



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ending June 30, 2018
West Sacramento, California



**WEST SACRAMENTO AREA FLOOD
CONTROL AGENCY
JOINT POWERS AUTHORITY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended June 30, 2018

INTRODUCTORY SECTION

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended June 30, 2018

CONTENTS
(Continued)

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL.....	iii
LIST OF PRINCIPAL APPOINTED OFFICIALS	viii
ADMINISTRATIVE STAFF	ix
GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING.....	x

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION.....	11
STATEMENT OF ACTIVITIES.....	12
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET GOVERNMENTAL FUNDS:	13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	16
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND (870).....	17
NOTES TO BASIC FINANCIAL STATEMENTS	18

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended June 30, 2018

CONTENTS
(Continued)

SUPPLEMENTAL INFORMATION

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL:

2011 FLOOD BOND DEBT SERVICE FUND (882)	30
2015 WSAFCA BOND DEBT SERVICE FUND (883)	31
JPA CONSTRUCTION CAPITAL PROJECTS FUND (871).....	32

STATISTICAL SECTION

INTRODUCTORY SECTION.....	33
NET POSITION BY COMPONENT	35
CHANGES IN NET POSITION.....	36
FUND BALANCES OF GOVERNMENTAL FUNDS.....	37
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	38
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST.....	39
DIRECT AND OVERLAPPING PROPERTY TAX RATES.....	40
FLOOD ASSESSMENT SPECIAL TAX RATES	41
PRINCIPAL PROPERTY TAXPAYERS	50
SPECIAL TAX LEVIES AND COLLECTIONS.....	51
RATIOS OF OUTSTANDING DEBT BY TYPE	52
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	53
NOTES TO DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	54
PLEDGED-REVENUE COVERAGE	55
DEMOGRAPHIC AND ECONOMIC STATISTICS	56
PRINCIPAL EMPLOYERS	57
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM.....	58

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended June 30, 2018

CONTENTS

STATISTICAL SECTION (Continued)

OPERATING INDICATORS BY FUNCTION/PROGRAM	59
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM	60
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	61
SCHEDULE OF FINDINGS AND RESPONSES	63

Letter of Transmittal

West Sacramento Area Flood Control Agency

February 12, 2019

To the West Sacramento Area Flood Control Area Board and Citizens served by the Agency:

Formal Transmittal of the Comprehensive Annual Financial Report (CAFR)

The West Sacramento Area Flood Control Agency (the Agency or WSAFCA) is special district agency tasked with the improvement of West Sacramento's levee system. The report is published to fulfill this requirement for the fiscal year ended June 30, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The firm, Crowe, LLP, was selected to audit the Agency's financial records. The auditor's report on the basic financial statement is included in the financial section of this report.

Management's Discussion and Analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complements the letter of transmittal and should be read in conjunction with it.

Internal Controls

WSAFCA's management is responsible for establishing and maintaining internal controls designed to ensure that the Agency's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by management. Management relies on and is confident that the internal controls in place are adequate to ensure the accuracy of the financial data provided herein.

As a recipient of federal, state, and local financial assistance, the Agency is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management and staff of the City of West Sacramento Finance Division.

In addition, the Agency maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Agency Board. Activities for all funds are included in the annual appropriated budget.

As demonstrated by the statements and schedules included in the financial section of this report, the Agency continues to meet its responsibility for sound financial management.

Governmental Structure, Local Economic Condition Outlook

WSAFCA is a joint powers authority created by agreement between the City of West Sacramento (the "City"), Reclamation District No. 900, and Reclamation District No. 537. The Agency was created for the purpose of comprehensively managing the levee system, which reduces flood risk for West Sacramento's citizens, businesses, and assets.

The three member WSAFCA Board formulates and enacts policy for the Agency. The elected boards of RD 900, RD 537, and the West Sacramento City Council each appoint a director and alternate director to serve as the WSAFCA Board.

The Agency provides services related to the financing, design, construction, maintenance, and regulation of West Sacramento's levee system. Services include the capital expansion and improvement of levee facilities, regulatory services to fulfill legal requirements associated with federal and state programs that relate to the Agency's activities, surveying and mapping services, and planning services that relate to and provide for the public's health and safety in regard to flood risk reduction.

The Agency is required to adopt by resolution a final biennial budget by June 30. The Fiscal Year 2017/18 budget was adopted on May 25, 2017. The budget serves as the foundation for the Agency's financial planning and control. The Agency's budget is organized and prepared by fund and activity or appropriation level within each category present in the financial statements. The Agency may transfer appropriations and establish new appropriation levels as resources allow.

At this point in time, the Agency is focused on an ambitious capital improvement of the levee system as outlined in the West Sacramento Levee Improvement Program (WSLIP). Typically, staff develops budget proposals for Board consideration based on project hierarchy and phase as identified by the WSLIP with allocation requests reflecting the design, environmental, and construction activity of the selected projects. As such, the Agency focuses effort on correcting the highest risk levee system deficiencies first.

Local/Regional Economy

The annual job report in the six-county Sacramento region, of which the City is an integral part, is an essential component of the local/regional economic analysis. According to the 2018 Mid-Year Review, published by the Sacramento Business Review, the Sacramento regional economy remains firmly in expansion. Total employment, which is highly correlated with total economic output has continued to increase in the Sacramento Region; however, the current strength of our labor market does not look nearly as sustainable over the long term. Regional labor force growth and job growth have stalled in recent months. According to the Labor Markets & Regional Economy of the 2018 Sacramento Business Review, while the Sacramento region unemployment rate reached a record low of 3.5%, both the labor force and the number of nonfarm jobs in the region have decreased by over 1% in 2Q18.

According to the California Employment Development Department (EDD), the State of California unemployment rate declined from 4.2% to 3.9% in comparison between November 2017 and November 2018. The largest job gains were in professional and business services, up 91,100 (a 3.5 percent increase), educational and health services, up 63,300 jobs (a 2.4 percent increase) and leisure and hospitality, up 50,600 (a 2.6 percent increase).

The table below illustrates the unemployment rate for the Sacramento Region in comparison with the State of California.

Unemployment Rate			
	Sacramento	California	Difference
November 2018	3.5%	3.9%	-0.4%
October 2018	3.6%	4.0%	-0.4%
November 2017	4.0%	4.2%	-0.2%

Source: California Employment Development Department Labor Market Review November 2018

The four major sectors of employment in the Sacramento Region reported a net decline in growth when compared to prior years. Manufacturing and Construction sector reported a net decline of 7.34% over the past 12 months. Leisure and Hospitality employment increased 3.5% and now represents 11% of the region's employment. Government jobs, which represents nearly one out of every four local jobs, showed little improvement, increasing just 0.42% over the past 12 months. Sacramento region labor market growth has been disadvantaged by its dependence on government jobs.

The 2018 Mid-Year Update indicates, in order to reach sustainable economic growth in the region, it requires an improvement in wages and household income to increase the purchasing power of Sacramento workers and households. Recent data show that the rate of change in median employment income and median household income has improved marginally, but this trend will become an important driver for continued economic expansion in the region.

The sectors that gained jobs in the November report according to the California Employment Development Department (EDD) were: leisure and hospitality (12,400); professional and business services (7,600); educational and health services (3,300); construction (3,300); other services (2,800); government (2,700); manufacturing (1,600); financial activities (1,100); and trade, transportation and utilities (600).

- Professional and business services increased by 7,600 jobs in November 2018. This followed a 12,900 job gain in October. Over the year, sector employment was up 3.5 percent.
- Education and health services payrolls increased by 3,300 jobs in November. This followed a 200 job gain in October. Over the year, sector employment was up by 2.4 percent.
- Leisure and hospitality payrolls increased by 12,400 jobs in November. This followed a 4,800 job gain in October. Over the year, sector employment was up by 2.6 percent.
- Two sectors that lost jobs in this report were: information (4,500) and mining and logging (200).

Yolo County's unemployment rate decreased from the prior year by 0.4 percentage points. The unemployment rate for Yolo County posted by the California Employment Development

Department as of November 2018 was 3.9 percent; 4,200 unemployed out of 108,700 total labor force.

The 2018 Mid-Year Update, published by Sacramento Business Review, stated that the single-family median home sale price in the Sacramento Metropolitan Area reached \$404,500, the highest point since 2005. Homes between \$200 and \$400K are the most popular price segment accounting for 43% of the year to date sales. Due to high construction and land costs, builders are not building starter homes of 1,200-1,600 sf. Without the new supply, home prices for those units are rising faster than the rest of the market.

In summary for the regional economic outlook, the 2018 Business Review stated that there is no recession in sight, but the rapid growth has slowed. Potential obstacles include financial market corrections and disruptions from international trade. To continue a healthy economic expansion requires a master plan to create higher paying jobs, improve the business competitiveness and balance financials in the region.

Long-Term Financial Planning

The Agency's planning and project development are informed and greatly facilitated by state and federal funding. The current cash flow model is premised on near term participation of the State of California through its Early Implementation Program. The West Sacramento Levee Improvement Program has been authorized as a federal project with its inclusion in the 2016 Water Infrastructure Improvements for the Nation Act of 2016 (P.L. 144-322, § 1401(2)). The US Army Corps of Engineers received initial federal funding of \$400,000 to begin preliminary engineering and design activities in December 2018.

Relevant Financial Policies

The Agency's cash and investments, stated at fair value, are on account with and pooled with other governmental agencies by the City of West Sacramento's Finance Division for the purpose of capital preservation through conservative investment activity. Union Bank of California Trust Services serves as the Agency's fiscal agent for special assessment debt, i.e. bond proceeds that fund capital projects.

Major Initiatives

During the fiscal year the Agency completed its fourth major project under the State's Early Implementation Program (EIP).

Southport Sacramento River EIP

WSAFCA identified the Sacramento River right levee between levee mile 2.2 and 7.8 as the next levee improvement project in its ongoing upgrade of the West Sacramento flood protection system. The reach is a federal project levee that extends from the termination of the U.S. Army Corps of Engineers Sacramento River Erosion Repair Site RM 57.2R levee project south 5.6 miles to the South Cross Levee. What distinguishes this project from others is that, unlike WSAFCA's recently completed levee upgrades and those planned for the near future, the Southport Levee Improvement Project (SLIP) presents potential opportunities for ecosystem restoration and recreation beyond the primary program objective of improving flood protection in the City. These factors combine with the potential for elimination of seismic deficiencies and a reduction in erosion related operation and maintenance costs.

Levee construction was completed in 2018 with restoration of the offset area between the existing and new setback levees scheduled for 2019.

North Area Project Close Out

The North Area projects were the Agency's first levee improvement projects to advance the WSLIP. The projects were constructed in partnership with the Department of Water Resources under the State's Early Implementation Program. The three projects (I Street Bridge South, CHP Academy, and Rivers) have completed construction. Remaining work includes project close out documentation and the transfer of real estate rights to the Central Valley Flood Protection Board. Staff anticipates final project close out in 2019.

Future Projects- Problem Identification Report & Regional Flood Management Plan

The Agency completed the first phase of an updated Problem Identification Report (PIR), which includes information on the approved federal project. The PIR guides the screening and selection process in accordance with the principles and objectives of the WSLIP. In early 2019, WSAFCA, DWR, and USACE will enter into partnership agreements to begin preliminary engineering and design of the first segments of the federal project.

AWARDS

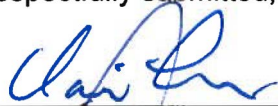
The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the WSAFCA for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. In our opinion, the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for recognition.


ACKNOWLEDGMENTS

We would like to express our appreciation to the entire Finance Division of the Administrative Services Department and Flood Division of the Community Development Department for their effort in maintaining accurate and timely accounting records from which this report was prepared. We would also like to acknowledge the professional work and advice of Crowe, LLP.

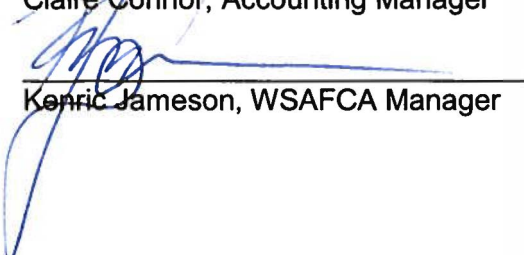
Respectfully submitted,



Claire Connor, Accounting Manager



Roberta Raper, WSAFCA Treasurer



Kenric Jameson, WSAFCA Manager

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
LIST OF PRINCIPAL APPOINTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Represented Agency</u>	<u>Email</u>
Tom Ramos	President	RD 537	wsrd@pacbell.net
Beverly Sandeen	Director	City of West Sacramento	beverlys@cityofwestsacramento.org
Bryan Turner	Director	RD 900	wsrd@pacbell.net
Chris Ledesma	Alternate Director	City of West Sacramento	chrisl@cityofwestsacramento.org
Phil Hinkle	Alternate Director	RD 900	wsrd@pacbell.net
Kent Lang	Alternate Director	RD 537	wsrd@pacbell.net

Officials with RD 900 and RD 537 can be contacted at 916-371-1483. Officials with the City of West Sacramento can be contacted at 916-617-4500.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
ADMINISTRATIVE STAFF

<u>Name</u>	<u>Title</u>	<u>Agency</u>
Kenric Jameson	WSAFCA General Manager	RD 900
Aaron Laurel	City Manager	City of West Sacramento
Amanda Berlin	Assistant City Manager	City of West Sacramento
Roberta Raper	WSAFCA Treasurer	City of West Sacramento
Charline Hamilton	Director of Community Development	City of West Sacramento
Greg Fabun	Flood Protection Manager	City of West Sacramento
Paul Dirksen	Flood Protection Planner	City of West Sacramento
Toby Wong	Construction Engineer	City of West Sacramento
Mark Zollo	Senior Analyst	City of West Sacramento



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**West Sacramento Area Flood
Control Agency, California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of the
West Sacramento Area Flood Control
Agency Joint Powers Authority
West Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of West Sacramento Area Flood Control Agency Joint Powers Authority (Agency), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the West Sacramento Area Flood Control Agency Joint Powers Authority as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3 to 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Sacramento Area Flood Control Agency Joint Powers Authority's basic financial statements. The introductory section, supplemental information and statistical section listed in the table contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019 on our consideration of West Sacramento Area Flood Control Agency Joint Powers Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Sacramento Area Flood Control Agency Joint Powers Authority's internal control over financial reporting and compliance.


