

**NOTICE, CALL AND AGENDA
RECLAMATION DISTRICT NO. 2064
BOARD OF TRUSTEES**

**5:30 p.m. on January 25, 2023
J.B. WILSON'S GARAGE
5129 East Division Road
Manteca, California**

Call to Order:

Roll Call:

Agenda Items:

1. Public Comment: (Please observe a three-minute time limit.) Members of the public may address the Board regarding any item not on the agenda which is within the District's jurisdiction. No action will be taken by the Board at this meeting as a result of items so presented. Members of the public may address any item on the agenda at the time it is taken up by the Board;
2. Engineer's Report: To be presented at Meeting including report on condition of levees, emergency repairs, past repairs and future needs. Said written part of the Engineer's Report shall be incorporated as part of the Minutes;
3. Manager's Report: To be presented at Meeting including report on condition of levees, patrol roads, siphons and fencing on levee. Said written part, if any, of the Manager's Report shall be incorporated as part of the Minutes;
4. Trustee's Report: To be presented at Meeting including discussions with State officials (DWR etc.) and landowners regarding District matters including encroachments;
5. General Counsel's Report: To be presented at Meeting. Said written part, if any, of the Counsel's Report shall be incorporated as part of the Minutes;

ACTION ITEMS

6. Minutes: Discuss and approve the Minutes for June 22, 2022;
7. Consider and Action authorizing execution of required Resolution and execution of FMAP V 2022-2023 agreement, and related agreements including resolutions and CEQA documents, and granting discretion and authority to Trustee JB Wilson with assistance of District Engineer (MCR Engineers), District Secretary and District General Counsel to draft, negotiate and execute any agreements related to the implementation expenditure of funds for FMAP V 2022-2023;
8. Discuss routine and emergency levee repairs; receive information from Trustee J. B. Wilson and MCR Engineers regarding status; and then consider action approving action taken and future needs;

9. Consider granting permission to RJM Vineyards, LLC for ingress and egress to adjoining land separated by District's land and levee permitting repair and maintenance with their use;
10. Consider granting discretion to Trustee Wilson, in conjunction with District Attorney, settling landowner encroachments including authorization and direction in drafting appropriate encroachment agreements and similar agreements. Current landowner encroachments which may be discussed at this meeting include: Armstrong, Boswell-Stroup; Brandon; Brooks; Becker; Dobkins; Smith; Money; Flores; MRP Farms; Franke; Vierra; and Hern-White.
11. Consider authorizing and granting authority to General Counsel to negotiate the renewal of insurance for 2023-2024 General Liability Policy if new policy has similar terms and does not exceed current premium by 5% (March; Note: Brett Harte pays ½ and will be invoiced for reimbursement);
12. Approval of Audit prepared by David Farnsworth for FY ending 2021-2022;
13. Consider authorizing and selection of the 2022-2023 Auditor;
14. Consider authorizing General Counsel to attend future Paradise Cut Project meetings;
15. Ratify payment of bills;
16. Office relocation TBD;
17. Approve execution of Encroachment Agreement with McManis regarding stairwell (see attached); and
18. Consider and approve adopting Declaration of Emergency, granting discretionary authority to Trustee for ongoing and future procurement of materials necessary for flood fight and resources to during the emergency flood fight of 2023, and ratifying current and ongoing flood fight action.

INFORMATIONAL ITEMS

- a. Paradise Cut Expansion Project;
- b. 2023 Delta Drought Response Pilot Program;
- c. FM Bank letter raising Base Rates for warrants from 5.50% to 7.00%

CLOSED SESSION ITEMS

19. Closed Session Conference with Legal Counsel – Anticipated Litigation:
Significant exposure to and/or filing of litigation pursuant to subdivision (b) Govt. Code 54956.9. 1 Case.

20. Adjournment.

In order to save the District costs if you would like to receive the Agenda via email please email District Secretary at ddias@arcoonlaw.com. Thank you.

