 15, 2018, the following representations made to you during your audit.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 16, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those valued at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

10. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

### **Government - Specific**

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
20. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
22. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
27. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
28. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
31. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
32. Components of net position (net investment in capital assets, restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
33. Provisions for uncollectible receivables have been properly identified and recorded.
34. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
35. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
36. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
37. Special and extraordinary items are appropriately classified and reported, if applicable.
38. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.



40. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is property recognized under the policy.
41. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
42. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of RSI.
43. The District has recorded an estimate of state assistance receivable from the Department of Water Resources in the amount of \$322,020 as reported on the statement of net position. Management believes that the estimate is adequate.
44. In regards to preparing the standard, adjusting, or correcting journal entries, assisting in preparing the financial statements and the preparation of the Special Districts Financial Transactions Report and Local Government Compensation Report, by you, we have -
  1. Assumed all management responsibilities.
  2. Designated an individual (within senior management), with suitable skill, knowledge, or experience to oversee the services.
  3. Evaluated the adequacy and results of the services performed.
  4. Accepted responsibility for the result of the services.

Signed  \_\_\_\_\_

Title \_\_\_\_\_

# ITEM 5

**RECLAMATION DISTRICT NO. 1608  
RESOLUTION NO. 2018-12**

**RESOLUTION CHANGING LOCATION OF REGULAR MEETING**

WHEREAS, Reclamation District No. 1608 (the "District") is a political subdivision of the State of California formed and organized under the California Water Code sections 50000 et seq.; and

WHEREAS, California Government Code section 54954(a) requires that the District provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings; and

WHEREAS, the District's Resolution 98-05 revised the District's bylaws to establish that the District's regular meetings would be held at the offices of Neumiller & Beardslee located at 509 West Weber Avenue, Fifth Floor, Stockton, California, at the hour of 8:00 a.m. on the first Friday of each month except when the first Friday of each shall fall on a holiday, the regular meeting shall be held at 8:00 a.m. on the next succeeding business day which is not a holiday; and

WHEREAS, the facilities available at 509 West Weber Avenue, Fifth Floor, Stockton, California, are no longer available for the District's use; and

WHEREAS, the District's Board of Trustees desires to use facilities located at 3121 West March Lane, Suite 100, as the location for the District's regular meetings; and

WHEREAS, the new meeting location will become effective upon adoption of this Resolution; and

WHEREAS, the date and time for the District regular meetings will remain unchanged.

NOW THEREFORE BE IT RESOLVED, by the Board of Trustees of Reclamation District No. 1608 do hereby change its regular meeting location, effective January 15, 2019, to the facility located at 3121 West March Lane, Suite 100.

BE IT FURTHER RESOLVED, the Board may also hold meetings at the current 509 W. Weber Ave address through February, 2019 in the event the new meeting location is not available.

BE IT FURTHER RESOLVED, that all previous resolutions or bylaw provisions covering the date, time, and location of regular meetings are hereby repealed effective January 1, 2019.

BE IT FURTHER RESOLVED, that all previous resolutions or bylaw provisions covering the date, time, and location of regular meetings are hereby repealed.

PASSED AND ADOPTED by the Board of Trustees of Reclamation District No. 1608 at a regular meeting thereof held on December 5, 2018 by the following vote, to wit:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTENTION: \_\_\_\_\_

RECLAMATION DISTRICT NO. 1608,  
a political subdivision of the  
State of California

By: \_\_\_\_\_  
MICHAEL PANZER, President

ATTEST:

\_\_\_\_\_  
JEAN L. KNIGHT, Secretary

CERTIFICATION

I, Jean L. Knight, Secretary of the Reclamation District No. 1608, do hereby certify that the foregoing is a full, true and correct copy of a resolution of the Reclamation District No. 1608 duly passed and adopted at a special meeting of the Board of Trustees thereof held on the 5<sup>th</sup> day of December, 2018.

Dated: \_\_\_\_\_, 2018

\_\_\_\_\_  
SECRETARY, AUTHORITY

# ITEM 9

**SHORT TERM GOALS**  
**December 5, 2018**

1. Sediment Removal Project.
2. Participate in County TAC and stakeholder groups. Status: Ongoing.
3. Work on slumping areas. In progress.
4. Monitor SJAFCA meetings re Calaveras and Fourteen Mile Slough uncertified levees.
5. Vegetation encroachments
6. Annual Levee Inspection.
7. Raising Elevation of South West Levee.