Crowe LLP

Sacramento, California
February 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The Management of the West Sacramento Area Flood Control Agency (Agency), a Joint Powers Authority, presents readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found on pages iii to vii of this report.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

- 1) The **Introductory section**, which includes the Letter of Transmittal and general information;
- 2) The **Financial section**, which includes the Management's Discussion and Analysis (MDA, this section), the Basic Financial Statements, including the Government-wide and Fund Financial Statements along with the notes to these Financial Statements; and
- 3) The **Statistical section**.

The Basic Financial Statements

The Basic Financial Statements consist of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

The Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the Agency's activities as a whole, and consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the Agency as a whole, including all its capital assets and long-term liabilities on the full-accrual basis, similar to that used by corporations. The Statement of Activities provides information about the Agency's revenues and all its expenses, also on the full-accrual basis, with the emphasis on measuring net revenues or expenses of each of the Agency's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The Statement of Net Position summarizes the financial position of all the Authority's Governmental Activities in a single column and includes the activities of the Authority's General Fund.

The format of the Statement of Activities presents the Authority's expenses first, listed by program. Program revenues are then deducted from program expenses to arrive at the change in net position.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The WSAFCA, like other state and local agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency utilizes four fund categories, each with a distinct purpose.

The General Fund is used for all financial resources other than those that require accounting in another fund. The General Fund is used to pay all administrative, operating, and other expenditures incurred by the Agency, and to account for special benefit assessment and contribution revenues.

DWR/Flood Protection Grant/WSAFCA Special Revenue Fund account is for revenues and expenditures associated with the grant funds received from the State of California Department of Water Resources that are set aside prior to reconciliation.

Debt Service Fund accounts are for the accumulation of resources and payments of bond principal and interest of the Assessment Revenue Bonds (2011 and 2015) to finance construction of certain public capital improvements related to flood protection.

JPA Construction Capital Projects Fund account is for revenues and expenditures associated with the funding from various sources and expenditures to various approved capital improvement projects.

Because the focus of the Governmental Funds Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds to governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Governmental Funds Financial Statements provide detailed information about the Agency's most significant funds, called the *major funds*. The concept of *major funds*, and the determination of which are *major funds*, was established by Governmental Accounting Standards Board (GASB) Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented only in a single column. Subordinate schedules present the detail of these *non-major funds*. *Major funds* present the major activities of the Agency for the year, and may change from year to year as a result of changes in the pattern of the Agency's activities. For the fiscal year ending June 30, 2018, the Agency's *major Governmental funds* are as follows:

- General Fund - Fund 870
- Special Revenue Fund - Fund 257
- Debt Service Funds - Fund 882, and Fund 883
- Capital Projects Fund - Fund 871

The Board, on a multi-year basis, initially covenanted debt service and projects with bond proceeds. Other projects in the capital projects funds are budgeted by the Board on a multi-year basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the financial statements can be found starting on page 20 of this report.

Supplemental Section

The schedules of revenues, expenditures and changes in fund balances – budget and actual of debt service and capital projects funds are presented immediately following the Notes to the Financial Statements. The Supplemental Section can be found starting on page 32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Agency presents its financial statements under the reporting model required by the GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments. For comparison purposes, three years of financial information is provided.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$137.1 million in Fiscal Year 2018 and \$109.7 million in Fiscal Year 2017. The increase of \$27.4 million in Fiscal Year 2018 is primarily due to the receipt of \$34.2 million in State of California, Department of Water Resources, funding the Southport Levee Implementation and Construction project. The Agency began the Southport Levee Construction project in 2018. The increase of \$15.0 million in Fiscal Year 2017 is primarily due to the receipt of \$13.6 million in State of California, Department of Water Resources, funding the Southport Levee Early Implementation project. The Agency Completed the design, secured real estate and issued a construction contract in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CONDENSED STATEMENT OF NET POSITION
AS OF JUNE 30, 2018, and 2017

	Governmental Activities	
	2018	2017
Current and other assets	\$36,748,754	\$64,169,331
Capital assets	\$156,538,864	\$118,748,344
Total Assets	\$193,287,618	\$182,917,675
Deferred amount on refunding of debt	\$538,595	\$565,299
Total Deferred Outflows of Resources	\$538,595	\$565,299
Current and other liabilities	\$15,915,700	\$32,088,354
Non-current liabilities	\$40,830,720	\$41,741,930
Total Liabilities	\$56,746,420	\$73,830,284
Net investment in capital assets	\$109,218,595	\$76,881,713
Restricted	\$3,674,112	\$3,659,816
Unrestricted	\$24,187,086	\$29,111,161
Total Net Position	\$137,079,793	\$109,652,690

Governmental Activities

Special flood assessments have increased by 2% each year since Fiscal Year 2008. The special assessment levied on each parcel is a direct tax that is not subject to any changes in the property value. For the Fiscal Year 2018, the total governmental activities revenues were reported at \$34.4 million, an increase of 15.8 million when compared to Fiscal Year 2017. The increase was primarily reported in the intergovernmental capital grants and contributions due to the near completion of the construction of the Southport Levee project. The Agency received 26.2 million in advance funding in 2017 for the construction. In Fiscal Year 2018, approximately ninety-five percent of the advance funding was recorded as earned revenue. The Agency received \$26.2 million in advance funding in 2017 for the construction of the Southport Levee EIP project that is reported as unearned for the fiscal year.

Total governmental expenses for Fiscal Year 2018 were \$7 million, an increase of \$3.4 million. The increase is primarily due to the increase of expenses in the Construction Capital Projects fund for the undergoing of the levee construction project.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

CONDENSED STATEMENT OF ACTIVITIES		
Governmental Activities		
	2018	2017
REVENUES		
Program revenues:		
Special benefit assessment for operations	\$5,011,603	\$4,917,198
Intergovernmental capital grants and contributions	\$29,075,285	\$13,587,121
General revenues:		
Investment earnings	\$320,986	\$65,579
Other	\$3,823	\$20,724
TOTAL REVENUES	\$34,411,697	\$18,590,622
EXPENSES		
Program expenses:		
Operations and maintenance	\$5,200,162	\$1,757,819
Interest and fiscal charges	\$1,784,432	\$1,803,363
TOTAL EXPENSES	\$6,984,594	\$3,561,182
INCREASE IN NET POSITION	\$27,427,103	\$15,029,440
Net position at July 1	\$109,652,690	\$94,623,250
NET POSITION AT JUNE 30	\$137,079,793	\$109,652,690

Financial Analysis of the Agency's Funds

The Agency uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the Agency government, reporting the Agency's operations in more detail than the Government-wide financial statements.

Governmental Funds

The governmental funds reported a combined fund balance of \$7.0 million at fiscal year end June 30, 2018, a decrease of \$4.4 million from prior year. The decrease was primarily in the Agency's Special Revenue Fund for Department of Water Resources Grant. Most of the advance received in the prior fiscal year from the grant was expensed in Fiscal Year 2018 to the levee construction project. The receivable from the grant was also decreased. There was no contribution made from the General Fund to the Capital Project Fund in Fiscal Year 2018. However, the net decrease in the JPA Construction Capital Projects Fund 871 fund balance of negative \$3.6 million was the result of the major capital outlay expenses for the levee construction and the funds will be reimbursed upon DWR's approval of all the qualified expenses.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

AS OF JUNE 30, 2018, and 2017

	Governmental Funds	
	2018	2017
Total Fund Balances (deficits)	\$6,958,267	\$11,442,889

The change in balance in the DWF/Flood Protection Grant Special Revenue Fund 257 was due to a reclassification of the prior advance from unearned to earned revenue for all allowable expenses incurred and approved by DWR from the levee construction.

The decreases in the 2011 and 2015 Bond Debt Service Funds 882 and 883 cash and investment balances were due to the full year of debt payment for the 2015 Bonds. The cash and investment balances in these funds are restricted or committed for future debt service payments. The General Fund 870 provided \$1.6 million of funding for debt service payments in these funds. Expense activity represented scheduled debt service payments made.

The cash and investment balance of the JPA Construction Capital Projects Fund decreased from \$6.4 million to \$0.25 million due to the active levee construction project which required immediate cash flow. The grant receivable decreased from \$22.2 million to \$15.5 million as the result. The Agency has been reimbursed most of the real estate purchases, and the remaining \$0.5 million is pending approval by the State of California Department of General Services. Fund 871 revenues increased from \$16.5 million to \$35 million due to additional grant funding received and recording of prior year DWR advance to earned revenue. Fund 871 capital outlay expenses increased from \$14.2 million to \$40.5 million due to the significant levee construction in progress.

The 2008 Flood Bond Debt Service Fund 881 was closed out in 2017 due to the debt being refunded in 2016. Remaining Fund 881 resources were transferred to the 2011 and 2015 Bond Debt Service Funds 882 and 883 for use on future debt service payments.

General Fund Budgetary Highlights

The Agency has historically adopted two budgets. The first is an operational biennial budget that includes operational costs, staffing, vehicles, and minor departmental capital expenditures. The second is a capital improvement program approved by Agency Board separate from the original operating budget on a project by project basis. The capital program prioritizes projects by their ability to minimize risk to the community and leverage available grant funding opportunities at the State and Federal levels. Each month, a report of actual revenue and expenditures are provided to the Board to monitor the fund balance. For the Fiscal Year 2018, the total revenues for General Fund were \$525,707 over the final budget due to an unbudgeted reimbursement of \$567,591 from DWR for Fiscal Year 2014 expenses. The total expenditures were \$1.2 million below the final budget due to a decrease in the City staff costs. The Agency budgets revenues and expenditures conservatively to ensure the challenges with revenues and expenditures are managed properly.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Capital assets

The Agency's capital assets, net of depreciation, for its governmental activities as of June 30, 2018 and June 30, 2017 were \$156.5 million and \$118.8 million, respectively. The Agency's capital assets were reported as construction in progress and land in each of the last three years for land purchases and construction of levee improvements. More detail about the capital assets can be found in Note 3 of the Financial Statements.

Major capital asset projects during the year included the construction of the Southport Levee project and the USACE General Levee Re-evaluation Report.

Long-term debt

The Agency's debt financing of capital assets for its governmental activities as of June 30, 2018 and June 30, 2017 were \$41.6 million and \$42.4 million, respectively. The decrease in 2018 was due to normal debt service payments being made. The most recent debt issuance was the 2015 Assessment Revenue Bonds. All debt proceeds were used to finance levee improvements or to refund previous debt issues for levee improvements.

More detail of the long-term liabilities and current transactions can be found in Note 4 of the Financial Statements.

Economic Outlook

Based on past revenues and current economic projections, The Agency forecasts the special assessment will continue to increase slightly above an average of 2% each year. The forecast growth will be based on a likely 2% Board approved assessment increase to fund the West Sacramento Levee Improvement Program which is entering the federal cost share phase and due to increased economic development in the community.

Requests for Information

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the WSAFCA Administrative Services Department, 1110 West Capitol Avenue, West Sacramento, CA 95691, or visit the Agency's web page at <http://www.cityofwestsacramento.org/city/flood/default.asp>.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
For the year ended June 30, 2018

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The statement of net position and the statement of activities summarize the West Sacramento Area Flood Control Agency Joint Powers Authority's (the "Agency") entire financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all of the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all of the Agency's transactions is taken into account, regardless of whether or when cash changes hands.

The statement of net position reports the difference between the Agency's total assets and deferred outflows of resources total liabilities and deferred inflows of resources, including all the Agency's capital assets and all its long-term debt. The statement of net position focuses the reader on the composition of the Agency's net position by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The statement of net position summarizes the financial position of all the Agency's governmental activities in a single column. The Agency's governmental activities include the activities of its General Fund.

The statement of activities reports increases and decreases in the Agency's net position. It is also prepared on the full accrual basis, which means it includes all the Agency's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the fund financial statements, which reflect only current assets, deferred outflows of resources, liabilities and deferred inflows of resources, available revenues and measurable expenditures.