MINUTES OF MEETING OF THE BOARD OF TRUSTEES
FOR RECLAMATION DISTRICT NO. 2064

A meeting of the Board of Trustee (“Board”) of Reclamation District NO. 2064 (“District”) was called to order on June 22, 2022 at 5:30 p.m. at 5129 Division Road, Manteca, CA.

Roll call was taken. All Trustees were present as well as Assistant Secretary and General Counsel, Alan R. Coon, Secretary, Diane Dias, Engineers, Dan Eavanson and James Hanley of MCR Engineering, members of the public were also present.

The first item was public comment. There was none.

The next action item was approval of the Minutes for the February 2022 meeting. Upon review,

Motion was made and seconded (Mary/John) and unanimously carried that the Minutes of the February, 2022 meeting were approved.

Item 2 was consideration and approval of the 20223-2023 working budget. Attorney Alan Coon presented the budget. Discussions took place on certain line items and how the FMAP IV money is being spent. The FMAP IV expires on December 31, so all work needs to be completed by then. Some line items on the budget were left blank since this is a working budget. There were talks about the discharge pump and gates. After discussion, Attorney Alan Coon was to update the working budget. After discussion,

Motion was made, seconded (JB/John) and unanimously carried to approve the “working” budget.

The next item was consideration of and action approving payment of bills submitted.

Motion was made, seconded (Mary/John) and unanimously carried to approve the bills that were submitted and have been paid.

The next item on the agenda was consideration and approval for the 2022-2023 assessment. Question was asked on how the assessments were calculated. MCR answered it was based on the FEMA designation. After discussion,

Moton was made/seconded (John/JB) and unanimously carried to approve the assessment amount of \$177,350 and approve the execution of the Resolution and documents to affect said assessment.

The next item was action approving the contract to hire an auditor for preparation of the 2021-2022 audit. Secretary Dias presented the engagement letter from David Farnsworth and

suggested that we hire him again this year. It was noted that next year we may want to look for another company. After discussion,

Motion was made, seconded (Mary/John) and unanimously carried to appoint the execution of the engagement letter hiring David Farnsworth to prepare the 2021-2022 audit.

The next two items numbers 7 and 8 to consider ratifying action of Trustee, Secretary, General Counsel and District Engineer submitting FMAP V PSP and General Counsel opinion and granting discretion to staff in consultation and direction by appointed Trustee to adjust FMAP work dependent upon site conditions, labor availability and economical/material availability and authorizing execution of required Resolution and execution of FMAP V 2022-2023 agreement, and granting discretion and authority in furtherance of the preceding Resolution 2064-06 to Trustee Van Till, District's Engineers, District Secretary and General Counsel to procure, negotiate and execute any agreements relative to implementation expenditure of funds for FMAP V 2022-2023. After discussion,

Motion was made, seconded (John/Mary) to approve items 7 and 8 and to give Trustee Wilson and Van Till the authority to execute any necessary documents, to approve any work to be done.

The next item was to consider approving an increase in contract for the District Secretary from \$500 to \$600 per month effective July 1, 2022. After discussion,

Motion was made, seconded (Mary/John) and unanimously carried to approve an increase in contract for the District Secretary from \$500 to \$600 per month.

Item 10 should be disregarded since it was already approved at the January meeting.

Item 11 was consideration and approval of the Resolution to adopt San Joaquin County's proposed "Service Level Agreement" or, alternatively, grant discretion to General Counsel to seek alternatives such as negotiation with South Delta Water Agency to establish and maintain internet web site. Counsel, Alan Coon, said he found someone that would do the website, her name is Katie Wiley, it would be \$150 set up and \$35 a year. After discussion,

Motion was made, seconded (John/Mary) and unanimously carried to approve hiring Katie Wiley to set up the website.

