

**MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027**

December 3, 2024

A meeting of the Board of Trustees of Reclamation District No. 2027 was convened at 9:30 am at 222 Via Marnell Way, Las Vegas, NV 89119 and 235 E. Weber Ave. Stockton, CA 95202

Participating in the meeting were Trustees Anthony A Marnell II (Tony), Anthony A. Marnell III (Anthony) and Meredith C. Ellis (Meredith). Others present were Craig Watanabe, Karen Horton, Engineer Chris Neudeck and Attorney Dante John Nomellini.

The first item of business to come before the meeting were the minutes of the December 5, 2023. After review,

On Motion - Trustee Anthony Marnell

Second - Trustee Tony Marnell, the attached minutes of the December 5, 2023 meeting were unanimously approved.

Next the Board reviewed the Financial Report consisting of the Financial Statements for YE June 30, 2024.

On Motion - Trustee T Marnell

Second - Trustee Anthony Marnell, the Board unanimously approved the attached Financial Statements.

Next the Board,

On Motion - Trustee Anthony Marnell

Second - Trustee Meredith Ellis, unanimously adopted the attached Budget Resolution.

Next reports were given by Craig Watanabe and Chris Neudeck on levee and drainage system work. Chris also reported on the status of repair of the levee leak on Victoria Island.

Next the Board,

On Motion - Trustee Anthony Marnell

Second - Trustee Tony Marnell, unanimously adopted the attached Resolution authorizing execution of levee assistance documents by Trustees and Officers.

Next the Board,

On Motion - Trustee Anthony Marnell

Second - Trustee Tony Marnell, unanimously adopted the attached Resolutions regarding Categorically exempt levee work.

Thereafter, there being no further business to come before the meeting, the meeting was adjourned.

RECLAMATION DISTRICT NO. 2027

20750 West Mandeville Levee Road
Stockton, CA 95219

Mail:
222 Via Marnell Way
Las Vegas, Nevada 89119-3522
(702) 739-2000
FAX: (702) 739-2025

Trustees

Anthony A. Marnell, II
Anthony A. Marnell, III
Meredith C. Ellis

President and Secretary

Anthony A. Marnell II

Attorney

Dante John Nomellini

Engineer

Stephen Sinnock
Christopher Neudeck

**NOTICE AND AGENDA
OF MEETING OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027**

Date: December 3, 2024

Time: 9:30 a.m.

**Place: 235 East Weber Avenue, Stockton, California 95202 and
222 Via Marnell Way, Las Vegas, NV 89119**

Conference dial in number (551) 258-5770 - No Access Code is required.

**Meeting materials will be posted to the RD 2027 Website prior to the meeting at
<https://reclamationdistrict.wixsite.com/rd2027>**

Telephone: (209) 465-5883 - Fax: (209) 465-3956

AGENDA

(Action may be taken on any item)

1. Minutes
2. Financial Report
3. Approval of Budget
4. Status and actions for levee, drainage and other work
5. Review and approval of authorization for signature on levee assistance programs
6. Review and approval of categorical exemption for levee work
7. Public Forum

Note: Individuals who require special accommodations are requested to contact Jeanne Urbani at (209) 465-5883 at their earliest convenience prior to the meeting date. TTY users may contact the California Relay service at 1-800-735-2929 or voice line at 1-800-735-2922.

Notice posted on Thursday, November 14, 2024, at 11:30 a.m.

**MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027**

December 5, 2023

A meeting of the Board of Trustees of Reclamation District No. 2027 was convened at 9:00 am at 222 Via Marnell Way, Las Vegas, NV 89119 and 235 E. Weber Ave. Stockton, CA 95202

Participating in the meeting were Trustees Anthony A Marnell II (Tony), Anthony A. Marnell III (Anthony) and Meredith C. Ellis (Meredith). Others present were Craig Watanabe and Attorney Dante John Nomellini.

The first item of business to come before the meeting were the minutes of the December 8, 2022. After review,

On Motion - Trustee Anthony Marnell

Second - Trustee Tony Marnell, the attached minutes of the December 8, 2022 meeting were unanimously approved.

Next the Board reviewed the Financial Report consisting of the Financial Statements for YE June 30, 2023.

On Motion - Trustee Anthony Marnell

Second - Trustee Tony Marnell, the Board unanimously approved the attached Financial Statements.

Next the Board,

On Motion - Trustee Anthony Marnell

Second - Trustee Tony Marnell, unanimously adopted the attached Budget Resolution.

Next a report was given by Anthony Marnell on levee work. Toe berm was near complete and next work area was near the east end of the Mandeville Tip ship channel cut.

Next the Board,

On Motion - Trustee Tony Marnell

Second - Trustee Anthony Marnell, unanimously adopted the attached Resolution authorizing execution of levee assistance documents by Trustees and Officers.

Next the Board,

On Motion - Trustee Tony Marnell

Second - Trustee Anthony Marnell, unanimously adopted the attached Resolutions regarding Categorically exempt levee work.