The format of the statement of activities presents the Agency's expenses first, listed by program. Program revenues - that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental program. The Agency's general revenues are then listed in the governmental activities column, as appropriate, and the change in net position is computed and reconciled with the statement of net position.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 STATEMENT OF NET POSITION
 June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and investments:	
City Treasury - unrestricted	\$ 6,719,176
City Treasury - restricted	6,252,304
Fiscal Agents	2,573,057
Accounts receivable:	
Other	10,219
Grants receivable	15,536,074
Due from other governments	5,657,924
Capital assets:	
Non depreciable	117,774,445
Depreciable, net	<u>38,764,419</u>
Total capital assets	<u>156,538,864</u>
Total assets	<u>193,287,618</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount from refunding of debt	<u>538,595</u>
LIABILITIES	
Accounts payable	9,429,564
Due to other governments	3,896,998
Interest payable	618,408
Unearned revenue	1,160,130
Long-term liabilities:	
Due within one year	810,600
Due in more than one year	<u>40,830,720</u>
Total liabilities	<u>56,746,420</u>
NET POSITION	
Net investment in capital assets	109,218,595
Restricted for debt service	2,573,057
Restricted for reclamation plan performance	1,101,055
Unrestricted	<u>24,187,086</u>
Total net position	<u>\$ 137,079,793</u>

See accompanying notes to financial statements.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
STATEMENT OF ACTIVITIES
June 30, 2018

	Governmental Activities
Program expenses	
Flood control	\$ 5,200,162
Interest	<u>1,784,432</u>
Total program expenses	<u>6,984,594</u>
Program revenues	
Operating grants and contributions	5,011,603
Capital grants and contributions	<u>29,075,285</u>
Total program revenues	<u>34,086,888</u>
Net program revenue	<u>27,102,294</u>
General revenues	
Investment earnings	320,986
Other	<u>3,823</u>
Total general revenues	324,809
Change in net position	27,427,103
Net Position, beginning of year	<u>109,652,690</u>
Net Position, end of year	<u>\$ 137,079,793</u>

See accompanying notes to financial statements.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 BALANCE SHEET – GOVERNMENTAL FUNDS
 June 30, 2018

	General Fund (870)	DWR/Flood Protection Grant Special Revenue Fund (257)	2011 Flood Bond Debt Service Fund (882)	2015 WSAFCA Bond Debt Service Fund (883)	JPA Construction Capital Projects Fund (871)	Total
ASSETS						
Cash and investments						
City Treasury - unrestricted	\$ 6,423,170	\$ -	\$ 35,528	\$ 12,556	\$ 247,922	\$ 6,719,176
City Treasury - restricted	1,101,055	5,151,249	-	-	-	6,252,304
Fiscal Agents	-	-	891,805	1,681,252	-	2,573,057
Accounts receivable	10,219	-	-	-	-	10,219
Grants receivable	-	-	-	-	15,536,074	15,536,074
Due from other governments	229,174	-	-	-	5,428,750	5,657,924
	<u>7,763,618</u>	<u>5,151,249</u>	<u>927,333</u>	<u>1,693,808</u>	<u>21,212,746</u>	<u>36,748,754</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 3,213	\$ -	\$ -	\$ -	\$ 9,426,351	\$ 9,429,564
Due to other governments	107,213	3,755,884	-	-	33,901	3,896,998
Unearned revenue	-	1,160,130	-	-	-	1,160,130
	<u>110,426</u>	<u>4,916,014</u>	<u>-</u>	<u>-</u>	<u>9,460,252</u>	<u>14,486,692</u>
Deferred inflows of resources						
Unavailable revenues	-	-	-	-	15,303,795	15,303,795
Fund balances						
Restricted for debt service	-	-	891,805	1,681,252	-	2,573,057
Restricted for reclamation plan performance	1,101,055	-	-	-	-	1,101,055
Committed	-	235,235	35,528	12,556	-	283,319
Unassigned	6,552,137	-	-	-	(3,551,301)	3,000,836
	<u>7,653,192</u>	<u>235,235</u>	<u>927,333</u>	<u>1,693,808</u>	<u>(3,551,301)</u>	<u>6,958,267</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,763,618</u>	<u>\$ 5,151,249</u>	<u>\$ 927,333</u>	<u>\$ 1,693,808</u>	<u>\$ 21,212,746</u>	<u>\$ 36,748,754</u>

See accompanying notes to financial statements.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - Governmental Funds \$ 6,958,267

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

Long-Term Receivables -

Long-term receivables are not available to pay current period expenditures and, therefore, are deferred in governmental funds.

These receivables are recognized in the government-wide statements. 15,303,795

Capital Assets -

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

156,538,864

Long-Term Liabilities -

Long-term liabilities are not due and payable in the current period and, therefore are not reported as liabilities in governmental funds.

Those liabilities consist of:

Interest payable (618,408)
Bonds payable (41,641,320)

In governmental funds, losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows of resources and are amortized over the shortermed life of the refunded debt or refunded debt.

538,595

Total net position - Governmental Activities \$ 137,079,793

See accompanying notes to financial statements.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE – GOVERNMENTAL FUNDS
 June 30, 2018

	General Fund (870)	DWR/Flood Protection Grant Special Revenue Fund (257)	2011 Flood Bond Debt Service Fund (882)	2015 WSAFCA Bond Debt Service Fund (883)	JPA Construction Capital Projects Fund (871)	Total
Revenues						
Special benefit assessment for operations	\$ 5,011,603	\$ -	\$ -	\$ -	\$ -	\$ 5,011,603
Reimbursements	605,184	-	-	-	-	605,184
Intergovernmental	-	-	-	-	35,000,413	35,000,413
Use of money and property	33,776	232,008	8,437	16,685	30,080	320,986
Other	<u>118,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,823</u>	<u>122,438</u>
Total revenues	<u>5,769,178</u>	<u>232,008</u>	<u>8,437</u>	<u>16,685</u>	<u>35,034,316</u>	<u>41,060,624</u>
Expenditures						
Current:						
Flood control:						
Operations and maintenance	1,068,100	-	-	-	1,380,802	2,448,902
Capital outlay	-	-	-	-	40,541,781	40,541,781
Debt service						
Principal payments	-	-	270,000	420,000	-	690,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>610,325</u>	<u>1,254,238</u>	<u>-</u>	<u>1,864,563</u>
Total expenditures	<u>1,068,100</u>	<u>-</u>	<u>880,325</u>	<u>1,674,238</u>	<u>41,922,583</u>	<u>45,545,246</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,701,078</u>	<u>232,008</u>	<u>(871,888)</u>	<u>(1,657,553)</u>	<u>(6,888,267)</u>	<u>(4,484,622)</u>
Other financing (uses) sources						
Transfers in	-	-	303,644	1,290,571	-	1,594,215
Transfers out	<u>(1,594,215)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,594,215)</u>
Total other financing (uses) sources	<u>(1,594,215)</u>	<u>-</u>	<u>303,644</u>	<u>1,290,571</u>	<u>-</u>	<u>-</u>
Change in fund balances	3,106,863	232,008	(568,244)	(366,982)	(6,888,267)	(4,484,622)
Fund balances - beginning	<u>4,546,329</u>	<u>3,227</u>	<u>1,495,577</u>	<u>2,060,790</u>	<u>3,336,966</u>	<u>11,442,889</u>
Fund balances - ending	<u>\$ 7,653,192</u>	<u>\$ 235,235</u>	<u>\$ 927,333</u>	<u>\$ 1,693,808</u>	<u>\$ (3,551,301)</u>	<u>\$ 6,958,267</u>

See accompanying notes to financial statements.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 June 30, 2018

Net change in fund balances - total Governmental Funds \$ (4,484,622)

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

Long-Term Receivables -

Long-term receivables are not available to pay current period expenditures and therefore are deferred in governmental funds. These receivables are recognized in the government-wide statements. This amount represents funds. These receivables are recognized in the government-wide statements. This amount represents the change in unavailable revenues. (6,648,927)

Capital Assets Transactions -

Governmental funds report capital outlay as expenditures. However, in The statement of activities the costs of those assets are capitalized and allocated over their useful lives and reported as depreciation expense, if any.

Capital outlay expense	40,541,781
Depreciation expense	(2,751,260)

Long-Term Debt Transactions -

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the government-wide statements. Repayment of principal is an expenditure in governmental funds, but reduces the long-term debt in the government-wide statements.

Principal payments	690,000
Amortization of debt premium	100,610
Amortization of deferred amount from refunding of debt	(26,704)

Some expenses reported in the government-wide statements do not require the use of current financial resources and, therefore, are not expenditures in the governmental funds.

Change in interest payable	6,225
----------------------------	-------

Change in net position of Governmental Activities \$ 27,427,103

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND (870)
 For the year ended June 30, 2018

	<u>Budget</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Special benefit assessment for operations	\$ 5,099,856	\$ 5,099,856	\$ 5,011,603	\$ (88,253)
Reimbursements	-	-	605,184	605,184
Use of money and property	25,000	25,000	33,776	8,776
Other	<u>-</u>	<u>118,615</u>	<u>118,615</u>	<u>-</u>
Total revenues	<u>5,124,856</u>	<u>5,243,471</u>	<u>5,769,178</u>	<u>525,707</u>
Expenditures:				
Current:				
Flood control:				
Operations and maintenance	<u>2,313,388</u>	<u>2,313,388</u>	<u>1,068,100</u>	<u>1,245,288</u>
Total expenditures	<u>2,313,388</u>	<u>2,313,388</u>	<u>1,068,100</u>	<u>1,245,288</u>
Excess of revenues over expenditures	<u>2,811,468</u>	<u>2,930,083</u>	<u>4,701,078</u>	<u>1,770,995</u>
Other financing sources (uses):				
Transfers out	<u>(2,554,563)</u>	<u>(2,554,563)</u>	<u>(1,594,215)</u>	<u>960,348</u>
Net change in fund balance	256,905	375,520	3,106,863	2,731,343
Fund balance - beginning	<u>4,546,329</u>	<u>4,546,329</u>	<u>4,546,329</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,803,234</u>	<u>\$ 4,921,849</u>	<u>\$ 7,653,192</u>	<u>\$ 2,731,343</u>

See accompanying notes to financial statements.

WEST SACRAMENTO AREA FLOOD CONTROL
AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Organization and Purpose : The West Sacramento Area Flood Control Agency Joint Powers Authority (the "Agency") was created in July, 1994, under the provisions of Chapter 5 of Division 7 of the Title 1 of the California Government Code (commencing with section 6500) for the purpose of controlling and conserving waters for the protection of life and property that would or could be damaged by being inundated by still or flowing water. The Agency's Governing Board is comprised of one representative from each charter member agency. The charter member agencies are the City of West Sacramento, Reclamation District No. 900 and Reclamation District No. 537. Each representative of the governing board has one vote. The members are appointed by the respective City Council or Board of Directors.

The Agency is partnering with the California State Department of Water Resources, the Central Valley Flood Protection Board and the Army Corps of Engineers to improve levees around the City of West Sacramento to meet 200-year state and federal flood protection standards by 2025. The Agency uses a special assessment on property owners, State Proposition 1E grant revenue and funding from other local agencies to complete its flood protection projects.

The Agency is also lead agency in developing the Regional Flood Management Plan (RFMP), which is a state grant funded flood risk reduction planning effort for the Lower Sacramento-Delta North Region of the larger Central Valley Flood Protection Plan. The Agency is funding grant application costs and each participating agency, including the County of Yolo and Sacramento Area Flood Control Agency, reimburses the Agency for their share of the costs, which are reported as intergovernmental revenues in the General Fund.

The accounting records of the Agency are maintained by the City of West Sacramento. The Agency has no employees and substantially all staff services are performed by City of West Sacramento personnel. Costs incurred by the City of West Sacramento to provide such services are reimbursed by the Agency.

The Agency is considered to be a separate legal entity and is not a component unit of the above members because its Governing Board is not controlled by any member and it has no financial benefit or burden relationship with any member. However, the noncapital assets are reported within an agency fund in the City of West Sacramento's basic financial statements.

Basis of Presentation: The Agency's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. These Standards require that the financial statements described below be presented.

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall Agency's governmental activities. Governmental activities generally are financed through intergovernmental revenues. The Agency is the only entity included in these financial statements.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) special benefit assessments for operations of the programs, (b) contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Agency. The emphasis of fund financial statements is on major individual governmental funds. The Agency has the following major funds:

General Fund - The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund. This fund is used to pay all administrative, operating and other expenditures incurred by the Agency, and to account for special benefit assessment and contribution revenues.

DWR/Flood Protection Grant Special Revenue Fund - Special Revenue Funds are used to account for specific revenues that are restricted by law or administrative action to expenditures for particular purposes. The DWR/Flood Protection Grant Special Revenue Fund is used to account for revenues and noncapital expenditures associated with the grant funds received from the State of California Department of Water Resources for levee improvements.

2011 Flood Bond Debt Service Fund - The 2011 Flood Bond Debt Service Fund is used to account for the accumulation of resources and payments of bond principal and interest of the Assessment Revenue Bonds, Series 2011, issued to finance the construction of certain public capital improvements related to flood protection.