James Hanley gave the engineer's report. Reported on the PL 84-89 repairs. James stated that the district receives a "M" rating on DWR's spring levee inspection. The only thing keeping the District from an A ratings is the few U ratings related to encroachments. FMAP 3 has been completed and closed out. FMAP IV is still active DeRuyter has been brought on as the prime contractor. Should receive funds in August or September 2022. James reported on the Smith property application, he has not heard anything in three months. Application has been returned, not sure if it has been submitted. He said he would follow up. James then reported on PF 84-99 eligibility loss. Due to the unsatisfactory rating received by all five-reclamation

district in 2019, RD 2064 fell out of PL 84-99 eligibility in 2020 (meaning federal funds are not available for emergency repairs) and must complete an LOI SWIF process to regain eligibility. The LOI was approved by USAC in late May. CFVPB is taking it to their Board on June 24, 2022. Once approved, it goes to IUSACE district and headquarters for final approval. We have received word that RD 2064 is effectively back in PL 84-99 status for the 2022 to 2023 flood season. For full report, see attached.

Trustees Report. Trustee Wilson reported that there was a meeting with the Gun Club and Sheriff and school, regarding shooting into the side of the levee. The gun club has been shut down and the levee has been cleaned up.

Manager gave his report. There has been a lot of work done with FMAP money, they are working on pump at Bernardos. Should be operational mid-July. Gave report on rodent control. Started bait stations for squirrels.

No counsel report.

With nothing further, the meeting was adjourned at 6:30 p.m.

Dated: _____

DIANE DIAS, District Secretary

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**RECLAMATION
DISTRICT
NO. 2064**

**FINANCIAL REPORT
June 30, 2022**

RECLAMATION DISTRICT NO. 2064
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For the Fiscal Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Reclamation District No. 2064
Stockton, California

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Reclamation District No. 2064, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Reclamation District No. 2064's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Reclamation District No. 2064, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Reclamation District No. 2064, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Reclamation District No. 2064's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reclamation District No. 2064's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Reclamation District No. 2064's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Management has omitted the management's discussion & 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 opinions on the basic financial statements are not affected by this missing information.

DRAFT

Dublin, California
January 11, 2023

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Financial Statements

RECLAMATION DISTRICT NO. 2064
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 468,439	\$ 95,201	\$ 563,640
Accounts receivable	-	7,202	7,202
Prepaid items	5,522	-	5,522
Capital assets, net of accumulated depreciation	56,717	663,818	720,535
Total assets	<u>530,678</u>	<u>766,221</u>	<u>1,296,899</u>
LIABILITIES			
Accounts payable	10,877	12,006	22,883
Accrued expenses	-	841	841
Noncurrent liabilities:			
Due within one year: notes payable	-	27,500	27,500
Due in more than one year: notes payable	-	249,500	249,500
Total liabilities	<u>10,877</u>	<u>289,847</u>	<u>300,724</u>
DEFERRED INFLOWS OF RESOURCES			
Related to grants	49,018	-	49,018
Total deferred inflows of resources	<u>49,018</u>	<u>-</u>	<u>49,018</u>
NET POSITION			
Net investment in capital assets	56,717	386,818	443,535
Unrestricted	414,066	89,556	503,622
Total net position	<u>\$470,783</u>	<u>\$476,374</u>	<u>\$947,157</u>

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

RECLAMATION DISTRICT NO. 2064
Statement of Activities
For the Year Ended June 30, 2022

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	Program revenues			Net (expense) Revenue and Changes in Net Position			
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities							
General government	526,508	\$ -	375,592	\$ -	\$ (150,916)	\$ -	\$ (150,916)
Total governmental activities	526,508	-	375,592	-	(150,916)	-	(150,916)
Business-type activities							
Irrigation	148,504	132,559	-	-	-	(15,945)	(15,945)
Total business-type activities	148,504	132,559	-	-	-	(15,945)	(15,945)
Total primary government	\$ 675,012	\$132,559	\$ 375,592	\$ -	(150,916)	(15,945)	(166,861)
			General revenues:				
			Special assessments		177,356	-	177,356
			Investment earnings		494	8	502
			Miscellaneous		4,182	-	4,182
			Total general revenues		182,032	8	182,040
			Change in net position		31,116	(15,937)	15,179
			Net position - beginning		439,667	492,311	931,978
			Net position - ending		\$ 470,783	\$ 476,374	\$ 947,157