Thereafter, there being no further business to come before the meeting, the meeting was adjourned.

RECLAMATION DISTRICT NO. 2027

20750 West Mandeville Levee Road
Stockton, CA 95219

Mail:

222 Via Marnell Way
Las Vegas, Nevada 89119-3522
(702) 739-2000
FAX: (702) 739-2025

Trustees

Anthony A. Marnell, II
Anthony A. Marnell, III
Meredith C. Ellis

President and Secretary

Anthony A. Marnell II

Attorney

Dante John Nomellini

Engineer

Stephen Sinnock
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**NOTICE AND AGENDA
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OF RECLAMATION DISTRICT NO. 2027**

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**Place: 235 East Weber Avenue, Stockton, California 95202 and
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Conference dial in number (551) 258-5770 - No Access Code is required.

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<https://reclamationdistrict.wixsite.com/rd2027>**

Telephone: (209) 465-5883 - Fax: (209) 465-3956

AGENDA

(Action may be taken on any item)

1. Minutes
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7. Public Forum

Note: Individuals who require special accommodations are requested to contact Jeanne Urbani at (209) 465-5883 at their earliest convenience prior to the meeting date. TTY users may contact the California Relay service at 1-800-735-2929 or voice line at 1-800-735-2922.

Notice posted on November 29, 2023, at 4:45 p.m.

DELTA FARMS RECLAMATION DISTRICT NO. 2027
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Delta Farms Reclamation District No. 2027
Mandeville Island, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and general fund of Delta Farms Reclamation District No. 2027 (the District), as of and for the year ended June 30, 2023, 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 accompanying statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and general fund of Delta Farms Reclamation District No. 2027, as of June 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinions.

Emphasis of Matter

We draw attention to Note A of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting. Which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to the matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 GAAS 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 GAAS, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
October 30, 2023

Delta Farms Reclamation District No. 2027

**Statement of Net Position – Modified Cash Basis
June 30, 2023**

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	
Unrestricted	<u>\$ 1,369,739</u>
Total assets	<u>1,369,739</u>
Liabilities	
Registered warrants payable, due in one year	800,000
Registered warrants payable, due in more than one year	<u>1,000,000</u>
Total liabilities	<u>1,800,000</u>
Net Position	
Unrestricted	<u>(430,261)</u>
Total net position (deficit)	<u><u>\$ (430,261)</u></u>

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

Statement of Activities – Modified Cash Basis For the Year Ended June 30, 2023

			Program Cash Receipts		
	Cash Disbursements	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
Governmental Activities					
Operations	\$ 666,752	\$ 1,637,500	\$ 1,111,226	\$ --	\$ 2,081,974
Capital outlay	991,352	--	--	128,704	(862,648)
Net program disbursements					<u>1,219,326</u>
General Receipts					
Interest					531
Other					<u>80,372</u>
Total general receipts					<u>80,903</u>
Change in net position					<u>1,300,229</u>
Net position (deficit), beginning of period					<u>(1,730,490)</u>
Net position (deficit), end of period					<u><u>\$ (430,261)</u></u>

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

**Governmental Funds Balance Sheet – Modified Cash Basis
June 30, 2023**

	<u>General Fund</u>
Assets	
Cash and cash equivalents	
Unrestricted	<u>\$ 1,369,739</u>
Total assets	<u><u>\$ 1,369,739</u></u>
Fund Balances	
Unassigned	<u>\$ 1,369,739</u>
Total fund balances	<u><u>\$ 1,369,739</u></u>

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

Reconciliation of the Statement of Governmental Funds
Balance Sheet – Modified Cash Basis to the Statement of
Net Position (Deficit) – Modified Cash Basis
June 30, 2023

Fund balance of governmental funds \$ 1,369,739

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

Long-term liabilities including warrants payable, are not due and
payable in the current period and, therefore, are not reported in
the funds

(1,800,000)

Net position (deficit) of governmental activities

\$ (430,261)

Delta Farms Reclamation District No. 2027

**Statement of Revenues, Expenditures, and Changes in
Fund Balance – Modified Cash Basis
For the Year Ended June 30, 2023**

	<u>General Fund</u>
Revenues	
Property assessments	\$ 1,637,500
State Assistance	1,239,930
Other	80,372
Interest	531
Total revenues	<u>2,958,333</u>
Expenditures	
Operations	
Levee and bridge repairs and maintenance	289,978
Utilities	243,950
Salaries, wages, and employee benefits	94,178
Engineering	18,546
Legal and accounting fees	12,030
Office expense	3,731
Insurance	4,339
Capital outlay	991,352
Total expenditures	<u>1,658,104</u>
Operating Income	<u>1,300,229</u>
Modified cash basis fund balance, beginning of year	<u>69,510</u>
Modified cash basis fund balance, end of year	<u><u>\$ 1,369,739</u></u>

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements
June 30, 2023

Note A – Summary of Significant Accounting Policies

This summary of significant accounting policies of Delta Farms Reclamation District No. 2027 (the District) is presented to assist in understanding the District's financial statements.