2015 WSAFCA Bond Debt Service Fund - The 2015 Flood Bond Debt Service Fund is used to account for the accumulation of resources and payments of bond principal and interest of the Assessment Revenue Bonds, Series 2015, issued to finance the construction of certain public capital improvements related to levee improvements and flood control and to refund a portion of the Assessment Revenue Bonds, Series 2008.

JPA Construction Capital Projects Fund - Capital projects funds are used to account for resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition and construction of capital facilities. The JPA Construction Capital Projects Fund is used to account for revenues and capital expenditures associated with the grant funds received from the State of California Department of Water Resources for levee improvements.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Basis of Accounting: The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Interfund transactions are eliminated.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, may include property taxes, grants, entitlements, and donations. Revenue from property taxes, special benefit assessments, is recognized in the fiscal year for which the taxes are levied if received in the availability period. Revenue from cost reimbursement grants is recognized in the fiscal year in which eligible costs have been incurred, if received in the availability period.

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

Restricted Assets: Restricted assets include fiscal agent cash and investments held by bond trustees that are restricted to principal and interest payments by the related bond indentures and an advance from the State Department of Water Resources (DWR) and related interest earnings totaling \$5,151,249 that must be held and used on prescribed Southport Levee construction project expenditures. The Agency was also required to pledge and hold \$1,101,055 to assure performance of the reclamation plan for the Borrow One site in lieu of a performance bond under the Surface Mining Reclamation Act. The amount is expected to be released from restrictions during the year ended June 30, 2020 based on the current construction timeline.

Receivables: Grants receivable represent Proposition 1E revenue earned as of year-end and due from the State of California Department of Water Resources. The amounts of the qualifying expenditures have been estimated and the actual amount realized may differ from the amount paid by the Department of Water Resources. Due from other governments represents reimbursements due from other governments for the RFMP. Governmental fund revenues are accrued as revenues if received within the "availability period", which is generally within 60 days of year-end, with the exception of grants and sales and use taxes, which are considered available if received within 90 days of year-end.

Capital Assets: The cost of assets sold or retired (and related accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

For certain older assets, including infrastructure, estimated historical costs are used. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciable lives of capital assets are as follows:

Buildings	50 years
Improvements	10-40 years
Equipment	5-25 years
Infrastructure	25-80 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Unearned Revenue: Unearned revenues arise when resources are received before the Agency has legal claim to them (i.e. when cost reimbursement grant revenues are received prior to the incurrence of qualifying expenditures). The Agency's unearned revenues consist of grant revenues received from the DWR for levee projects. Amounts held must be used for qualifying expenses or returned to the DWR

Deferred Outflows and Inflows of Resources: Deferred outflows and inflows of resources are separate financial statement elements that represent a consumption (outflow) or acquisition (inflow) of net position that applies to a future period and so will not be recognized as an outflow (expense/expenditure) or inflow (revenue) of resources until the earnings process is complete. Governmental fund revenues that are not received within the Agency's availability period under modified accrual accounting are reported as deferred inflows of resources until available. Such amounts are recognized as revenue in the government-wide statements. Deferred amounts on refunding of debt may also be reported as deferred outflows or inflows of resources.

Interfund Transactions: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Transfers are used to move revenues from the fund that statute or budget requires to collect them to the funds that statute or budgets require to expend them or to move receipts restricted to debt service from the funds collecting them to the debt service funds as payments are due. Transfers were made from the General Fund to the debt service funds to fund debt service payments.

Budgets and Budgetary Accounting: Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception of capital outlay expense that is not budgeted. Budget amounts in the financial statements are as originally adopted, or as amended by the Board. Individual amendments were not material in relation to the original appropriations. Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Formal budgetary integration is employed as a management control device. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as commitments or assignments of fund balances since they do not constitute expenditures or liabilities and are re-appropriated in the following year. The DWR/Flood Protection Grant – Special Reserve Fund did not have a legally adopted budget for fiscal year 2018, therefore a budget to actual schedule is excluded from the report.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Fund Balance Classification:

Net Position - The government-wide financial statement includes the following categories of net position:

1. Net investment in capital assets - This represents the Agency's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets
2. Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position – any amount that is not restricted.

Fund Balance - In the fund financial statements, fund balance amounts are reported based on the Agency's constraints on the use of funds.

1. *Nonspendable* - are not expected to be converted to cash within the next operating cycle and are typically comprised of prepaid items. As of June 30, 2018, the Agency had no nonspendable fund balances.
2. *Restricted* - are subject to external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.
3. *Committed* - are subject to constraints imposed by formal action of the Agency's Board which may be altered only by formal action of the Agency's Board consisting of an ordinance or resolution.
4. *Assigned* - are amounts constrained by the Agency's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Agency's Board or management and may be changed at their discretion. As of June 30, 2018, the Agency had no assigned fund balances.
5. *Unassigned* - is the residual amount of the General Fund not included in the four classifications described above. In other governmental funds in which expenditures incurred for specific purposes exceeded amounts restricted, committed, or assigned to those purposes, a negative unassigned fund balance is reported. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds. The Agency typically spends resources in the following order when an expenditure is incurred: restricted, committed, assigned, and unassigned.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
 AGENCY JOINT POWERS AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 - CASH AND INVESTMENTS

The Agency pools cash from all sources with the City of West Sacramento so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The City's investment policy and the California Government Code permit investments in Securities of the U.S. Government or its agencies, certificates of deposit, negotiable certificates of deposit, medium-term notes, commercial paper, banker's acceptances, commercial paper, the State of California Local Authority Investment Fund (LAIF Pool), repurchase agreements, and passbook savings account demand deposits. The City's full investment policy may be found in the City's Comprehensive Annual Financial report on the City's website at cityofwestsacramento.org.

The Agency follows the practice of pooling cash and investment of all funds. Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

City Treasury - Unrestricted	\$ 6,719,176
City Treasury - Restricted	<u>6,252,304</u>
Total City Treasury	12,971,480
 Fiscal Agents:	
U.S. Treasury Obligations	418,345
Certificates of Deposit	239,914
Money Market Mutual Funds	<u>1,914,798</u>
Total Cash and Investments with Fiscal Agents	<u>2,573,057</u>
 Total	 <u>\$ 15,544,537</u>

Investments Authorized by the California Government Code and the City's Investment Policy: The Agency has adopted the City of West Sacramento's investment policy for all investments with the exception of investments held by bond trustees that are governed by the provisions of the debt agreements of the Agency's, rather than the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % of Portfolio*	Maximum Investment in One Issuer
California Local Agency Investment Fund (LAIF)	N/A	N/A	None	None
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Agency Securities	5 years	N/A	None	None
Banker's Acceptances	180 days	N/A	40%	5%
Collateralized Certificates of Deposit	5 years	N/A	30%	30%
Negotiable Certificates of Deposit	5 years	N/A	30%	30%
Commercial Paper	270 days	A-1	25%	5%
Repurchase Agreements	1 year	N/A	None	None
Reverse Repurchase Agreements	92 days	N/A	20% of base value	None
California Local Agency Debt	5 years	N/A	None	None
Local Agency Bonds	5 years	N/A	None	None
Medium Term Notes	5 years	A-1	30%	30%
Mutual Funds	5 years	AAA	20%	10%
Mortgage Pass-through Securities	5 years	AA	20%	20%
Money Market Mutual Funds	N/A	AAA	20%	10%
County Pooled Investment Funds	N/A	N/A	None	None
JPA Pools, including CAMP	N/A	N/A	None	None

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
 AGENCY JOINT POWERS AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements: The Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the Agency fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Agency resolutions, bond indentures or State statutes. The investments authorized by debt agreements include all of the investments listed in the previous table authorized by the City's investment policy. The debt agreements also authorize debt proceeds to be invested in guaranteed investment contracts that are guaranteed by a financial institution that has an unsecured rating or the agreement itself is rated in one of the two highest rating categories by two or more rating agencies. The agreements must be secured at all times by securities consisting of United States Obligations with a market value of 105% of the principal amount of the obligation. The debt agreements do not specify a maximum percentage of the portfolio or maximum amount in one issuer for guaranteed investment contracts.

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

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>
Cash and Investments in City Treasury - Unrestricted	\$ 6,719,176	\$ 6,719,176	\$ -
Cash and Investments in City Treasury - Restricted	6,252,304	6,252,304	-
Cash and Investments with Fiscal Agents:			
U.S. Treasury Obligations	418,345	-	418,345
Certificates of Deposit	239,914	239,914	-
Money Market Mutual Funds	<u>1,914,798</u>	<u>1,914,798</u>	<u>-</u>
Total	<u>\$ 15,544,537</u>	<u>\$ 15,126,192</u>	<u>\$ 418,345</u>

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

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
 AGENCY JOINT POWERS AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Total</u>	<u>Exempt From Disclosure</u>	<u>AAA</u>
Cash and Investments in City			
Treasury - Unrestricted	\$ 6,719,176	\$ 6,719,176	\$ -
Cash and Investments in City			
Treasury - Restricted	6,252,304	6,252,304	-
Cash and Investments with			
Fiscal Agents:			
U.S. Treasury Obligations	418,345	418,345	-
Certificates of Deposit	239,914	239,914	-
Money Market Mutual Funds	<u>1,914,798</u>	<u>-</u>	<u>1,914,798</u>
Total	<u>\$ 15,544,537</u>	<u>\$ 13,629,739</u>	<u>\$ 1,914,798</u>

Fair Value Measurements: The following methods and assumptions were used by the Agency to estimate fair value of its financial instruments as of June 30, 2018.

Fair value is the exchanged price that would be received for an asset or paid to transfer a liability (exit price) in the principal of most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted market prices or identical instruments traded in active exchange markets.

Level 2 – Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

The Agency has the following recurring fair value measurements as of June 30, 2018:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by fair value level:				
U.S. Treasury Obligations	\$ 418,345	\$ -	\$ 418,345	\$ -
Certificates of Deposit	<u>239,914</u>	<u>-</u>	<u>239,914</u>	<u>-</u>
Total investments by fair value level	<u>\$ 658,259</u>	<u>\$ -</u>	<u>\$ 658,259</u>	<u>\$ -</u>
Investments measured at net				
asset value or not categorized:				
Cash and Investments in City				
Treasury - Unrestricted	6,719,176			
Cash and Investments in City				
Treasury - Restricted	6,252,304			
Money market mutual funds	<u>1,914,798</u>			
Total investments	<u>\$ 15,544,537</u>			

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - CAPITAL ASSETS

Capital assets activity was as follows for the year ended June 30:

	Balance at July 1, <u>2017</u>	<u>Additions</u>	Transfers & <u>Adjustments</u>	Balance at June 30, <u>2018</u>
Capital assets, not being depreciated:				
Land	\$ 28,836,456	\$ 7,575,195	\$ -	\$ 36,411,651
Construction in progress	<u>53,619,597</u>	<u>32,966,585</u>	<u>(5,223,388)</u>	<u>81,362,794</u>
Total capital assets not being depreciated	<u>82,456,053</u>	<u>40,541,780</u>	<u>(5,223,388)</u>	<u>117,774,445</u>
Capital assets, being depreciated				
Infrastructure	36,350,679	-	5,223,388	41,574,067
Less accumulated depreciation	<u>(58,388)</u>	<u>(2,751,260)</u>	<u>-</u>	<u>(2,809,648)</u>
Capital assets being depreciated, net	<u>36,292,291</u>	<u>(2,751,260)</u>	<u>5,223,388</u>	<u>38,764,419</u>
Total capital assets, net	<u>\$ 118,748,344</u>	<u>\$ 37,790,520</u>	<u>\$ -</u>	<u>\$ 156,538,864</u>

NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30:

	Balance at July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance at June 30, <u>2018</u>	<u>Current Portion</u>
Assessment Revenue Bonds:					
2011 Assessment 2.25%-5.25%, due 09/1/41	\$ 12,230,000	\$ -	\$ (270,000)	\$ 11,960,000	\$ 275,000
2015 Assessment 2.00%-5.00%, due 09/1/45	<u>27,410,000</u>	<u>-</u>	<u>(420,000)</u>	<u>26,990,000</u>	<u>435,000</u>
	39,640,000		(690,000)	38,950,000	710,000
2015 bond premium	<u>2,791,930</u>	<u>-</u>	<u>(100,610)</u>	<u>2,691,320</u>	<u>100,600</u>
	<u>\$ 42,431,930</u>	<u>\$ -</u>	<u>\$ (790,610)</u>	<u>\$ 41,641,320</u>	<u>\$ 810,600</u>

Description of Debt:

West Sacramento Area Flood Control Agency Assessment Revenue Bonds, Series 2011 - In 2011, the Agency issued revenue bonds to fund construction of WSLIP repair projects, and fund planning, environmental, and engineering program costs related to the Southport Sacramento River Levee EIP Project. The bonds are payable solely from annual assessment installments for capital facilities to be levied by the Agency on all parcels in the City of West Sacramento. Principal payments of \$100,000 to \$840,000 are due annually on September 1 through September 1, 2041. Interest payments of \$22,055 to \$464,895 are due semi-annually on March 1 and September 1 through September 1, 2041. Interest rates range from 2.2% to 5.25%.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
 AGENCY JOINT POWERS AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 4 - LONG-TERM LIABILITIES (Continued)

West Sacramento Area Flood Control Agency Assessment Revenue Bonds, Series 2015 - In 2015, the Agency issued revenue bonds to continue levee improvement projects. Proceeds will be used to provide the local match for the construction phase of the Southport Project, which includes significant right of way acquisition, planning, environmental, and design studies for the next major flood project proposed for the northern portion of the City and referred to as the "North Area Project. A portion of the proceeds was also used to defease a portion of the Agency's outstanding Assessment Revenue Bonds, Series 2008. The bonds are payable solely from annual assessment installments for capital facilities to be levied by the Agency on all parcels in the City of West Sacramento. Principal payments of \$45,000 to \$2,445,000 are due annually on September 1 through 2045. Interest payments of \$122,250 to \$1,266,388 are due annually on September 1 through 2045. Interest rates range from 2.0% to 5.0%.