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

RECLAMATION DISTRICT NO. 2064
Balance Sheet
Governmental Funds
June 30, 2022

	General
ASSETS	
Cash and cash equivalents	\$468,439
Accounts receivable	-
Prepaid items	5,522
Total assets	\$473,961
 LIABILITIES	
Accounts payable	
Total liabilities	\$ 10,877
 DEFERRED INFLOWS OF RESOURCES	
Related to grants	49,018
Total deferred inflows of resources	49,018
 FUND BALANCES	
Nonspendable:	
Prepaid items	5,522
Unassigned	408,544
Total fund balance	414,066
Total liabilities and fund balances	\$473,961

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

Total fund balances-governmental funds	\$414,066
Capital assets of \$189,661, net of accumulated depreciation of \$132,944, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	56,717
Net position of governmental activities	\$470,783

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

RECLAMATION DISTRICT NO. 2064
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General
REVENUES	
Special assessments	\$177,356
Intergovernmental grants	375,592
Investment earnings	494
Miscellaneous	4,182
Total revenues	557,624
EXPENDITURES	
Current:	
General government	522,652
Total expenditures	522,652
Net change in fund balances	34,972
Fund balances - beginning	379,094
Fund balances - ending	\$414,066

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

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

Net change in fund balances - total governmental funds	\$ 34,972
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Change in net position of governmental activities	(3,856)
	\$ 31,116

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

RECLAMATION DISTRICT NO. 2064
Proprietary Fund
Statement of Net Position
June 30, 2022

	Irrigation
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 95,201
Accounts receivable	7,202
Total current assets	102,403
Noncurrent Assets:	
Easement	1,325
Structures and improvements	61,899
Equipment	53,768
Infrastructure	790,824
Less accumulated depreciation	(243,998)
Total noncurrent assets	663,818
Total assets	766,221
LIABILITIES	
Current liabilities:	
Accounts payable	12,006
Accrued expenses	841
Total current liabilities	12,847
Noncurrent liabilities:	
Due within one year: notes payable	27,500
Due in more than one year: notes payable	249,500
Total noncurrent liabilities	277,000
Total liabilities	289,847
NET POSITION	
Net investment in capital assets	414,318
Unrestricted	62,056
Total net position	\$ 476,374

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

RECLAMATION DISTRICT NO. 2064
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2022

	Irrigation
Operating revenues:	
Charges for services:	
Irrigation sales	\$132,559
Total revenues	132,559
Operating expenses:	
Source of supply	66,179
Personnel services	33,607
Materials and supplies	12,927
Administration and general	6,617
Depreciation	29,174
Total operating expenses	148,504
Operating income	(15,945)
Nonoperating revenues:	
Investment earnings	8
Total nonoperating revenues	8
Change in net position	(15,937)
Net position - beginning	492,311
Net position - ending	\$476,374

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

RECLAMATION DISTRICT NO. 2064
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	Irrigation
Cash flows from operating activities	
Receipts from customers	\$ 133,140
Payments to suppliers for goods and services	(76,613)
Payments to employees for salaries	(32,766)
Net cash provided by operating activities	23,761
Cash flows from non-capital financing activities	
Net cash (used in) non-capital financing activities	-
Cash flows from capital and related financing activities	
Principal paid on capital debt	(27,500)
Net cash (used in) capital and related financial activities	(27,500)
Cash flows from investing activities	
Interest received	6
Net cash provided by investing activities	6
Net increase in cash and cash equivalents	(3,733)
Cash and cash equivalents at beginning of year	98,934
Cash and cash equivalents at end of year	\$ 95,201
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income	\$ (15,945)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation expense	29,174
(Increase) decrease in accounts receivable	581
Increase (decrease) in accounts payable	9,108
Increase (decrease) in customer deposits	841
Total adjustments	39,704
Net cash provided by (used for) operating activities	\$ 23,759

