

RECLAMATION DISTRICT NO. 799

FINANCIAL REPORT

JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Reclamation District No 799

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Reclamation District No. 799 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of net position of the governmental activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

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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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Bowman & Company, LLP

Stockton, California
February 27, 2025

RECLAMATION DISTRICT NO. 799

STATEMENT OF NET POSITION

June 30, 2024

	<u>Governmental activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents - unrestricted	\$ 487,009
Cash and cash equivalents - restricted	854,664
Accounts receivable	385,183
Other assets	12,181
Total current assets	<u>1,739,037</u>
Capital Assets , net of accumulated depreciation of \$734,178	<u>704,570</u>
Total assets	<u>\$ 2,443,607</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	\$ 27,421
Accrued payroll liabilities	21,072
Unearned revenue	108,114
Total current liabilities	<u>156,607</u>
Net Position	
Net investment in capital assets	704,570
Restricted	854,664
Unrestricted	727,766
Total net position	<u>2,287,000</u>
Total liabilities and net position	<u>\$ 2,443,607</u>

RECLAMATION DISTRICT NO. 799

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

	<u>Cash</u>	<u>Program cash receipts</u>		<u>Net (disbursements)</u>
	<u>disbursements</u>	<u>Charges</u>	<u>Operating</u>	<u>receipts and changes</u>
		<u>for</u>	<u>grants and</u>	<u>in net position</u>
		<u>services</u>	<u>contributions</u>	
Governmental activities				
Operations	\$ 1,000,859	\$ 100,834	\$ 518,628	\$ <u>(381,397)</u>
Net program (disbursements) receipts				<u>(381,397)</u>
General receipts				
Assessments				611,446
Gain on insurance proceeds				11,562
In kind contribution				10,000
Interest				<u>13,407</u>
Total general receipts				<u>646,415</u>
Change in net position				265,018
Net position, beginning of year				<u>2,021,982</u>
Net position, end of year				<u>\$ <u>2,287,000</u></u>

RECLAMATION DISTRICT NO. 799
GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2024

	<u>General Fund</u>	<u>Special revenue funds</u>		<u>Total governmental funds</u>
		State	Shea Homes	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents				
Unrestricted	\$ 487,009	\$ --	\$ --	\$ 487,009
Restricted	--	39,306	815,358	854,664
	<u>487,009</u>	<u>39,306</u>	<u>815,358</u>	<u>1,341,673</u>
Accounts receivable	284,796	--	--	284,796
Total assets	<u>771,805</u>	<u>39,306</u>	<u>815,358</u>	<u>1,626,469</u>
Deferred outflows of resources				
Prepaid expenses	12,181	--	--	12,181
Total assets and deferred outflows of resources	<u>\$ 783,986</u>	<u>\$ 39,306</u>	<u>\$ 815,358</u>	<u>\$ 1,638,650</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 23,093	\$ --	\$ --	\$ 23,093
Accrued payroll liabilities	21,072	--	--	21,072
Total liabilities	<u>44,165</u>	<u>--</u>	<u>--</u>	<u>44,165</u>
Deferred inflows of resources				
Advanced payments	112,442	--	--	112,442
Fund balances				
Restricted	--	--	815,358	815,358
Unassigned	627,379	39,306	--	666,685
Total fund balances	<u>627,379</u>	<u>39,306</u>	<u>815,358</u>	<u>1,482,043</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 783,986</u>	<u>\$ 39,306</u>	<u>\$ 815,358</u>	<u>\$ 1,638,650</u>