Description of the Reporting Entity

The District was formed on March 21, 1918, under Section 50000 of the California State Water Code to provide drainage, irrigation and complete reclamation of lands within District boundaries. The District is comprised of two landowners and 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 – modified cash basis and the statement of activities – modified cash basis) report information on all of the cash receipts and disbursements activity, except for the principal portion of registered warrants arising from cash transactions. These statements are on the modified cash basis which is different than accounting principles generally accepted in the United States of America.

The statement of activities demonstrates the degree to which cash disbursements, with the exception of the principal portion of registered warrants, 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.

Equity in the government-wide statements is classified as net position and displayed in two components as follows:

- a. Restricted – Consists of restricted assets reduced by liabilities with restrictions placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation. The District did not have any restricted net position as of June 30, 2023.
- b. Unrestricted – Net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2023

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

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. The District only had unassigned fund balance as of June 30, 2023.

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.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2023

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modification to the cash basis of accounting to report in the statement of net position cash transactions that result in an obligation that covers a period greater than the period in which the cash transaction occurred. Accordingly, long-term liabilities (principal portion of registered warrants), arising from cash transactions have been reported in the statement of net position.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements, with the exception of long-term liabilities (principal portion of registered warrants) arising from cash transactions. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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.

Concentrations

The District is comprised of two landowners whose shares represent 100% of the total assessed valuation of District land.

Estimates

The preparation of the basic financial statements in conformity with modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2023

Note B – Cash and Cash Equivalents

Cash and cash equivalents of the District as of June 30, 2023, consist of the following:

	Carrying Amount	Bank Balance	Amortized Cost
Deposits			
Insured (FDIC)	<u>\$1,368,912</u>	<u>\$1,368,912</u>	
Investments in external investment pool			
San Joaquin County Treasurer	<u>\$ 827</u>		<u>\$ 827</u>

Cash on deposit in commercial accounts is insured by the Federal Deposit Insurance Corporation. 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 in 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. The value of the District shares in the Pool, 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 C – Registered Warrants Payable (Direct Borrowing)

Management has concluded that the registered warrants (direct borrowing) will not be redeemed with current available resources. A schedule of changes in the registered warrants payable for the year ended June 30, 2023 follows.

Beginning balance	\$ 1,800,000
Registered warrants issued	--
Registered warrants redeemed	<u>--</u>
Ending balance	<u>\$ 1,800,000</u>

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2023

Registered warrants payable outstanding (direct borrowing) as of June 30, 2023 are drawn in favor of the Bank of Stockton as follows:

<u>Warrant No.</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Collateral</u>
1179-1182	\$ 800,000	4.50%	Unsecured
1188-1189	400,000	4.50%	Unsecured
1191	200,000	4.25%	Unsecured
1192-1193	400,000	5.0%	Unsecured

Registered warrant (direct borrowing) debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	
2024	\$ 800,000
2025	-
2026	800,000
2027	200,000

Note D – State Assistance

The District is participating in the California Delta Levee Subventions Program administered by the California Department of Water Resources. This program provides state financial assistance to local agencies responsible for maintenance of nonproject levees in the Sacramento-San Joaquin Delta. The District expects to receive a distribution of its 2022-2023 claim of approximately \$1,596,155.

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; injuries to employees; and natural disasters. In order to insure for risks of loss, the District purchased insurance through commercial insurance carriers. The District's insurance coverage included general liability insurance with liability limits of \$2,000,000 per occurrence and \$4,000,000 aggregate as well as excess liability coverage of \$10,000,000.

General liability insurance coverage is held through a master insurance program for Marnell Companies. Two members of the District's Board of Trustees are owners of Marnell Companies.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2023

Note F – Governing Board

As of June 30, 2023, the three members of the District's Board of Trustees were as follows:

<u>Trustee</u>	<u>Term Expires</u>
Anthony A. Marnell, II	December 1, 2023
Meredith Ellis	December 1, 2025
Anthony A. Marnell, III	December 1, 2023

Note G – Related Party Transactions

The District paid CCRC Farms, LLC \$1,442,916 for levee and bridge repairs and maintenance during the year ended June 30, 2023. District trustees are owners of, or hold management positions in CCRC Farms, LLC.