Debt Service Requirements: The annual debt service requirements at June 30, 2018 are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 710,000	\$ 1,855,226	\$ 2,565,226
2020	735,000	1,830,951	2,565,951
2021	760,000	1,805,133	2,565,133
2022	800,000	1,767,113	2,567,113
2023	840,000	1,727,113	2,567,113
2024-2028	4,865,000	7,962,812	12,827,812
2029-2033	6,145,000	6,684,405	12,829,405
2034-2038	7,535,000	5,286,882	12,821,882
2039-2043	9,575,000	3,250,250	12,825,250
2044-2046	<u>6,985,000</u>	<u>710,000</u>	<u>7,695,000</u>
	<u>\$ 38,950,000</u>	<u>\$ 32,879,885</u>	<u>\$ 71,829,885</u>

Pledged Revenues: The Agency has pledged future assessment revenues, net of specified expenses, to repay all of the 2011 and 2015 Series Bonds through 2041 and 2045. The purpose of the Bonds is described above. The total principal and interest remaining to be paid on the bonds is \$71,829,885. The principal and interest paid for the current year and total customer net revenues were \$2,554,560 and \$3,943,504, respectively. Bond payments were approximately 65% of net revenues.

Line of Credit: In February 2017, the Agency executed a \$3.5 million unsecured line of credit agreement with First Northern Bank of Dixon (the Bank) that expires on June 30, 2021 to assist with any cash flow needs on the Southport Project. The Agency pays a 0.50% unused line of credit fee annually on the unused portion of line of credit determined by averaging the daily amount outstanding and subtracting that amount from the credit limit. Any disbursements are subject to a variable interest rate equal to the Wall Street Journal Prime Rate less 1.435% with a 2.015% floor and may change daily. Under the terms of the agreement, if the Agency issues any bonds totaling in excess of \$5 million in connection with the Southport Project, the Bank may require some or all of the proposed bond proceeds to be used to repay all or a portion of the outstanding balance under the agreement and/or terminate the agreement at its discretion. The Agency is required to maintain a deposit account at the Bank to facilitate draws and payments under the agreement. The Agreement may be terminated by the Agency with 30 days' notice. As of June 30, 2018, the Agency had no outstanding balance for the line of credit.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
 AGENCY JOINT POWERS AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 5 - RISK MANAGEMENT

The Agency 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. The Agency purchases insurance coverage for commercial general liability, public officials' and management liability. There have been no significant reductions in insurance coverage from the prior year by major categories of risk and there have been no settlements exceeding insurance coverage for the past three years.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Long-Term Commitments: The Agency had the following significant contract commitments as of June 30, 2018:

<u>Description</u>	<u>Contract Amount</u>	<u>Remaining</u>
Southport Levee Construction	\$ 52,414,320	\$ 31,618,071
Southport ID/IQ	20,106,348	20,089,958
Southport Task Order 4	14,241,384	1,118,630
Construction Management Services Task Order 2	9,459,039	5,506,753
Southport Environmental Support	3,520,207	1,629,351
Bridgeway Drain Rehabilitation	3,056,504	3,056,504
Southport Task Order 6	1,807,000	1,221,741
Southport Land	1,638,866	430,568
General Support/Financial Management	1,411,320	499,979
Engineering & Land Surveying	1,372,800	333,063
VELB Conservation Credits	1,311,156	272,756
Time Oil Environmental Assessment & Construction Services	1,196,123	1,196,123
Regional Flood Management Engineering & Land Surveying	1,074,730	483,015
Southport Surveying	1,021,695	187,423
Southport Restoration Design	805,689	681,849
Southport Safety Assurance	655,720	304,217
Tribal Monitoring (UAIC)	593,000	504,597
Tribal Monitoring (YDWN)	593,000	564,394
Regional Flood Management Plan	491,400	52,663
Storm Drain Pipe Design/Engineering	250,952	117,351
I Street/Rivers Surveying	159,390	28,245
Construction Management Services Task Order 1	151,225	40,078
North Area Projects Monitoring	100,000	83,314
VELB Transplanting	84,347	6,357
Time Oil Attorney Charges	26,500	23,212
	<u>\$ 117,542,715</u>	<u>\$ 70,050,212</u>

The commitments above represent encumbrances of the JPA Construction Capital Projects Fund. The Agency acquired a number of properties under eminent domain proceedings as part of flood control projects. As of June 30, 2018, the Agency made deposits into escrow accounts controlled by the State of California based on external appraisals to be able to access the related properties, but several landowners have disputed the fair value assigned by the Agency.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL
AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 - COMMITMENTS AND CONTINGENCIES (Continued)

The Agency's management believes there will be no significant additional liabilities for the properties acquired; however, the amount that will ultimately be paid for the properties may potentially change. The Agency received grants from other governmental agencies that are subject to compliance audits by the granting agency. No audits have been conducted by the granting agencies during the year. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the Agency expects the amounts, if any, to be immaterial.

NOTE 7 - NEW PRONOUNCEMENTS

The following pronouncement has been implemented this fiscal year.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this Statement are effective for periods beginning after June 15, 2017, however, the adoption of these statements did not have a significant impact on the Agency.

The Agency also adopted GASB Statement No. 82 *Pension Issues*, GASB Statement No. 85 *Omnibus 2017* and GASB Statement No. 86 *Certain Debt Extinguishments Issues* during the fiscal year ended June 30, 2018, however, the adoption of these statements did not have a significant impact on the Agency.

GASB has issued the following statements which may impact the Agency's financial reporting requirements in the future:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016. The provisions of this Statement are effective for periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017. The provisions of this Statement are effective for the periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, issued June 2017. The provisions of this Statement are effective for periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued March 2018. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, issued September 2018. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

SUPPLEMENTAL SECTION

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - 2011 FLOOD BOND
 DEBT SERVICE FUND (882)
 For the year ended June 30, 2018

	<u>Budget</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Use of money and property	\$ -	\$ -	\$ 8,437	\$ 8,437
Expenditures:				
Debt service:				
Principal payments	265,000	265,000	270,000	(5,000)
Interest and fiscal charges	<u>616,343</u>	<u>616,343</u>	<u>610,325</u>	<u>6,018</u>
Total expenditures	<u>881,343</u>	<u>881,343</u>	<u>880,325</u>	<u>1,018</u>
Deficiency of revenues under expenditures	<u>(881,343)</u>	<u>(881,343)</u>	<u>(871,888)</u>	<u>9,455</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>303,664</u>	<u>303,644</u>	<u>(20)</u>
Net change in fund balance	(881,343)	(577,679)	(568,244)	9,435
Fund balance - beginning	<u>1,495,577</u>	<u>1,495,577</u>	<u>1,495,577</u>	<u>-</u>
Fund balance - ending	<u>\$ 614,234</u>	<u>\$ 917,898</u>	<u>\$ 927,333</u>	<u>\$ 9,435</u>

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL -2015 WSAFCA BOND
 DEBT SERVICE FUND (883)
 For the year ended June 30, 2018

	Budget			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Use of money and property	\$ -	\$ -	\$ 16,685	\$ 16,685
Expenditures:				
Debt service:				
Principal payments	195,000	195,000	420,000	(225,000)
Interest and fiscal charges	<u>1,263,462</u>	<u>1,263,462</u>	<u>1,254,238</u>	<u>9,224</u>
Total expenditures	<u>1,458,462</u>	<u>1,458,462</u>	<u>1,674,238</u>	<u>(215,776)</u>
Deficiency of revenues under expenditures	<u>(1,458,462)</u>	<u>(1,458,462)</u>	<u>(1,657,553)</u>	<u>(199,091)</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>1,290,571</u>	<u>1,290,571</u>	<u>-</u>
Net change in fund balance	(1,458,462)	(167,891)	(366,982)	(199,091)
Fund balance - beginning	<u>2,060,790</u>	<u>2,060,790</u>	<u>2,060,790</u>	<u>-</u>
Fund balance - ending	<u>\$ 602,328</u>	<u>\$ 1,892,899</u>	<u>\$ 1,693,808</u>	<u>\$ (199,091)</u>

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - JPA CONSTRUCTION
 CAPITAL PROJECTS FUND (871)
 For the year ended June 30, 2018

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 35,000,413	\$ 35,000,413
Use of money and property	-	-	30,080	30,080
Other	-	-	<u>3,823</u>	<u>3,823</u>
Total revenues	-	-	35,034,316	35,034,316
Expenditures:				
Current:				
Flood control:				
Operations and maintenance	-	-	1,380,802	(1,380,802)
Capital outlay	-	<u>200,000</u>	<u>40,541,781</u>	<u>(40,341,781)</u>
Total expenditures	-	<u>200,000</u>	<u>41,922,583</u>	<u>(41,722,583)</u>
Deficiency of revenues under expenditures	-	<u>(200,000)</u>	<u>(6,888,267)</u>	<u>(6,688,267)</u>
Net change in fund balance	-	(200,000)	(6,888,267)	(6,688,267)
Fund balance - beginning	<u>3,336,966</u>	<u>3,336,966</u>	<u>3,336,966</u>	-
Fund balance - ending	<u>\$ 3,336,966</u>	<u>\$ 3,136,966</u>	<u>\$ (3,551,301)</u>	<u>\$ (6,688,267)</u>

STATISTICAL SECTION

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
STATISTICAL SECTION
June 30,2018

This part of the West Sacramento Area Flood Control Agency Joint Powers Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

Financial Trends

These schedules contain financial trend information for assessing the Agency's financial performance and well-being over time.

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules present revenue capacity information to assess the Agency's ability to generate revenues. Special assessments, intergovernmental revenues and reimbursements from other agencies are the Agency's most significant revenue sources.

1. Assessed Value and Estimated Actual Value of Taxable Property
2. Direct and Overlapping Property Tax Rates
3. Flood Assessment Special Tax Rates
4. Principal Property Taxpayers
5. Special Tax Levies and Collections

Debt Capacity

These schedules present information to assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt.

1. Ratios of Outstanding Debt by Type
2. Direct and Overlapping Governmental Activities Debt
3. Pledged-Revenue Coverage

Demographic and Economic Information

These schedules provide information on the demographic and economic environment in which the Agency conducts business.

1. Demographic and Economic Statistics
2. Principal Employers

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
STATISTICAL SECTION
June 30,2018

Operating Information

These schedules provide information on the City's service infrastructure to assist the reader in understanding how the information in the City's financial report relates to the services the City provides and the activities it performs

1. Full Time Equivalent City Government Employees by Function/Program
2. Operating Indicators by Function/Program
3. Capital Assets Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports of the relevant years. The Agency prepared a CAFR for the first time during the year ended June 30, 2010. Information is not available prior to that date.

COMPLIANCE REPORT

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 NET POSITION BY COMPONENT
 LAST NINE FISCAL YEARS
 June 30,2018
 (accrual basis of accounting)

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>	Fiscal Year <u>2010</u>
Governmental Activities									
Net investment in capital assets	\$ 115,436,139	\$ 76,881,713	\$ 61,925,563	\$ 34,432,627	\$ 40,611,646	\$ 32,955,978	\$ 27,079,075	\$ 10,811,196	\$ 7,021,107
Restricted	3,674,112	3,659,810	2,621,033	3,042,071	1,577,016	1,185,822	-	-	-
Unrestricted	<u>17,969,542</u>	<u>29,111,161</u>	<u>30,076,654</u>	<u>21,432,022</u>	<u>12,190,922</u>	<u>10,111,366</u>	<u>6,797,020</u>	<u>5,558,941</u>	<u>5,879,166</u>
Total Governmental Activities net position	<u>\$ 137,079,793</u>	<u>\$ 109,652,684</u>	<u>\$ 94,623,250</u>	<u>\$ 58,906,720</u>	<u>\$ 54,379,584</u>	<u>\$ 44,253,166</u>	<u>\$ 33,876,095</u>	<u>\$ 16,370,137</u>	<u>\$ 12,900,273</u>

NOTE: Agency did not track this information prior to 2010.

Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 CHANGES IN NET POSITION
 LAST NINE FISCAL YEARS
 June 30, 2018
 (accrual basis of accounting)

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>	Fiscal Year <u>2010</u>
PROGRAM EXPENSES									
Flood Control	\$ 5,200,162	\$ 1,757,819	\$ 2,375,307	\$ 2,447,462	\$ 1,376,893	\$ 216,731	\$ 30,396,844	\$ 16,632,533	\$ 2,675,186
Interest	<u>1,784,432</u>	<u>1,803,363</u>	<u>1,888,977</u>	<u>1,154,469</u>	<u>1,107,461</u>	<u>1,495,376</u>	<u>969,456</u>	<u>1,274,196</u>	<u>1,204,424</u>
Total Program Expenses	<u>6,984,594</u>	<u>3,561,182</u>	<u>4,264,284</u>	<u>3,601,931</u>	<u>2,484,354</u>	<u>1,712,107</u>	<u>31,366,300</u>	<u>17,906,729</u>	<u>3,879,610</u>
PROGRAM REVENUES									
Operating grants and contributions	5,011,603	4,917,198	4,849,560	4,565,090	4,452,137	4,270,716	4,242,967	4,194,636	3,982,367
Capital grants and contributions	<u>29,075,285</u>	<u>13,587,121</u>	<u>34,991,327</u>	<u>3,493,827</u>	<u>8,134,436</u>	<u>7,807,516</u>	<u>44,627,392</u>	<u>17,125,977</u>	<u>5,931,442</u>
Total Program Revenues	<u>34,086,888</u>	<u>18,504,319</u>	<u>39,840,887</u>	<u>8,058,917</u>	<u>12,586,573</u>	<u>12,078,232</u>	<u>48,870,359</u>	<u>21,320,613</u>	<u>9,913,809</u>
NET (EXPENSES) REVENUES	<u>27,102,294</u>	<u>14,943,137</u>	<u>35,576,603</u>	<u>4,456,986</u>	<u>10,102,219</u>	<u>10,366,125</u>	<u>17,504,059</u>	<u>3,413,884</u>	<u>6,034,199</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION									
Investment earnings	320,986	65,579	132,783	67,422	22,199	10,946	-	-	-
Miscellaneous	<u>3,823</u>	<u>20,724</u>	<u>7,144</u>	<u>2,728</u>	<u>2,000</u>	<u>-</u>	<u>1,899</u>	<u>55,980</u>	<u>37,593</u>
Total General Revenues	<u>324,809</u>	<u>86,303</u>	<u>139,927</u>	<u>70,150</u>	<u>24,199</u>	<u>10,946</u>	<u>1,899</u>	<u>55,980</u>	<u>37,593</u>
Change in Net Position									
Governmental Activities	<u>\$ 27,427,103</u>	<u>\$ 15,029,440</u>	<u>\$ 35,716,530</u>	<u>\$ 4,527,136</u>	<u>\$ 10,126,418</u>	<u>\$ 10,377,071</u>	<u>\$ 17,505,958</u>	<u>\$ 3,469,864</u>	<u>\$ 6,071,792</u>

NOTE: Agency did not track this information prior to 2010.

Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 June 30, 2018
 (modified accrual basis of accounting)
 (in thousands)

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>	Fiscal Year <u>2010</u>
GENERAL FUND									
Restricted	\$ 1,101	\$ 1,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 967
Unassigned	<u>6,552</u>	<u>3,445</u>	<u>1,213</u>	<u>11,613</u>	<u>3,062</u>	<u>5,373</u>	<u>12,602</u>	<u>15,888</u>	<u>5,222</u>
Total General Fund	<u>7,653</u>	<u>4,546</u>	<u>1,213</u>	<u>11,613</u>	<u>3,062</u>	<u>5,373</u>	<u>12,602</u>	<u>15,888</u>	<u>6,189</u>
ALL OTHER GOVERNMENTAL FUNDS									
Restricted	2,573	2,557	2,621	3,042	1,576	1,559	(1,213)	1,808	-
Committed	283	4,339	4,605	7,410	869	-	-	-	1,409
Unassigned	(3,551)	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	(237)	-	-	-
Debt service funds	-	-	-	-	(1)	-	-	-	-
Total all other Governmental Funds	<u>(695)</u>	<u>6,896</u>	<u>7,226</u>	<u>10,452</u>	<u>2,444</u>	<u>1,322</u>	<u>(1,213)</u>	<u>1,808</u>	<u>1,409</u>
Total Governmental Funds	<u>\$ 6,958</u>	<u>\$ 11,442</u>	<u>\$ 8,439</u>	<u>\$ 22,065</u>	<u>\$ 5,506</u>	<u>\$ 6,695</u>	<u>\$ 11,389</u>	<u>\$ 17,696</u>	<u>\$ 7,598</u>

NOTE: Agency did not track this information prior to 2010.

Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 June 30, 2018
 (modified accrual basis of accounting)
 (in thousands)

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>	Fiscal Year <u>2010</u>
REVENUES									
Special benefit assessment for operations	\$ 5,012	\$ 4,917	\$ 4,850	\$ 4,565	\$ 4,452	\$ 4,271	\$ 4,243	\$ 4,194	\$ 3,982
Contributions from City of West Sacramento	-	-	4,500	-	-	-	1,650	13,167	1,743
Reimbursements	605	14	-	9	-	-	22,094	2,342	1,745
Intergovernmental revenues	35,000	16,511	10,765	6,951	4,479	2,832	20,883	1,617	2,443
Use of money and property	321	66	133	67	22	11	-	-	-
Other revenues	122	21	7	3	2	-	2	56	38
Total revenues	41,060	21,529	20,255	11,595	8,955	7,114	48,872	21,376	9,951
EXPENDITURES									
Flood Control:									
Operations and maintenance	2,449	1,729	2,347	1,904	1,377	217	151	1,507	296
Contributions to other agencies	-	-	-	-	-	-	1,157	13,018	635
Pass-thru to other agencies	-	-	-	-	-	-	25,035	2,107	1,745
Capital outlay	40,542	14,241	29,226	12,597	7,215	10,184	27,691	6,562	4,563
Principal payments	690	670	510	450	440	285	-	-	-
Debt issuance costs	-	-	-	543	-	-	-	-	-
Interest and fiscal charges	1,864	1,884	1,799	1,074	1,112	1,123	1,144	1,444	1,364
Total expenditures	45,545	18,524	33,882	16,568	10,144	11,809	55,178	24,638	8,603
Excess (deficiency) of revenues over expenditures	(4,485)	3,005	(13,627)	(4,973)	(1,189)	(4,695)	(6,306)	(3,262)	1,348
OTHER FINANCING SOURCES (USES)									
Proceeds from debt	-	-	-	30,668	-	-	-	13,360	-
Paid to refunding escrow	-	-	-	(9,135)	-	-	-	-	-
Transfers in	1,594	4,756	14,285	28,805	3,933	2,263	-	-	-
Transfers out	(1,594)	(4,756)	(14,285)	(28,805)	(3,933)	(2,263)	-	-	-
Total other financing sources (uses)	-	-	-	21,533	-	-	-	13,360	-
Net Change in Fund Balances	\$ (4,485)	\$ 3,005	\$ (13,627)	\$ 16,560	\$ (1,189)	\$ (4,695)	\$ (6,306)	\$ 10,098	\$ 1,348
Debt service as a percentage of noncapital expenditures	51.05%	59.63%	49.59%	38.38%	52.99%	86.65%	4.16%	7.99%	33.76%

NOTE: Agency did not track this information prior to 2010.
 Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST NINE FISCAL YEARS
 June 30, 2018
 (rate per \$100 of assessed value)

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Rural Property</u>	<u>Total Taxable Assessed Value ⁽¹⁾</u>	<u>Total Direct Tax Rate</u>
2010	\$ 2,713,391,487	\$ 736,892,179	\$ 1,190,684,052	\$ 428,494,305	\$ 5,069,462,023	1.0000
2011	\$ 2,611,728,813	\$ 770,362,958	\$ 1,090,248,638	\$ 466,530,830	\$ 4,938,871,239	1.0000
2012	\$ 2,521,019,014	\$ 762,460,367	\$ 1,084,902,102	\$ 460,443,882	\$ 4,828,825,365	1.0000
2013	\$ 2,390,456,495	\$ 826,461,975	\$ 1,081,749,090	\$ 387,557,652	\$ 4,686,225,212	1.0000
2014	\$ 2,527,440,451	\$ 861,097,407	\$ 1,067,256,406	\$ 415,021,042	\$ 4,870,815,306	1.0000
2015	\$ 2,911,448,351	\$ 852,966,247	\$ 1,086,329,095	\$ 391,518,816	\$ 5,242,262,509	1.0000
2016	\$ 3,198,076,385	\$ 872,281,981	\$ 1,170,227,505	\$ 407,490,615	\$ 5,648,076,486	1.0000
2017	\$ 3,418,952,537	\$ 876,707,082	\$ 1,210,252,185	\$ 462,111,815	\$ 5,968,023,619	1.0000
2018	\$ 3,610,347,763	\$ 898,080,802	\$ 1,224,327,014	\$ 501,047,158	\$ 6,233,802,737	1.0000

(1) Includes the assessed value of the Redevelopment Agency of \$2,893,961,153 (2010); \$2,077,868,964 (2013); \$2,424,781,608 (2014); \$2,449,410,832 (2015); \$2,670,024,211 (2016); \$3,270,136,086 (2017) and \$3,354,775,638 (2018).

In 1978 the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Agency did not track this information prior to 2010.

Sources: Assessed value data provided by the California Municipal Statistics, Inc.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST NINE FISCAL YEARS
 June 30, 2018
 (rate per \$100 of assessed value)

Fiscal Year Ended June 30	City Direct Rates			Overlapping Rates			Total Direct Rate
	Basic Rate	General Obligation Debt Service	Total City Direct Rate	Washington Unified School District	Los Rios Community College District	Yolo County	
2010	1.0000	-	1.0000	0.0475	0.0124	1.0599	1.1198
2011	1.0000	-	1.0000	0.0595	0.0090	1.0685	1.1370
2012	1.0000	-	1.0000	0.0595	0.0192	1.0787	1.1574
2013	1.0000	-	1.0000	0.0595	0.0193	1.0788	1.1576
2014	1.0000	-	1.0000	0.0695	0.0181	1.0876	1.1752
2015	1.0000	-	1.0000	0.0695	0.0113	1.0808	1.1616
2016	1.0000	-	1.0000	0.1083	0.0091	1.1174	1.2348
2017	1.0000	-	1.0000	0.1082	0.0141	1.1223	1.2446
2018	1.0000	-	1.0000	0.1038	0.0130	1.1168	1.2336

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Washington Unified School District and Los Rios Community College District bonds.

Agency did not track this information prior to 2010.

Sources: Assessed value data provided by the California Municipal Statistics, Inc.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2018		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	58.262	58.262	58.262	58.262
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	18.42	41.36	87.75	99.01
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	28.71	63.19	134.06	151.29
Residential-Condo	Parcel (per Acre)	58.262	58.262	58.262	58.262
	Building Factor Constant	16.72	36.77	78.00	88.01
Residential-Mobile Home Park	Parcel (per Acre)	58.262	58.262	58.262	58.262
	Building (per FF Sq Ft)	0.010446	0.022981	0.048746	0.055013
Multi-Family Residential	Parcel (per Acre)	64.531	64.531	64.531	64.531
	Building (per FF Sq Ft)	0.020893	0.045960	0.097490	0.110025
Commercial	Parcel (per Acre)	128.594	128.594	128.594	128.594
	Building (per FF Sq Ft)	0.032497	0.116989	0.203104	0.237225
Industrial	Parcel (per Acre)	54.084	54.084	54.084	54.084
	Building (per FF Sq Ft)	0.068475	0.085884	0.121861	0.157841
Vacant	Parcel (per Acre)	28.087	28.087	28.087	28.087
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	5.802	5.802	5.802	5.802
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.
 (2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/19/18.
 Rate update prepared by the City of West Sacramento Flood Protection Division.

Source: City Finance Division

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2017		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	58.262	58.262	58.262	58.262
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	18.42	41.36	87.75	99.01
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	28.71	63.19	134.06	151.29
Residential-Condo	Parcel (per Acre)	58.262	58.262	58.262	58.262
	Building Factor Constant	16.72	36.77	78.00	88.01
Residential-Mobile Home Park	Parcel (per Acre)	58.262	58.262	58.262	58.262
	Building (per FF Sq Ft)	0.010446	0.022981	0.048746	0.055013
Multi-Family Residential	Parcel (per Acre)	64.531	64.531	64.531	64.531
	Building (per FF Sq Ft)	0.020089	0.045960	0.097490	0.110025
Commercial	Parcel (per Acre)	128.594	128.594	128.594	128.594
	Building (per FF Sq Ft)	0.032497	0.116989	0.203104	0.237225
Industrial	Parcel (per Acre)	54.084	54.084	54.084	54.084
	Building (per FF Sq Ft)	0.068475	0.085884	0.121861	0.157841
Vacant	Parcel (per Acre)	28.087	28.087	28.087	28.087
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	5.802	5.802	5.802	5.802
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.
 (2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/19/16.
 Rate update prepared by the City of West Sacramento Flood Protection Division (7/20/2017).