RECLAMATION DISTRICT NO. 799

**STATEMENT OF GOVERNMENTAL FUNDS CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND BALANCES**

As of and for the year ended June 30, 2024

	General Fund	Special revenue funds		Total governmental funds
		State	Shea Homes	
Receipts				
Assessments	\$ 514,603	\$ --	\$ 96,843	\$ 611,446
Reimbursement Grants	568,731	--	--	568,731
Subventions	91,224	--	--	91,224
Interest	10,167	36	3,204	13,407
Other income	11,562	--	--	11,562
In kind contribution	10,000	--	--	10,000
Permits	450	--	--	450
Total receipts	<u>1,206,737</u>	<u>36</u>	<u>100,047</u>	<u>1,306,820</u>
Disbursements				
Capital outlay	437,231	--	--	437,231
Salaries, wages and benefits	312,789	--	--	312,789
Engineering	117,174	--	--	117,174
Utilities	85,360	--	--	85,360
Legal and accounting	81,639	--	--	81,639
Insurance	48,776	--	--	48,776
Levee repairs and maintenance	33,644	--	--	33,644
Fuel	31,961	--	--	31,961
Equipment maintenance	28,537	--	--	28,537
Contract services	22,242	--	--	22,242
Office expense	17,988	--	--	17,988
Canal cleaning	8,550	--	--	8,550
Rent	8,390	--	--	8,390
Dues and publications	5,743	--	--	5,743
Miscellaneous	5,198	--	--	5,198
Telephone	3,663	--	--	3,663
Total disbursements	<u>1,248,885</u>	<u>--</u>	<u>--</u>	<u>1,248,885</u>
Excess (deficiency) of receipts over disbursements	<u>(42,148)</u>	<u>36</u>	<u>100,047</u>	<u>57,935</u>

RECLAMATION DISTRICT NO. 799

STATEMENT OF GOVERNMENTAL FUNDS CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (Cont.)

As of and for the year ended June 30, 2024

	<u>General Fund</u>	<u>Special revenue funds</u>		<u>Total governmental funds</u>
		<u>State</u>	<u>Shea Homes</u>	
Other financing sources (uses)				
Transfers in	4,690	39,274	- -	43,964
Transfers out	<u>(39,274)</u>	<u>(2,523)</u>	<u>(2,167)</u>	<u>(43,964)</u>
Total other financing sources and uses	<u>(34,584)</u>	<u>36,751</u>	<u>(2,167)</u>	<u>- -</u>
Fund balance beginning of year	<u>704,111</u>	<u>2,519</u>	<u>717,478</u>	<u>1,424,108</u>
Fund balance end of year	<u>\$ 627,379</u>	<u>\$ 39,306</u>	<u>\$ 815,358</u>	<u>\$ 1,482,043</u>

RECLAMATION DISTRICT NO. 799

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

As of and for the year ended June 30, 2024

Total Fund Balance (Fund)	\$ 1,482,043
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in government fund	1,438,748
Capital assets accumulated depreciation is not reported in governmental funds	(734,178)
Receivables for revenue not available is not reported in governmental funds	100,387
Net Position of Government Activities	<u>\$ 2,287,000</u>

RECLAMATION DISTRICT NO. 799

**RECONCILIATION OF THE STATEMENT OF
GOVERNMENTAL FUNDS CASH RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**

As of and for the year ended June 30, 2024

Net Change in Fund Balance (Fund)	\$ 57,935
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the statement of activities.	
Expenditures of general capital assets	437,231
Depreciation expense	(189,205)
Governmental funds report cash receipts in the period measurable and available	(40,943)
Change in Position of Government Activities	<u>\$ 265,018</u>

RECLAMATION DISTRICT NO. 799

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Reclamation District No. 799 (the District) is presented to assist in understanding the District's financial statements.

Description of the reporting entity

The District was formed on July 23, 1909, under Sections 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 five-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 cash receipts and disbursements activity with the addition of capital asset and long-term debt transactions recorded in accordance with accounting principles generally accepted in the United States of America, of the primary government.

The statement of activities demonstrates the degree to which cash disbursements of a given function or segment are offset by program cash receipts. Cash disbursements are those that are clearly identifiable with a specific function or segment. Program cash receipts 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 and other receipts not classified as program receipts are presented as general receipts.

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 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 three major funds as follows:

General fund (major) – This fund is established to account for resources devoted to financing the general services that the District performs. 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.

RECLAMATION DISTRICT NO. 799

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Cont.)

State special revenue fund (major) – This fund is established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes. Generally, resources accounted for in this fund originate from state and federal programs.

Shea Homes fund (major) – This fund is established to account for proceeds from special assessments that are legally restricted to expenditures for specific purpose as described in the Summer Lake Development special assessment agreement.

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.

RECLAMATION DISTRICT NO. 799

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Cont.)

Measurement focus, basis of accounting, and financial statement presentation

The financial statements are presented on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

Capital assets:

Capital assets are stated at cost. Major additions are capitalized and repair and maintenance costs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Vehicles and Equipment	3-10 years
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The district does not maintain capitalization policy.