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

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

Note 1—Summary of Significant Accounting Policies

Reclamation District No. 2064 (The District) was formed 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 located in the River Junction area of southern San Joaquin County. Bret Harte Water Users Association is an agency of the reclamation district which was formed for the purpose of providing irrigation water to users within the reclamation district boundaries. The District is governed by a three-member Board of Trustee and Bret Harte Water Users Association is governed by a separate three-member Board of Directors. The Board of Trustees are elected to a four-year term and the Board of Directors are elected to a three-year term.

The financial statements of the District have been prepared in conformity with the accounting principles generally accepted in the United States of America (“GAAP”), as specified by the Governmental Accounting Standards Board (“GASB”). The more significant of the District’s accounting policies are described below.

Financial Statement Presentation

The District’s financial report is prepared in accordance with GAAP which prescribes that the following sections be presented:

- Management’s Discussion and Analysis - GAAP requires the financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities in the form of management’s discussion and analysis (“MD&A”). The District has not presented the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.
- Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government’s activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Primary Government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the Primary Government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of “using up” capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues as they are not levied for a particular program. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Required Supplementary Information (“RSI”) - Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GAAP reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

- **Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a Primary Government’s reporting entity for the basic financial statements is financial accountability wherein the entity is both fiscally dependent on the Primary Government and provides either a benefit or creates a burden on the Primary Government. The District does not have any component units.

A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with GAAP as applicable to governmental units. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year when all eligibility requirements imposed by the provider have been satisfied. Fiduciary funds financial statements are reported on the accrual basis of accounting and do not measure operations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government and culture and recreation) which are otherwise being supported by general government revenues, (property taxes, certain intergovernmental revenues, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (culture and recreation.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred,

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

as under accrual accounting; however, debt service expenditures as well as expenditures related to compensated absences and claims, and judgments are recorded only when payment is due.

Governmental Funds - Governmental Funds are those through which most governmental functions typically are financed. The District reports the General Fund as a major governmental fund.

General Fund - The General Fund is the primary operating fund of the District. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Proprietary Funds - The Proprietary Funds account for operations that are financed in a manner similar to that of private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District's major Enterprise Funds consist of the irrigation fund.

B. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

C. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "Advances from /Advances to" (i.e., the current portions and noncurrent portions of the inter-fund loans).

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The District does not calculate its allowance for uncollectible accounts, because management believes all of accounts receivable is collectible.

D. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements for the District. Capital assets are defined by the Districts as land, buildings, infrastructure, and equipment with an initial individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Primary Government are depreciated using the straight-line method over the following estimated useful lives.

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

Assets	Years
Equipment	5 - 30 years
Pipeline	30 years
Structures and improvements	30 years

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E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Fund Balance

In the governmental fund financial statements, fund balance may be composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The governmental fund types classify fund balances as follows:

- Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventory) or (b) legally or contractually required to be maintained intact (e.g., long-term amount of loans/note receivable)
- Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes by external parties, constitutional provisions, or imposed by creditors (e.g., bond covenants).
- Committed Fund Balance – This portion of fund balance can only be used for specific purposes determined by a formal action of the District’s highest level of decision-making authority. Any changes or removal of specific purpose requires majority action by the governing body.
- Assigned Fund Balance – The portion of fund balance that the District intends to use for specific purposes as expressed by the governing body itself, the budget document, or delegated official, the District Manager. Fund balances in the General Fund are assigned by resolution of the Board of Directors.
- Unassigned Fund Balance – The portion of the fund balance available for any purpose. Includes all spendable amounts not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in the unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District’s policy is to apply restricted fund balances first, then unrestricted fund balances as needed.

G. Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets less accumulated depreciation less any

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

outstanding debt and deferred inflows and outflows related to the acquisition, construction, or improvement of those assets.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

I. Irrigation Charges

Irrigation charges are determined annually by the Board of Directors and are due in advance of water delivery. The current charge is two separate installments of \$25 per acre.

J. Irrigation Pipe Charges

Pipe charges are determined annually by the Board of Directors to reimburse the District for pipeline installation expenses incurred.

K. Assessments

Assessments are levied at the discretion of the Board of Trustees approved through a resolution. The assessments are collected as a separate line item on the San Joaquin County Property Tax Bill for year ended June 30, 2021 and collected at the same time and in the same manner as the San Joaquin County Ad Valorem Property Taxes, and are subject to the same penalties and procedures and sale in case of delinquency as are provided by law for such county taxes. The approved amount of \$177,350 was collected and no receivables were reported as of June 30, 2021.

Note 2—Deposits and Investments

Policies

The District has authorized staff to invest cash with the San Joaquin County Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. State statutes govern the County's investment policies. The District has not approved a cash deposit and investment policy. In addition, the County has an investment committee, which prescribes written investment policies regarding the types of investments that may be made. The policies limit amounts that may be invested in any one financial institution or amounts, which may be invested in long-term instruments. Interest earned from such time deposits and investments is allocated quarterly to the District based on its average daily cash balances.

San Joaquin County Investment Pool – The District is a voluntary participant in the San Joaquin County Investment Pool (SJCIP) that is regulated by California Government Code Section 53600 under the oversight of the treasurer of the County of San Joaquin. Deposits and withdrawals in the San Joaquin County Investment Pool are made in the basis of \$1 and not fair value. The balance available for withdrawal is based on the accounting records maintained by San Joaquin County Investment Pool which is recorded on an amortized cost basis. The pool is not registered with the SEC and is unrated. At June 30, 2022, these investments in SJCIP have an average maturity of less than one year.

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

Classification

The District's cash and investments consists of the following at June 30, 2022:

Government-wide Statement of Net Position	
Governmental activities	\$ 468,439
Business-type activities	95,201
Total cash and investments	<u>\$ 563,640</u>

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As of June 30, 2022, the District reported the following investments:

Investment Type	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1 year</u>	<u>1 - 5 years</u>
San Joaquin County Investment Pool	\$ 174,873	\$ 174,873	\$ -
Total investments	<u>\$ 174,873</u>	<u>\$ 174,873</u>	<u>\$ -</u>

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. The District does not have an approved investment policy to guide management with credit risk.

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investments that are in the possession of an outside party to a transaction, the District will not be able to recover the value of its investments that are in the possession of an outside party. The investment policy does not provide guidance about custodial credit risk. The District does not have an approved investment policy to guide management with custodial credit risk.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District's investment policy does not provide guidance about concentration of credit risk. The District does not have an approved investment policy to guide management with concentration of credit risk.

Fair Value of Investments – The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy has three levels and is based on the valuation inputs used to measure an asset's fair value. Deposits and withdrawals in the SJCIP are made in the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments in those funds at June 30, 2022, is an uncategorized input not defined as Level 1, Level 2 or Level 3 input. The District does not have an approved investment policy to guide management with fair value of investments.

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

Note 3—Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2022</u>
Governmental Activities				
Capital assets subject to depreciation:				
Buildings, improvements, and infrastructure	\$ 91,832	\$ -	\$ -	\$ 91,832
Machinery and equipment	97,829			97,829
Total capital assets being depreciated	<u>189,661</u>	<u>-</u>	<u>-</u>	<u>189,661</u>
Less accumulated depreciation for:				
Buildings, improvements, and infrastructure	(31,259)	(3,856)	-	(35,115)
Machinery and equipment	<u>(97,829)</u>	<u>-</u>	<u>-</u>	<u>(97,829)</u>
Total accumulated depreciation	<u>(129,088)</u>	<u>(3,856)</u>	<u>-</u>	<u>(132,944)</u>
Total capital assets, being depreciated, net	<u>60,573</u>	<u>(3,856)</u>	<u>-</u>	<u>56,717</u>
Total capital assets, net	<u>\$ 60,573</u>	<u>\$ (3,856)</u>	<u>\$ -</u>	<u>\$ 56,717</u>