Note H – Net Position (Deficit)

The governmental activities has net deficit of \$430,261 as of June 30, 2023. This deficit is due to the District incurring capital outlay expenses funded by registered warrants and is expected to be offset in the future from the receipt of assessments and state assistance.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

RECLAMATION DISTRICT NO 2027

Budget Fiscal Year 07/2023 - 06/2024

	<u>Total</u> <u>FY 07/23-06/24</u>
REVENUE	
Pumping Reimbursement	50,000
Bridge Reimbursement	25,000
Housing Rental Revenue	1,430
State Assist. Revenue	1,596,155
Annual Maint. Assessments- CCRC	133,000
Annual Maint. Assessments- Tuscany	817,000
Revenue	<u>2,622,585</u>
DIRECT EXPENSE	
Payroll - Levee & Bridge Expenses	59,959
Group Ins - Levee & Bridge Expenses	8,734
FICA - Levee & Bridge Expenses	4,521
FUTA - Levee & Bridge Expenses	158
SUTA - Levee & Bridge Expenses	923
Workers Comp Ins - Levee & Bridge Expenses	4,784
Levee Maintenance & Repairs	0
Equipment Rental	206,720
Hauling- Levee & Bridge Expenses	1,750
Supplies- Levee & Bridge Expenses	388
Utilities- Levee & Bridge Expenses	231,254
Pump Maintenance & Repairs	83,371
Bridge Maintenance & Repairs	7,990
Vegetation Control- Levee & Bridge Expenses	20,043
Engineering- Levee & Bridge Expenses	20,274
Other Expenses- Levee & Bridge Expenses	1,500
Levee & Bridge Expenses	<u>650,868</u>
Gross Income	<u>1,971,717</u>
Accounting	14,000
Other Professional	30
Postage and Freight	13
Insurance	3,103
Bank Fees	0
Other Office Expense	1,200
G and A Expense	<u>18,346</u>
Operating Income	<u>1,953,372</u>
Interest Expense	-386,630
Interest Income(Expense)	<u>-386,630</u>
Business Unit Operating Income	<u>1,566,741</u>
Capital Outlays	246,308

**RESOLUTION
OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027**

RESOLVED, that the 2023-24 Budget, a copy of which is attached hereto, be and it is hereby adopted.

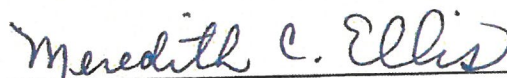
Passed and adopted December 5, 2023.



ANTHONY A. MARNELL, II, Trustee



ANTHONY A. MARNELL, III, Trustee



MEREDITH C. ELLIS, Trustee

RECLAMATION DISTRICT NO 2027

Budget Fiscal Year 07/2023 - 06/2024

Net Operating Income

Total

FY 07/23-06/24

1,320,433

**RESOLUTION
OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027**

RESOLVED, that any trustee of the District be and he is hereby authorized to execute for and on behalf of this District any agreements with the Department of Water Resources, Central Valley Flood Protection Board or other public entity covering participation in the Delta Levee Subvention Program pursuant to Part 9, Division 6 of the Water Code as from time to time amended, the Delta Levees Special Flood Control Projects program and any related levee investigation, repair or rehabilitation program.

RESOLVED FURTHER that any Trustee is hereby designated as the applicant representative of the District and authorized to execute for and on behalf of this District all applications, claims and related documents pertaining to the above participation.

This resolution shall constitute continuing authority until revoked by subsequent action of the Board of Trustees.

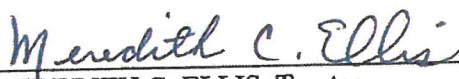
Passed and adopted December 5, 2023.



ANTHONY A. MARNELL, II, Trustee



ANTHONY A. MARNELL, III, Trustee



MEREDITH C. ELLIS, Trustee

**RESOLUTION
OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027**

RESOLVED, that the President or Secretary or any trustee of the District be and he is hereby authorized to execute for and on behalf of this District any agreements with the Department of Water Resources, Central Valley Flood Protection Board or other public entity covering participation in the Delta Levee Subvention Program pursuant to Part 9, Division 6 of the Water Code as from time to time amended, the Delta Levees Special Flood Control Projects program and any related levee investigation, repair or rehabilitation program.

RESOLVED FURTHER that any Trustee, or President, or Secretary or District Engineer, or the District Engineer's Representative is hereby designated as the applicant representative of the District and authorized to execute for and on behalf of this District all applications, claims and related documents pertaining to the above participation.

This resolution shall constitute continuing authority until revoked by subsequent action of the Board of Trustees.

CERTIFICATION

I, Anthony A. Marnell, III, Trustee of the above District, do hereby certify that the above is a true and correct copy of the resolution duly adopted by the Board of Trustees on December 5, 2023.

Executed on December 5, 2023.



ANTHONY A. MARNELL, III

RECLAMATION DISTRICT NO. 2027

Categorical Exemption Resolution

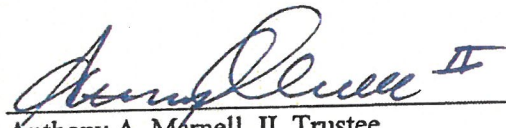
RESOLVED, all Operations and Maintenance levee planning and work including the work necessary to meet and maintain as flood water levels rise the DWR 192-82 and PL-84-99 standards with a 24-foot levee crown and seepage exit gradient less than .5, falls within the categorical exemptions to the California Environmental Quality Act pursuant to 14 CCR Sections 15262, 15301, 15302 and 15304.