Deferred inflows of resources

In addition to liabilities, the balance sheet of the government funds reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to future periods and so will not be recognized as revenue until that time in the governmental funds. Unavailable revenue reported consists primarily of revenue that will be received outside of the District's 60 day availability policy.

Budgetary accounting

The District does not utilize formal budgetary procedures and is not required to adopt such procedures by law. Accordingly, budgetary comparison information is not required or presented.

Demand warrants

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

Assessments

Assessments are levied at the discretion of the Board of Trustees.

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of June 30, 2024, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLAMATION DISTRICT NO. 799

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents

Cash and cash equivalents of the District as of June 30, 2024 consisted of the following:

	Carrying amount	Bank balance	Fair value
Deposits			
Insured (FDIC)	\$ 911,736	\$ 854,839	
Investments in external investment pool			
Contra Costa County Treasurer	\$ 48,147		\$ 198,522
California Local Agency Investment Fund	381,649		381,649
	\$ 429,796		\$ 580,171

Cash on deposit in commercial accounts is insured by the FDIC. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Cash held by the Contra Costa 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.co.contra-costa.ca.us/>). However, the District receives no investment income. The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals. The District's investment in the Pool is unrated, stated at amortized cost which approximates fair value, available upon demand and considered cash equivalents.

Although the District did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the District does have an investment in the California Local Agency Investment Fund (LAIF) in the amount of \$381,649. Investments in LAIF are invested in accordance with the investment policy of the State Treasurer for LAIF accounts (see State Treasurer's investment policy for LAIF accounts and separately issued financial reports for LAIF at <http://www.treasurer.ca.gov/pmia-laif/pmia.asp>). The total amount invested by all public agencies in LAIF is \$178,048,356,232 of which 1.40% is invested in structured notes and asset asset-backed securities. Included in LAIF's investment portfolio are United States Treasury and federal agency securities, International Bank for Reconstruction and Development federal agency floating rate debentures, time deposits, bank notes, certificates of deposit, commercial paper, corporate floaters and bonds, and California.

RECLAMATION DISTRICT NO. 799

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents (Cont.)

Assembly Bill 55 and State of California General Fund Loans. Participants equity in LAIF is determined by the dollar amount of the participant's deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily investment balances. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. The District's investment in the pool is unrated, stated at amortized cost which approximates fair value, available upon demand and considered cash equivalents.

The District does not maintain a formal investment policy.

Note 3. Capital Assets

Capital assets consisted of the following at June 30, 2024:

Vehicles and equipment, July 1, 2023	\$ 1,001,517
Additions	<u>437,231</u>
Vehicles and equipment, June 30, 2024	<u>1,438,748</u>
Accumulated depreciation, July 1, 2023	(544,973)
Depreciation expense	<u>(189,205)</u>
Accumulated depreciation, June 30, 2024	<u>(734,178)</u>
Capital Assets, net	\$ <u><u>704,570</u></u>

Note 4. State Assistance

The District is participating in the California Delta Levee Subventions Program (AB-360). This program provides state financial assistance to local agencies responsible for maintenance of non-project levees in the Sacramento-San Joaquin Delta. In addition, the District is participating in a project funding agreement with the State of California Department of Water Resources.

RECLAMATION DISTRICT NO. 799

NOTES TO FINANCIAL STATEMENTS

Note 5. Insurance

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. In order to insure for risk of loss, the District purchases insurance through commercial insurance carriers. As of June 30, 2024, the District's insurance coverage includes general liability insurance with liability limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

Note 6. Governing Board

As of June 30, 2024, the five members of the District's Board of Trustees were as follows:

Trustee	Term expires
Jim Price	2025
Walter Pierce	2025
Chris Mazotti	2027
Matt Lipary	2025
David Senior	2027

Note 7. In-kind Contributions

The District received a donated property, with a fair market value of \$10,000. In-kind contributions revenue is recorded at fair market value as both revenue and expense, in accordance with GAAP, and are valued at the date of the gift.

Note 8. Contingencies

The District is involved in litigation arising in the ordinary course of its operations that, in the opinion of management, will not have a material effect on the District's operations.

Note 9. Subsequent Events

Management of the District has evaluated subsequent events through February 27, 2025, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.