Depreciation expense was charged to functions/programs/funds as follows:

General government	\$ 3,856
Total governmental activities	<u>\$ 3,856</u>

Business-type Activities

Capital assets not subject to depreciation:

Easement	\$ 1,325	\$ -	\$ -	\$ 1,325
Total capital assets not being depreciated	<u>1,325</u>	<u>-</u>	<u>-</u>	<u>1,325</u>

Capital assets subject to depreciation:

Buildings, improvements, and infrastructure	852,723	-	-	852,723
Machinery and equipment	<u>53,768</u>	<u>-</u>	<u>-</u>	<u>53,768</u>
Total capital assets being depreciated	<u>906,491</u>	<u>-</u>	<u>-</u>	<u>906,491</u>

Less accumulated depreciation for:

Buildings, improvements, and infrastructure	(161,909)	(29,174)	-	(191,083)
Machinery and equipment	<u>(53,768)</u>	<u>-</u>	<u>-</u>	<u>(53,768)</u>
Total accumulated depreciation	<u>(215,677)</u>	<u>(29,174)</u>	<u>-</u>	<u>(244,851)</u>
Total capital assets being depreciated, net	<u>690,814</u>	<u>(29,174)</u>	<u>-</u>	<u>661,640</u>
Total capital assets, net	<u>\$ 692,139</u>	<u>\$ (29,174)</u>	<u>\$ -</u>	<u>\$ 662,965</u>

Depreciation expense was charged to functions/programs/funds as follows:

Irrigation	\$ 29,174
Total business-type activities	<u>\$ 29,174</u>

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

Note 4—Long-term Obligations

A summary of changes in long-term obligations is as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
Enterprise Obligations:					
Notes payable	\$ 304,500	\$ -	\$ (27,500)	\$ 277,000	\$ 27,700

The District's debt outstanding as of June 30, 2022 consists of a note payable. The note payable is a noninterest bearing note payable to Van Till Farms. The annual service payment is \$27,500 each year. The original note payable was to purchase a capital expenditure in the amount of \$396,900 on December 2017.

The debt service requirements for the District's notes are as follows:

<u>June 30</u>	<u>Principal</u>
2022	\$ 27,500
2023	27,500
2024	27,500
2025	27,500
2026	27,500
2027- 2031	139,500
Total	<u>\$ 277,000</u>

Unused line of credit

The District has a line of credit at F&M bank where it holds deposits. As of the end of the fiscal year, the unused line of credit was \$150,000.

Note 5—Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District uses the Glatfelter Insurance Group to account for and finance risks for general liability and property damage. Insurance policies are purchased for the following exposures with the deductible or the amount of risk retention indicated in parenthesis: public officials and employment practices liability (\$1,549 deductible), and boiler and machinery (\$250 - \$2,288).

RECLAMATION DISTRICT NO. 2064

Notes to Financial Statements

June 30, 2022

Note 6—Governing Board

Reclamation District No. 2064

<u>Trustee</u>	<u>Term Expires</u>
John Van Till	December 2023
Jennings B. Wilson	December 2022
Mary Dutra	December 2024

Bret Harte Water Users

<u>Director</u>	<u>Term Expires</u>
Troy DeRuyter	March 2024
Scott Hicken	March 2024
Larry Haworth	March 2026

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Note 7—Related Party Transactions

Van Till Farms provided a non-interest note payable for \$396,900 on December 2017. The owner of Van Till Farms is a Trustee of the District. The outstanding balance as of June 30, 2022 is \$277,000. The District made a debt service payment of \$27,500 to Van Till Farms on March 2021.