**LONG TERM GOALS**

8. CVFP Plan

# ITEM 10

## RD 1608: MASTER CALENDAR

### JANUARY

- Annual Review of Trustee Compensation
- Update Levee Property DVD

### FEBRUARY

- Send out Form 700s, remind Trustees of April 1 filing date

### MARCH

- Yearly Employee Evaluations
- Submit Verification Request Form (VRF) for the Annual Levee Maintenance Project to the California Department of Fish & Game.
- Submit payment to the California Department of Fish & Game for prior year Levee Maintenance Project(s).
- Spring Newsletter

### APRIL

- April 1: Form 700s due
- Letter to Property owners on levee regarding levee standards and permit requirements

### MAY

- Draft Budget
- Annual Department of Fish & Wildlife Maintenance Agreement Renewal.
- Tour of Levee System

### JUNE

- June 15: Provide notice/make available to the public, documentation/materials regarding determination of Appropriations (15 days prior to meeting at which Appropriations will be adopted) (*Government Code* §7910).
- Approve Audit Contract for expiring fiscal year
- Adopt the Final Budget

### JULY

- Adopt Resolution for setting Appropriations and submit to County Assessor's Office.

### AUGUST

- August 1: Deadline to certify assessments for tax-roll and deliver to County (duration of current assessment: FY 2025).
- Send handbills for collection of assessments for public entity-owned properties



- In election years, opening of period for secretary to receive petitions for nomination of Trustees (75 days from date of election.) (*Cal. Wat. Code §50731.5*)
- Submit End of the Year Financial Report.

**SEPTEMBER**

- In election years, last legal deadline to post notice that petitions for nomination of Trustees may be received (7 days prior to close of closure.) (*Cal. Wat. Code §50731.5*).
- In election years, closing of acceptance of petitions for nomination of Trustees (54 days from date of election.) (*Cal. Wat. Code §50731.5*).

**OCTOBER**

- Publish Notice of Election, odd numbered years (once per week, 4 times, commencing at least 1 month prior to election.)
- Fall Newsletter.
- Update District Information Sheet.
- Review District Emergency Supplies
- Emergency Plan Review in 2018 (every three years thereafter)

**NOVEMBER**

- Election: to be held first Tuesday after first Monday of each odd-numbered year.

**DECEMBER**

- Review Emergency Plan.
- New Trustee(s) take office, outgoing Trustee(s) term(s) end on first Friday of each odd-numbered year.
- Provide updated version of electronic copies of properties within District

**Term of Current Board Members:**

<b>Name</b>	<b>Term Commenced</b>	<b>Term Ends</b>
Dan MacDonnell	2017	First Friday of Dec 2021
Brett Tholborn	2015	First Friday of Dec 2019
Michael Panzer	2015	First Friday of Dec 2019

**Assessment Expires 6/30/2025**

**Emergency Operation Plan Review – September 2019**

**Reclamation District Meetings**

- **First Wednesday of each month, at 8:00 A.M.  
at the offices of:  
Neumiller & Beardslee  
509 W. Weber Avenue, Suite 500  
Stockton, California 95242**

# ITEM 11



**BETTY T. YEE**  
California State Controller

November 1, 2018

District Legal Counsel  
Reclamation District No. 1608  
P.O. Box 20  
Stockton, CA 95201

**SUBJECT: Notification Letter-Assembly Bill 2249 (Chaptered 169, Statutes of 2018)**

To Whom It May Concern:

The California Uniform Construction Cost Accounting Commission (CUCCAC) in agreement with the State Controller's Office (SCO) recommended an increase to the bid limit threshold prescribed in Public Contract Code (PCC) 22032, which was signed into law. Pursuant to PCC 22020, and on behalf of the State Controller Betty T. Yee, the SCO would like to inform on the following changes effective as of **January 1, 2019**:

- a) The change would allow projects costing \$60,000 or less to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order;
- b) The change would allow projects costing up to \$200,000 to be contracted by informal bidding procedures; and projects costing over \$200,000 are subject to the formal bidding process.

The noted increases are pursuant to the provisions and benefits found in the Uniform Public Construction Cost Accounting Act (Act), which provides public agencies economic benefits and greater freedom to expedite public works projects. Agencies which elect to follow the cost accounting procedures set forth by the CUCCAC in its *Cost Accounting Policies and Procedures Manual*, will benefit from these increased limits by expediting delivery of public work projects and reduced bid processing costs. A new resolution adopting the change in legislation is not required if your agency is currently subject to the Act.

We encourage participating agencies to sign up on the SCO website for CUCCAC's email subscription service to receive important information concerning CUCCAC updates and legislative changes via e-mail. For more details or to sign up for the email subscription services, please contact the Local Government Programs Services Division at [LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov) or visit our website at [https://www.sco.ca.gov/ard\\_cuccac.html](https://www.sco.ca.gov/ard_cuccac.html).

Sincerely,

A handwritten signature in black ink that reads "Sandeep Singh".

Sandeep Singh  
Manager, Local Government Policy