The proposed planning and work will not have a material adverse effect upon the environment.

Said planning and work does not constitute an exception to the exemptions of the California Environmental Quality Act.

The District Engineer, President, Secretary or any Trustee is authorized to file with the County clerk a "Notice of Exemption" pursuant to California Administrative Code, Title 14, Division 6, Chapter 3, Sections 15262, 15301, 15302 and 15304.

Passed and adopted December 5, 2023.



Anthony A. Marnell, II, Trustee



Anthony A. Marnell, III, Trustee



Meredith C. Ellis, Trustee

RECLAMATION DISTRICT NO. 2027

Categorical Exemption Resolution

RESOLVED, all Operations and Maintenance levee planning and work including the work necessary to meet and maintain as flood water levels rise the DWR 192-82 and PL-84-99 standards with a 24-foot levee crown and seepage exit gradient less than .5, falls within the categorical exemptions to the California Environmental Quality Act pursuant to 14 CCR Sections 15262, 15301, 15302 and 15304.

The proposed planning and work will not have a material adverse effect upon the environment.

Said planning and work does not constitute an exception to the exemptions of the California Environmental Quality Act.

The District Engineer, President, Secretary or any Trustee is authorized to file with the County clerk a "Notice of Exemption" pursuant to California Administrative Code, Title 14, Division 6, Chapter 3, Sections 15262, 15301, 15302 and 15304.

AYES:

NOES:

ABSENT:

I, Anthony A. Marnell, III, hereby certify that I am a trustee of RECLAMATION DISTRICT NO. 2027 and that the foregoing is a true and correct copy of a Resolution duly passed and adopted by the Board of Trustees of said District on December 5, 2023.

Dated: December 5, 2023


Anthony A. Marnell, III



Board of Trustees
Delta Farms Reclamation District No. 2027
Mandeville Island, California

We have audited the financial statements of the governmental activities and the general fund of Delta Farms Reclamation District No. 2027 (the District), as of and for the year ended June 30, 2024, and have issued our report thereon dated October 29, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated January 21, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

Emphasis of Matter

We draw attention to Note A of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to the matter.

Management representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2024.

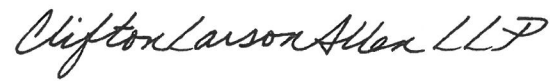
Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

This communication is intended solely for the information and use of the Board of Trustees and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Roseville, California
October 29, 2024

DELTA FARMS RECLAMATION DISTRICT NO. 2027
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Delta Farms Reclamation District No. 2027
Mandeville Island, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and general fund of Delta Farms Reclamation District No. 2027 (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 respective modified cash basis financial position of the governmental activities and general fund of Delta Farms Reclamation District No. 2027, as of June 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

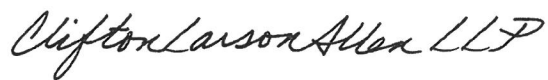
Auditors' Responsibilities for the Audit of the Financial Statements

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 GAAS 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 GAAS, 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.



CliftonLarsonAllen LLP

Roseville, California
October 29, 2024

Delta Farms Reclamation District No. 2027

Statement of Net Position – Modified Cash Basis
June 30, 2024

	Governmental Activities
Assets	
Cash and cash equivalents	
Unrestricted	<u>\$ 185,467</u>
Total assets	<u>185,467</u>
Liabilities	
Registered warrants payable, due in more than one year	<u>1,000,000</u>
Total liabilities	<u>1,000,000</u>
Net Position	
Unrestricted	<u>(814,533)</u>
Total net position (deficit)	<u><u>\$ (814,533)</u></u>

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

Statement of Activities – Modified Cash Basis For the Year Ended June 30, 2024

	Cash		Program		Net
	Disbursements	Charges for	Cash Receipts	Capital Grants	(Disbursements)
		Service	Operating	and	Receipts and
			Grants and	Contributions	Changes in
			Contributions		Net Position
Governmental Activities					
Operations	\$ 1,172,034	\$ 1,137,500	\$ 1,592,420	\$ --	\$ 1,557,886
Capital outlay	2,021,058	--	--		(2,021,058)
Net program disbursements					(463,172)
General Receipts					
Interest					1,581
Other					77,319
Total general receipts					78,900
Change in net position					(384,272)
Net position (deficit), beginning of period					(430,261)
Net position (deficit), end of period					\$ (814,533)

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

**Governmental Funds Balance Sheet – Modified Cash Basis
June 30, 2024**

	<u>General Fund</u>
Assets	
Cash and cash equivalents	
Unrestricted	<u>\$ 185,467</u>
Total assets	<u>\$ 185,467</u>
Fund Balances	
Unassigned	<u>\$ 185,467</u>
Total fund balances	<u>\$ 185,467</u>