Note 8—Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds is as follows:

Fund	<u>Excess Expenditures</u>
Major Fund:	
General Fund	
General government	\$ 29,752
Total expenditures	<u>\$ 29,752</u>

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Required Supplementary Information

RECLAMATION DISTRICT NO. 2064
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special assessments	\$ -	\$ -	\$ 177,356	\$ 177,356
Intergovernmental grants	133,000	133,000	375,592	242,592
Investment earnings	-	-	494	494
Miscellaneous	-	-	4,182	4,182
Total revenues	<u>133,000</u>	<u>133,000</u>	<u>557,624</u>	<u>424,624</u>
EXPENDITURES				
Current:				
General government	<u>492,900</u>	<u>492,900</u>	<u>522,652</u>	<u>(29,752)</u>
Total expenditures	<u>492,900</u>	<u>492,900</u>	<u>522,652</u>	<u>(29,752)</u>
Net change in fund balances	(359,900)	(359,900)	34,972	394,872
Fund balances - beginning	<u>379,094</u>	<u>379,094</u>	<u>379,094</u>	<u>-</u>
Fund balances - ending	<u>\$ 19,194</u>	<u>\$ 19,194</u>	<u>\$ 414,066</u>	<u>\$ 394,872</u>

See Notes to Required Supplementary Information.

RECLAMATION DISTRICT NO. 2064
Notes to Required Supplementary Information
June 30, 2022

Note 1—Budget

The District prepares an expenditure 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 as originally adopted and the final adopted amounts. There were no amendments to the budget during the year ended June 30, 2022. 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.

Management Representation Letter

January 9, 2023

David Farnsworth, CPA
Dublin, California

This representation letter is provided in connection with your audit of the financial statements of Reclamation District No. 2064, which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 January 9, 2023, 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 June 14, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of 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—
- Management,
 - Employees who have significant roles in internal control, or
 - 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 waste 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 names of the District’s related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report. [Omit or modify this item if there are no audit findings.]
- 23) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

- 24) 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.
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 26) 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.
- 27) As part of your audit, you assisted with preparation of the financial statements and. 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 disclosures.
- 28) 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.
- 29) 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.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by [GASBS No. 84](#) , as amended.
- 32) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#) , as amended.
- 33) All funds that meet the quantitative criteria in [GASBS 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.
- 34) 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.
- 35) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) 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.
- 38) 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.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

- 42) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach. [Omit this item if the modified approach is not used.]
- 43) We have appropriately disclosed the District’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 44) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 45) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: _____
Title: _____

Signature: _____
Title: _____

December 1, 2022

Phonxay Keokham, CPA
Treasurer & Tax Collector
P.O. Box 2169
Stockton, CA 95201

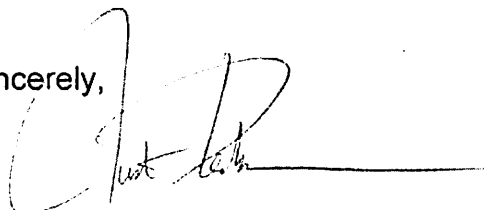
Re: River Junction Reclamation District #2064

Dear Mr. Keokham:

The rate for River Junction Reclamation District #2064 will be 7.00% for the next quarter commencing January 1, 2023.

In accordance with the Warrant Purchase Agreement with the reclamation district the interest rate is calculated as the Bank's Base Rate (7.00%) plus a spread of 0.00% with a minimum interest rate of 3.25%.

Sincerely,



Justin Redman
Vice President
Relationship Manager

cc: Alan Coon – Via e-mail
Diane Dias – Via e-mail
Pa Dua Moua – Via e-mail

4612 McGaw St. · Stockton, CA 95207 · office: (209) 337-6008 · cell: (209) 263-1334 · fax: (209) 337-6011