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

Reconciliation of the Statement of Governmental Funds
Balance Sheet – Modified Cash Basis to the Statement of
Net Position (Deficit) – Modified Cash Basis
June 30, 2024

Fund balance of governmental funds	\$	185,467
---	----	---------

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

Long-term liabilities including warrants payable, are not due and
payable in the current period and, therefore, are not reported in
the funds

(1,000,000)

Net position (deficit) of governmental activities

\$	(814,533)
----	-----------

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

Statement of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis For the Year Ended June 30, 2024

	<u>General Fund</u>
Revenues	
Property assessments	\$ 1,137,500
State Assistance	1,592,420
Other	77,319
Interest	1,581
Total revenues	<u>2,808,820</u>
Expenditures	
Operations	
Levee and bridge repairs and maintenance	427,920
Utilities	304,899
Salaries, wages, and employee benefits	120,227
Engineering	28,696
Legal and accounting fees	13,030
Office expense	3,669
Insurance	2,705
Debt Service	
Principal	800,000
Interest	270,888
Capital outlay	2,021,058
Total expenditures	<u>3,993,092</u>
Operating Income	<u>(1,184,272)</u>
Net change in fund balance	<u>(1,184,272)</u>
Modified cash basis fund balance, beginning of year	<u>1,369,739</u>
Modified cash basis fund balance, end of year	<u>\$ 185,467</u>

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of
Governmental Funds – Modified Cash Basis to the Government-Wide Statement of Activities -
Modified Cash Basis
For the Year Ended June 30, 2024

Net change in fund balance - governmental funds	\$ (1,184,272)
--	-----------------------

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

Retirement of registered warrants uses current resources of
governmental funds, but reduces debt and long-term liabilities
in the statement of net position

800,000

Change in net position of governmental activities

<u><u>\$ (384,272)</u></u>

See accompanying Notes to the Financial Statements.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2024

Note A – Summary of Significant Accounting Policies

This summary of significant accounting policies of Delta Farms Reclamation District No. 2027 (the District) is presented to assist in understanding the District's financial statements.

Description of the Reporting Entity

The District was formed on March 21, 1918, under Section 50000 of the California State Water Code to provide drainage, irrigation and complete reclamation of lands within District boundaries. The District is comprised of two landowners and 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 – modified cash basis and the statement of activities – modified cash basis) report information on all cash receipts and disbursements activity, except for the principal portion of registered warrants arising from cash transactions. These statements are on the modified cash basis which is different than accounting principles generally accepted in the United States of America.

The statement of activities demonstrates the degree to which cash disbursements, with the exception of the principal portion of registered warrants, 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.

Equity in the government-wide statements is classified as net position and displayed in two components as follows:

- a. Restricted – Consists of restricted assets reduced by liabilities with restrictions placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation. The District did not have any restricted net position as of June 30, 2024.
- b. Unrestricted – Net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2024

Note A – Summary of Significant Accounting Policies (continued)

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

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 District only had unassigned fund balance as of June 30, 2024.

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.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2024

Note A – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modification to the cash basis of accounting to report in the statement of net position cash transactions that result in an obligation that covers a period greater than the period in which the cash transaction occurred. Accordingly, long-term liabilities (principal portion of registered warrants), arising from cash transactions have been reported in the statement of net position.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements, with the exception of long-term liabilities (principal portion of registered warrants) arising from cash transactions. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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.

Concentrations

The District is comprised of two landowners whose shares represent 100% of the total assessed valuation of District land.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2024

Note B – Cash and Cash Equivalents

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

	Carrying Amount	Bank Balance	Amortized Cost
Deposits			
Insured (FDIC)	<u>\$ 182,567</u>	<u>\$ 182,567</u>	
Investments in external investment pool			
San Joaquin County Treasurer	<u>\$ 2,900</u>		<u>\$ 2,900</u>

Cash on deposit in commercial accounts is insured by the Federal Deposit Insurance Corporation. 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 in 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. The value of the District shares in the Pool, 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 C – Registered Warrants Payable (Direct Borrowing)

Management has concluded that the registered warrants (direct borrowing) will not be redeemed with current available resources. A schedule of changes in the registered warrants payable for the year ended June 30, 2024 follows.

Beginning balance	\$ 1,800,000
Registered warrants issued	--
Registered warrants redeemed	<u>(800,000)</u>
Ending balance	<u>\$ 1,000,000</u>

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2024

Note C – Registered Warrants Payable (Direct Borrowing) (continued)

Registered warrants payable outstanding (direct borrowing) as of June 30, 2024 are drawn in favor of the Bank of Stockton as follows:

<u>Warrant No.</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Collateral</u>
1188-1189	400,000	4.50%	Unsecured
1191	200,000	4.25%	Unsecured
1192-1193	400,000	5.0%	Unsecured

Registered warrant (direct borrowing) debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	
2025	-
2026	800,000
2027	200,000

Note D – State Assistance

The District is participating in the California Delta Levee Subventions Program administered by the California Department of Water Resources. This program provides state financial assistance to local agencies responsible for maintenance of nonproject levees in the Sacramento-San Joaquin Delta. The District expects to receive a distribution of its 2023-2024 claim of approximately \$1,784,669.

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; injuries to employees; and natural disasters. In order to insure for risks of loss, the District purchased insurance through commercial insurance carriers. The District's insurance coverage included general liability insurance with liability limits of \$1,000,000 per occurrence and \$2,000,000 aggregate as well as excess liability coverage of \$5,000,000.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

General liability insurance coverage is held through a master insurance program for Marnell Companies. Two members of the District's Board of Trustees are owners of Marnell Companies.

Delta Farms Reclamation District No. 2027

Notes to the Financial Statements June 30, 2024

Note F – Governing Board

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

<u>Trustee</u>	<u>Term Expires</u>
Anthony A. Marnell, II	December 1, 2027
Meredith Ellis	December 1, 2025
Anthony A. Marnell, III	December 1, 2027

Note G – Related Party Transactions

The District paid CCRC Farms, LLC \$1,420,676 for levee and bridge repairs and maintenance during the year ended June 30, 2024. District trustees are owners of, or hold management positions in CCRC Farms, LLC.

Note H – Net Position (Deficit)

The governmental activities has net deficit of \$814,533 as of June 30, 2024. This deficit is due to the District incurring capital outlay expenses funded by registered warrants and the redemption of registered warrants and is expected to be offset in the future from the receipt of assessments and state assistance.

Note I – Subsequent Event

In September 2024, the District issued and received assessments totaling \$1,219,000 which were primarily used to retire the remaining \$1,000,000 of warrants that were outstanding at June 30, 2024.

RECLAMATION DISTRICT NO. 2027

RESOLUTION
APPROVING 2024-2025 BUDGET

RESOLVED that the 2024-2025 Budget, a copy of which is attached hereto, be and it is hereby approved.

Dated: December 3, 2024


ANTHONY A. MARNELL, II


ANTHONY A. MARNELL, III


MEREDITH C. ELLIS

RECLAMATION DISTRICT NO 2027

Budget Fiscal Year 07/2024 - 06/2025

REVENUE	
Pumping Reimbursement	50,000
Bridge Reimbursement	25,000
Housing Rental Revenue	1,264
State Assist. Revenue	1,500,000
Annual Maint. Assessments- CCRC	303,660
Annual Maint. Assessments- Tuscany	1,865,340
Revenue	3,745,264
 DIRECT EXPENSE	
Payroll - Levee & Bridge Expenses	63,052
Group Ins - Levee & Bridge Expenses	11,685
FICA - Levee & Bridge Expenses	4,712
FUTA - Levee & Bridge Expenses	180
SUTA - Levee & Bridge Expenses	878
Workers Comp Ins - Levee & Bridge Expenses	12,814
Equipment Rental	164,414
Supplies- Levee & Bridge Expenses	2,533
Utilities- Levee & Bridge Expenses	192,439
Pump Maintenance & Repairs	85,188
Bridge Maintenance & Repairs	5,943
Vegetation Control- Levee & Bridge Expenses	16,860
Engineering- Levee & Bridge Expenses	13,206
Levee & Bridge Expenses	573,903
 Gross Income	3,171,361
 Accounting	25,000
Other Professional	30
Postage and Freight	16
Insurance	3,201
Bank Fees	80
G and A Expense	28,327
 Operating Income	3,143,033
 Interest Expense	-211,069
Interest Income(Expense)	-211,069
 Business Unit Operating Income	2,931,965
 Capital Outlays	1,180,396
 Net Operating Income	1,751,569

**RESOLUTION
OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027
APPROVING 2024-2025 BUDGET**

RESOLVED that the 2024-2025 Budget, a copy of which is attached hereto, be and it is hereby approved.

Passed and adopted December 3, 2024.

CERTIFICATION

I, Anthony A. Marnell, III, Trustee of the above District, do hereby certify that the above is a true and correct copy of the resolution duly adopted by the Board of Trustees on December 3, 2024.

Executed on December 3, 2024.



ANTHONY A. MARNELL, III

RECLAMATION DISTRICT NO 2027

Budget Fiscal Year 07/2024 - 06/2025

REVENUE	
Pumping Reimbursement	50,000
Bridge Reimbursement	25,000
Housing Rental Revenue	1,264
State Assist. Revenue	1,500,000
Annual Maint. Assessments- CCRC	303,660
Annual Maint. Assessments- Tuscany	1,865,340
Revenue	3,745,264
DIRECT EXPENSE	
Payroll - Levee & Bridge Expenses	63,052
Group Ins - Levee & Bridge Expenses	11,685
FICA - Levee & Bridge Expenses	4,712
FUTA - Levee & Bridge Expenses	180
SUTA - Levee & Bridge Expenses	878
Workers Comp Ins - Levee & Bridge Expenses	12,814
Equipment Rental	164,414
Supplies- Levee & Bridge Expenses	2,533
Utilities- Levee & Bridge Expenses	192,439
Pump Maintenance & Repairs	85,188
Bridge Maintenance & Repairs	5,943
Vegetation Control- Levee & Bridge Expenses	16,860
Engineering- Levee & Bridge Expenses	13,206
Levee & Bridge Expenses	573,903
Gross Income	3,171,361
Accounting	25,000
Other Professional	30
Postage and Freight	16
Insurance	3,201
Bank Fees	80
G and A Expense	28,327
Operating Income	3,143,033
Interest Expense	-211,069
Interest Income(Expense)	-211,069
Business Unit Operating Income	2,931,965
Capital Outlays	1,180,396
Net Operating Income	1,751,569

**RESOLUTION
OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027**

RESOLVED, that any trustee of the District be and he is hereby authorized to execute for and on behalf of this District any agreements with the Department of Water Resources, Central Valley Flood Protection Board or other public entity covering participation in the Delta Levee Subvention Program pursuant to Part 9, Division 6 of the Water Code as from time to time amended, the Delta Levees Special Flood Control Projects program and any related levee investigation, repair or rehabilitation program.

RESOLVED FURTHER that any Trustee is hereby designated as the applicant representative of the District and authorized to execute for and on behalf of this District all applications, claims and related documents pertaining to the above participation.

This resolution shall constitute continuing authority until revoked by subsequent action of the Board of Trustees.

Passed and adopted December 3, 2024.



ANTHONY A. MARNELL, II, Trustee



ANTHONY A. MARNELL, III, Trustee



MEREDITH C. ELLIS, Trustee

**RESOLUTION
OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2027**

RESOLVED, that the President or Secretary or any trustee of the District be and he is hereby authorized to execute for and on behalf of this District any agreements with the Department of Water Resources, Central Valley Flood Protection Board or other public entity covering participation in the Delta Levee Subvention Program pursuant to Part 9, Division 6 of the Water Code as from time to time amended, the Delta Levees Special Flood Control Projects program and any related levee investigation, repair or rehabilitation program.

RESOLVED FURTHER that any Trustee, or President, or Secretary or District Engineer, or the District Engineer's Representative is hereby designated as the applicant representative of the District and authorized to execute for and on behalf of this District all applications, claims and related documents pertaining to the above participation.

This resolution shall constitute continuing authority until revoked by subsequent action of the Board of Trustees.

CERTIFICATION

I, Anthony A. Marnell, III, Trustee of the above District, do hereby certify that the above is a true and correct copy of the resolution duly adopted by the Board of Trustees on December 3, 2024.

Executed on December 3, 2024.



ANTHONY A. MARNELL, III

RECLAMATION DISTRICT NO. 2027

Categorical Exemption Resolution

RESOLVED, all Operations and Maintenance levee planning and work including the work necessary to meet and maintain as flood water levels rise the DWR 192-82 and PL-84-99 standards with a 24-foot levee crown and seepage exit gradient less than .5, falls within the categorical exemptions to the California Environmental Quality Act pursuant to 14 CCR Sections 15262, 15301, 15302 and 15304.

The proposed planning and work will not have a material adverse effect upon the environment.

Said planning and work does not constitute an exception to the exemptions of the California Environmental Quality Act.

The District Engineer, President, Secretary or any Trustee is authorized to file with the County clerk a "Notice of Exemption" pursuant to California Administrative Code, Title 14, Division 6, Chapter 3, Sections 15262, 15301, 15302 and 15304.

Passed and adopted December 3, 2024.



Anthony A. Marnell, II, Trustee



Anthony A. Marnell, III, Trustee



Meredith C. Ellis, Trustee

RECLAMATION DISTRICT NO. 2027

Categorical Exemption Resolution

RESOLVED, all Operations and Maintenance levee planning and work including the work necessary to meet and maintain as flood water levels rise the DWR 192-82 and PL-84-99 standards with a 24-foot levee crown and seepage exit gradient less than .5, falls within the categorical exemptions to the California Environmental Quality Act pursuant to 14 CCR Sections 15262, 15301, 15302 and 15304.

The proposed planning and work will not have a material adverse effect upon the environment.

Said planning and work does not constitute an exception to the exemptions of the California Environmental Quality Act.

The District Engineer, President, Secretary or any Trustee is authorized to file with the County clerk a "Notice of Exemption" pursuant to California Administrative Code, Title 14, Division 6, Chapter 3, Sections 15262, 15301, 15302 and 15304.

AYES:

NOES:

ABSENT:

I, Anthony A. Marnell, III, hereby certify that I am a trustee of RECLAMATION DISTRICT NO. 2027 and that the foregoing is a true and correct copy of a Resolution duly passed and adopted by the Board of Trustees of said District on December 3, 2024.

Dated: December 3, 2024



Anthony A. Marnell, III