Source: City Finance Division

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2016		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	56.000	56.000	56.000	56.000
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	18.06	39.75	84.34	95.17
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	27.60	60.74	128.85	145.41
Residential-Condo	Parcel (per Acre)	56.000	56.000	56.000	56.000
	Building Factor Constant	16.07	35.34	74.97	84.59
Residential-Mobile Home Park	Parcel (per Acre)	56.000	56.000	56.000	56.000
	Building (per FF Sq Ft)	0.010040	0.022088	0.046853	0.052877
Multi-Family Residential	Parcel (per Acre)	62.025	62.025	62.025	62.025
	Building (per FF Sq Ft)	0.020081	0.044175	0.093704	0.105753
Commercial	Parcel (per Acre)	123.601	123.601	123.601	123.601
	Building (per FF Sq Ft)	0.031235	0.112446	0.195218	0.228014
Industrial	Parcel (per Acre)	51.984	51.984	51.984	51.984
	Building (per FF Sq Ft)	0.065816	0.082549	0.117130	0.151712
Vacant	Parcel (per Acre)	26.996	26.996	26.996	26.996
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	5.576	5.576	5.576	5.576
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.

(2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/15/15.
 Rate update prepared by the City of West Sacramento Flood Protection Division (7/21/2015).

Source: City Finance Division

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2015		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	54.902	54.902	54.902	54.902
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	17.71	38.97	82.69	93.30
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	27.06	59.55	126.32	142.56
Residential-Condo	Parcel (per Acre)	54.902	54.902	54.902	54.902
	Building Factor Constant	15.75	34.65	73.50	82.93
Residential-Mobile Home Park	Parcel (per Acre)	54.902	54.902	54.902	54.902
	Building (per FF Sq Ft)	0.009843	0.021655	0.045935	0.051840
Multi-Family Residential	Parcel (per Acre)	60.809	60.809	60.809	60.809
	Building (per FF Sq Ft)	0.019687	0.043309	0.091867	0.103679
Commercial	Parcel (per Acre)	121.177	121.177	121.177	121.177
	Building (per FF Sq Ft)	0.030623	0.110241	0.191390	0.223543
Industrial	Parcel (per Acre)	50.965	50.965	50.965	50.965
	Building (per FF Sq Ft)	0.064525	0.080930	0.114833	0.148737
Vacant	Parcel (per Acre)	26.467	26.467	26.467	26.467
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	5.467	5.467	5.467	5.467
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.

(2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/10/14
 Rate update prepared by the City of West Sacramento Flood Protection Division (7/21/2014)

Source: City Finance Division

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2014		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	53.825	53.825	53.825	53.825
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	17.36	38.21	81.07	91.47
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	26.53	58.38	123.84	139.76
Residential-Condo	Parcel (per Acre)	53.825	53.825	53.825	53.825
	Building Factor Constant	15.44	33.97	72.06	81.30
Residential-Mobile Home Park	Parcel (per Acre)	53.825	53.825	53.825	53.825
	Building (per FF Sq Ft)	0.009650	0.021230	0.045034	0.050824
Multi-Family Residential	Parcel (per Acre)	59.617	59.617	59.617	59.617
	Building (per FF Sq Ft)	0.019301	0.042460	0.090066	0.101646
Commercial	Parcel (per Acre)	118.801	118.801	118.801	118.801
	Building (per FF Sq Ft)	0.030023	0.108079	0.187637	0.219160
Industrial	Parcel (per Acre)	49.966	49.966	49.966	49.966
	Building (per FF Sq Ft)	0.063260	0.079343	0.112581	0.145821
Vacant	Parcel (per Acre)	25.948	25.948	25.948	25.948
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	5.360	5.360	5.360	5.360
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.

(2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/11/13.

Rate update prepared by the City of West Sacramento Flood Protection Division (7/13/2013).

Source: City Finance Division

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2013		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	52.770	52.770	52.770	52.770
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	17.02	37.46	79.48	89.68
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	26.01	57.24	121.41	137.02
Residential-Condo	Parcel (per Acre)	52.770	52.770	52.770	52.770
	Building Factor Constant	15.14	33.30	70.65	79.71
Residential-Mobile Home Park	Parcel (per Acre)	52.770	52.770	52.770	52.770
	Building (per FF Sq Ft)	0.009461	0.020814	0.044151	0.049827
Multi-Family Residential	Parcel (per Acre)	58.448	58.448	58.448	58.448
	Building (per FF Sq Ft)	0.018923	0.041627	0.088300	0.099653
Commercial	Parcel (per Acre)	116.472	116.472	116.472	116.472
	Building (per FF Sq Ft)	0.029434	0.105960	0.183958	0.214863
Industrial	Parcel (per Acre)	48.986	48.986	48.986	48.986
	Building (per FF Sq Ft)	0.062020	0.077787	0.110374	0.142962
Vacant	Parcel (per Acre)	25.439	25.439	25.439	25.439
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	5.255	5.255	5.255	5.255
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.

(2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/14/11.
 Rate update prepared by the City of West Sacramento Flood Protection Division (8/10/2011).

Source: City Finance Division

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2012		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	51.735	51.735	51.735	51.735
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	16.69	36.73	77.92	87.92
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	25.50	56.12	119.03	134.33
Residential-Condo	Parcel (per Acre)	51.735	51.735	51.735	51.735
	Building Factor Constant	14.84	32.65	69.26	78.15
Residential-Mobile Home Park	Parcel (per Acre)	51.735	51.735	51.735	51.735
	Building (per FF Sq Ft)	0.009275	0.020406	0.043285	0.048850
Multi-Family Residential	Parcel (per Acre)	57.302	57.302	57.302	57.302
	Building (per FF Sq Ft)	0.018552	0.040811	0.086569	0.097699
Commercial	Parcel (per Acre)	114.188	114.188	114.188	114.188
	Building (per FF Sq Ft)	0.028857	0.103882	0.180351	0.210650
Industrial	Parcel (per Acre)	48.025	48.025	48.025	48.025
	Building (per FF Sq Ft)	0.060804	0.076262	0.108210	0.140159
Vacant	Parcel (per Acre)	29.940	29.940	29.940	29.940
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	5.152	5.152	5.152	5.152
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.
 (2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/14/11.
 Rate update prepared by the City of West Sacramento Flood Protection Division (8/10/2011).

Source: City Finance Division

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2011		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	50.721	50.721	50.721	50.721
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	16.36	36.01	76.39	86.20
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	25.00	55.02	116.70	131.70
Residential-Condo	Parcel (per Acre)	50.721	50.721	50.721	50.721
	Building Factor Constant	14.55	32.01	67.90	76.62
Residential-Mobile Home Park	Parcel (per Acre)	50.721	50.721	50.721	50.721
	Building (per FF Sq Ft)	0.009093	0.020006	0.042436	0.047892
Multi-Family Residential	Parcel (per Acre)	56.178	56.178	56.178	56.178
	Building (per FF Sq Ft)	0.018188	0.040011	0.084872	0.095783
Commercial	Parcel (per Acre)	111.949	111.949	111.949	111.949
	Building (per FF Sq Ft)	0.028291	0.101845	0.176815	0.206520
Industrial	Parcel (per Acre)	47.083	47.083	47.083	47.083
	Building (per FF Sq Ft)	0.059612	0.074767	0.106088	0.137411
Vacant	Parcel (per Acre)	24.451	24.451	24.451	24.451
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	5.051	5.051	5.051	5.051
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.

(2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/08/10.

Rate update prepared by the City of West Sacramento Flood Protection Division (7/26/2010).

Source: City Finance Division

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 FLOOD ASSESSMENT SPECIAL TAX RATES
 LAST NINE FISCAL YEARS
 June 30,2018

Fiscal Year 2010		RATE BY FLOOD ZONE			
		0' to 1'	1' to 5'	5' to 10'	GT 10'
Land Use	Factors	0	1	2	3
Single-Family Residential	Parcel (per Acre) ⁽¹⁾	49.726	49.726	49.726	49.726
	Building Factor Constant: First Floor SqFt Less than 1050 Sq Ft ⁽²⁾	16.04	35.30	74.89	84.51
	Building Factor Constant: First Floor SqFt Greater than 1050 Sq Ft ⁽²⁾	24.51	53.94	114.41	129.12
Residential-Condo	Parcel (per Acre)	49.726	49.726	49.726	49.726
	Building Factor Constant	14.26	31.38	66.57	75.12
Residential-Mobile Home Park	Parcel (per Acre)	49.726	49.726	49.726	49.726
	Building (per FF Sq Ft)	0.008915	0.019614	0.041604	0.046953
Multi-Family Residential	Parcel (per Acre)	55.076	55.076	55.076	55.076
	Building (per FF Sq Ft)	0.017831	0.039226	0.083208	0.093905
Commercial	Parcel (per Acre)	109.754	109.754	109.754	109.754
	Building (per FF Sq Ft)	0.027736	0.099848	0.173348	0.202471
Industrial	Parcel (per Acre)	46.160	46.160	46.160	46.160
	Building (per FF Sq Ft)	0.058443	0.073301	0.104008	0.134717
Vacant	Parcel (per Acre)	23.972	23.972	23.972	23.972
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000
Agricultural	Parcel (per Acre)	4.952	4.952	4.952	4.952
	Building (per FF Sq Ft)	0.000000	0.000000	0.000000	0.000000

(1) For large lot Single Family Residential parcels (parcel area greater than 0.5 acres) multiply area greater than 0.5 acre by Agricultural Parcel rate.

(2) First Floor (FF) Sq Ft not including garage area.

NOTE: Increase of 2% approved by WSAFCA Board 7/09/09.
 Rate update prepared by the City of West Sacramento Flood Protection Division (7/10/2009).

Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND SIX YEARS AGO
 June 30,2018

	<u>2018</u>			<u>2012</u>	
	Annual Assessment	Percentage of Total Special Assessments Value		Annual Assessment	Percentage of Total Special Assessments Value
<u>Taxpayer*</u>			<u>Taxpayer*</u>		
Washington Unified School District	\$ 191,706	3.61%	Prologis-A4 Ca I Lp	\$ 48,157	1.29%
Harsch Investment Prop Llc	158,502	2.98%	Sacramento Foodco Inv Llc	45,872	1.23%
Bre Delta Industrial Sac Lp	128,811	2.42%	Oates Marvin L Tr Etal	37,000	0.99%
State Of California	114,541	2.16%	Panattoni Development Co Etal	31,931	0.85%
Us Postal Service	69,629	1.31%	Ikea California Llc	30,914	0.83%
City Of West Sacramento	61,953	1.17%	3689 3689 Industrial Blvd LC	30,730	0.82%
Massie Court Investors Llc	58,283	1.10%	Wal-Mart Stores Inc	25,826	0.69%
Ramco Properties Lp	57,625	1.08%	Target Corporation P-2268	23,016	0.62%
Prologis-A4 Ca I Lp	57,551	1.08%	Jb Management Lp	21,191	0.57%
Sacramento Foodco Inv Llc	<u>54,822</u>	<u>1.03%</u>	Harsch Investment Corp	<u>20,335</u>	<u>0.54%</u>
Total	<u>\$ 953,422</u>	<u>17.94%</u>	Total	<u>\$ 314,972</u>	<u>8.42%</u>

*Secured role properties

Agency did not track this information prior to 2012.

Sources: California Municipal Statistics, Inc.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 SPECIAL TAX LEVIES AND COLLECTIONS
 LAST NINE FISCAL YEARS
 (in thousands, except per capita)
 June 30,2018

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ⁽¹⁾	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 4,034,957	\$ 3,979,302	98.6%	N/A	\$ 3,979,302	98.6%
2011	\$ 4,263,400	\$ 4,194,636	98.4%	N/A	\$ 4,194,636	98.4%
2012	\$ 4,314,952	\$ 4,242,967	98.3%	N/A	\$ 4,242,967	98.3%
2013	\$ 4,412,518	\$ 4,270,716	96.8%	N/A	\$ 4,270,716	96.8%
2014	\$ 4,515,177	\$ 4,452,137	98.6%	N/A	\$ 4,452,137	98.6%
2015	\$ 4,629,393	\$ 4,567,344	98.7%	N/A	\$ 4,567,344	98.7%
2016	\$ 4,853,120	\$ 4,834,612	99.6%	N/A	\$ 4,834,612	99.6%
2017	\$ 4,984,123	\$ 4,917,198	98.7%	N/A	\$ 4,917,198	98.7%
2018	\$ 5,094,673	\$ 5,011,603	98.4%	N/A	\$ 5,011,603	98.4%

(1) Secured role revenue

Agency did not track this information prior to 2010.

Sources: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST NINE FISCAL YEARS
 (in thousands, except per capita)
 June 30,2018

Fiscal Year Ended <u>June 30</u>	Assessment <u>Bonds</u>	Flood Special of Personal <u>Income</u>	Percentage Per <u>Capita</u>
2010	\$ 9,840	1.01%	\$ 206
2011	\$ 23,030	2.42%	\$ 472
2012	\$ 22,855	2.44%	\$ 466
2013	\$ 22,570	2.30%	\$ 456
2014	\$ 22,130	2.17%	\$ 437
2015	\$ 43,813	4.09%	\$ 859
2016	\$ 43,203	4.03%	\$ 814
2017	\$ 42,432	3.37%	\$ 798
2018	\$ 41,641	3.18%	\$ 783

Agency did not track this information prior to 2010.

Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 June 30,2018

2017/18 Assessed Valuation \$ 6,714,994,092

	<u>% Applicable ⁽¹⁾</u>	<u>Debt as of June 30, 2018</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Tax and Assessment Debt			
Los Rios Community College District	3.662%	\$ 413,020,000	\$ 15,124,792
River Delta Joint Unified School District School Facilities Improvement District No. 2	1.345%	7,360,714	99,002
Washington Unified School District	99.930%	93,593,895	93,528,379
City of West Sacramento Community Facilities District No. 8	100	28,380,000	28,380,000
City of West Sacramento Community Facilities District No. 9	100	140,000	140,000
City of West Sacramento Community Facilities District No. 10	100	15,985,630	15,985,630
City of West Sacramento Community Facilities District No. 11	100	2,875,504	2,875,504
City of West Sacramento Community Facilities District No. 12	100	4,242,234	4,242,234
City of West Sacramento Community Facilities District No. 14	100	9,305,000	9,305,000
City of West Sacramento Community Facilities District No. 15	100	1,385,301	1,385,301
City of West Sacramento Community Facilities District No. 16	100	9,991,698	9,991,698
City of West Sacramento Community Facilities District No. 17	100	4,295,000	4,295,000
City of West Sacramento Community Facilities District No. 18	100	610,252	610,252
City of West Sacramento Community Facilities District No. 19	100	2,057,415	2,057,415
City of West Sacramento Community Facilities District No. 20	100	8,730,000	8,730,000
City of West Sacramento Community Facilities District No. 21	100	2,645,000	2,645,000
City of West Sacramento Community Facilities District No. 23	100	5,830,000	5,830,000
City of West Sacramento Community Facilities District No. 24	100	1,105,000	1,105,000
City of West Sacramento Community Facilities District No. 26	100	4,000,000	4,000,000
City of West Sacramento Community Facilities District No. 27	100	29,440,000	29,440,000
California Statewide Communities Development Authority 1915 Act Bonds	100	3,155,823	3,155,823
West Sacramento Area Flood Control District Assessment District	100	<u>38,950,000</u>	<u>38,950,000</u>
Total overlapping tax and assessment debt		687,098,466	281,876,030
Overlapping General Fund Debt			
Yolo County Certificates of Participation	25.875%	41,994,675	10,866,122
Yolo County Board of Education Certificates of Participation	25.875%	5,665,000	1,465,819
Los Rios Community College District Certificates of Participation	3.662%	440,000	16,113
Washington Unified School District Certificates of Participation	99.930%	81,304,186	81,247,273
City of West Sacramento General Fund Obligations	100	23,352,059	23,352,059
City of West Sacramento Pension Obligation Bonds	100	<u>3,417,400</u>	<u>3,417,400</u>
Total gross direct and overlapping general fund debt		<u>156,173,320</u>	<u>120,364,786</u>
Less: City of West Sacramento supported obligations			<u>(8,994,101)</u>
Total net direct and overlapping general fund debt			<u>111,370,685</u>
Overlapping tax increment debt			
City of West Sacramento Successor Agency	100	82,554,956	82,554,956
Total gross direct debt			26,769,459
Total net direct debt			17,775,358
Total overlapping debt			458,026,313
Gross combined total debt			<u>484,795,772</u>
Net combined total debt			<u>\$ 475,801,671</u>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2017-18 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	4.20%
Total Gross Direct Debt (\$26,769,459)	0.40%
Total Net Direct Debt (\$17,775,358)	0.26%
Gross Combined Total Debt	7.22%
Net Combined Total Debt	7.09%

Sources: Assessed value data used to estimate applicable percentages provided by the California Municipal Statistics, Inc. Debt outstanding data provided by City Finance Division.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
NOTES TO DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30,2018

NOTE 1- For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

NOTE 2 - On February 1, 2012, the State of California eliminated the Redevelopment Agencies in California pursuant to Assembly Bill 1x26. The liabilities of the Redevelopment Agencies are reported as Redevelopment Obligation Retirement Fund, a private purpose trust fund.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 PLEDGED-REVENUE COVERAGE
 LAST NINE FISCAL YEARS
 (dollars in thousands)
 June 30,2018

Fiscal Year	Flood Special Assessment Bonds						
	Special Tax Assessment Revenues ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2010	\$ 3,979	\$ 2,676	\$ 1,303	\$ 160	\$ 504	1.96	
2011	\$ 4,195	\$ 2,254	\$ 1,941	\$ 170	\$ 498	2.91	
2012	\$ 4,243	\$ 2,451	\$ 1,792	\$ 175	\$ 957	1.58	
2013	\$ 4,271	\$ 217	\$ 4,054	\$ 285	\$ 1,123	2.88	
2014	\$ 4,452	\$ 1,377	\$ 3,075	\$ 440	\$ 1,112	1.98	
2015	\$ 4,629	\$ 1,704	\$ 2,925	\$ 450	\$ 1,074	1.92	
2016	\$ 4,928	\$ 1,936	\$ 2,992	\$ 510	\$ 1,799	1.30	
2017	\$ 4,918	\$ 1,729	\$ 3,189	\$ 670	\$ 1,884	1.25	
2018	\$ 5,012	\$ 2,449	\$ 2,563	\$ 690	\$ 1,865	1.00	

(1) Total special assessments and other revenues.

(2) Total operating expenses, excluding depreciation and amortization.

Agency did not track this information prior to 2010.

Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST EIGHT FISCAL YEARS
 June 30,2018

<u>Calendar Year</u>	<u>Personal Income Population</u>	<u>Per Capita Personal (In thousands)</u>	<u>Income</u>	<u>Unemployment Rate</u>
2010	47,782	\$ 974,759	\$ 20,400	11.6%
2011	48,744	\$ 951,471	\$ 19,519	12.2%
2012	49,045	\$ 937,725	\$ 19,120	9.7%
2013	49,523	\$ 982,077	\$ 19,830	12.9%
2014	50,640	\$ 1,018,596	\$ 20,114	6.7%
2015	51,005	\$ 1,072,329	\$ 21,024	6.0%
2016	53,082	\$ 1,072,329*	\$ 20,201	5.8%
2017	53,163	\$ 1,257,503	\$ 26,414	5.0%
2018	54,163	\$ 1,310,099	\$ 24,188	6.1%

* Data was not available for the 2016 year and 2015 data was used.

Agency did not track this information prior to 2010.

Sources: State Department of Finance and City Finance Division.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND SEVEN YEARS AGO
 June 30,2018

<u>Employer</u>	<u>2018*</u>		<u>Employer</u>	<u>2011</u>	
	<u>Number of Employees</u>	<u>Percentage of Total City Employment</u>		<u>Number of Employees</u>	<u>Percentage of Total City Employment</u>
University of California Davis	9,906	35.02%	United State Postal Service	1,620	12.68%
State of California	3,298	11.66%	United Parcel Service (UPS)	1,251	9.80%
U.S. Government	2,381	8.42%	State of California, General Services	1,200	9.40%
Cache Creek Casino Resort	2,200	7.78%	California State Teachers' Retirement System	1,200	9.40%
Yolo County	1,421	5.02%	Affiliated Computer Services	900	7.05%
Woodland Joint Unified School District	1,229	4.34%	Washington Unified School District	775	6.07%
Raley's Inc.	948	3.35%	Raley's/Bel Air	636	4.98%
Clark Pacific Corp.	890	3.15%	Xyratex International	550	4.31%
Walgreens	721	2.55%	Walmart	500	3.92%
Pacific Gas and Electric Co.	652	2.30%	Tony's Fine Food	450	3.52%
City of West Sacramento	612	2.16%	Conventry Healthcare	400	3.13%
Sutter Health	565	2.00%	ABM Janitorial	400	3.13%
Woodland Memorial Hospital	560	1.98%	City of West Sacramento	390	3.05%
Nugget Market Inc.	460	1.63%	Hunter Douglas/Bytheways Inc.	330	2.58%
Hunter Douglas Inc.	410	1.45%	Siemens Healthcare Diagnostics	286	2.24%
City of Woodland	285	1.01%	Nor-Cal Beverage	250	1.96%
Beckman Coulter	280	0.99%	KOVR TV 13	242	1.89%
Yolo County Office of Education	280	0.99%	Farmers' Rice Cooperative	225	1.76%
Communicare Health Centers	238	0.84%	Idexx Veterinary Services	219	1.71%
University Retirement Community at Davis	220	0.78%	West Sacramento IKEA Home Furnishings	213	1.67%
Safeway	204	0.72%	All Phase Security, Inc.	200	1.57%
HM Clause Inc.	190	0.67%	Clark Pacific	160	1.25%
IDEXX Reference Laboratories Inc.	175	0.62%	Target Corporation	143	1.12%
Bayer, CropScience Division	165	0.58%	Home Depot	120	0.94%
	<u>28,290</u>		Lowe's Home Improvement	111	0.87%
				<u>12,771</u>	

* The 2018 employer data is for Yolo County.

Sources: Sacramento Business Journal and City Economic Development Department.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS
June 30,2018

Function/ Program	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>
Flood Division	6.875	6.875	6.5	7	7	7

Agency did not track this information prior to 2013.

Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
June 30,2018

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
	-	-	-	-	-	-	-	-	-

Note. The Agency does not track this information, however, will present prospectively

Source: City Finance Division

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
June 30,2018

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Flood Control: Land (parcels)	58	57	54	9	-	-	-	-	-

Agency did not track this information prior to 2015.

Source: City Finance Division

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

Members of the Board of the
West Sacramento Area Flood Control
Agency Joint Powers Authority
West Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of West Sacramento Area Flood Control Agency Joint Powers Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise West Sacramento Area Flood Control Agency Joint Powers Authority's basic financial statements and have issued our report thereon dated February 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Sacramento Area Flood Control Agency Joint Powers Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Sacramento Area Flood Control Agency Joint Powers Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of West Sacramento Area Flood Control Agency Joint Powers Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a significant deficiency in internal control that was communicated to management as identified in the accompany Schedule of Findings and Responses 2018-01.

(Continued)

Compliance and Other Matters

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

West Sacramento Area Flood Control Agency Response to Finding

West Sacramento Area Flood Control Agency's response to the finding identified in our audit is described in the accompany Schedule of Findings and Responses. West Sacramento Area Flood Control Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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


Crowe LLP

Sacramento, California
February 12, 2019

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2018

CURRENT YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2018-01: Information System Controls (Significant Deficiency)

Criteria

Internal controls over information systems are a key component of an organization's control environment. Entities should have internal controls including policies and procedures regarding segregation of duties, user access, and monitoring changes to user security profiles. Where adequate segregation of duties cannot be employed to adequately separate those with super user access from operational access to process transactions, detective and monitoring review controls should be established that adequately mitigate such risks. Such controls enable entities to increase efficiency by reducing manual processes and improving the accuracy and quality of the data used across those information systems. Such controls are also important to prevent erroneous and fraudulent transactions or entry to systems. Access to information systems should be removed when there is no longer a business need.

Condition

We evaluated system access to the City's Active Directory as well as the financial system, OneSolution. The Active Directory authenticates and authorizes all users and computers in a Windows domain type network—assigning and enforcing security policies for all computers and installing or updating software. For example, when a user logs into a computer that is part of a Windows domain, Active Directory checks the submitted password and determines whether the user is an authorized user.

Context

During our assessment of information system controls, we noted there is one user in the Finance Department who maintains super user access to the financial system, in addition to operational roles in the normal course of business. The information and technology (IT) and finance departments do not have a process to evaluate and document the propriety of super user changes to user access profiles within the financial reporting system.

Cause

Super user access—internal controls over users who have super user access were not properly designed to separate super users from those with operational roles in the financial reporting system. Additionally, management did not have a process to evaluate the propriety of changes made by the super users.

Effect

Inadequate segregation of duties among the City personnel responsible for changes to user account security settings and performing in an operational capacity during the regular course of business could lead to management override of internal controls. The absence of appropriate monitoring of super user access could result in unauthorized transactions recorded in the financial system, where management would not be able to detect such activity.

(Continued)

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2018

CURRENT YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2018-001 –Information System Controls (Significant Deficiency) (Continued)

Recommendation

We recommend that management should establish written system access policies and procedures which provide for the appropriate levels of user access based on the relative roles and responsibilities within the financial reporting system. A best practice is to provide the lowest level of access based on operational need. Further, we recommend the City perform a systematic review and maintain documentation of user's access rights within the financial reporting system, to ensure that a) there are not users with super user access who also have the ability to perform operational functions within the financial system and b) users access roles are only for those functions which are necessary to perform in the normal course of business. Additionally, we recommend that the City consider removing user access accounts for users which no longer have a business purpose to retain such access.

Management's Response and Planned Corrective Action

Once it was discovered that an employee was provided the "Administrator" or "super-user" role in the financial system, I.T. immediately removed that access from the individual in question. In addition, the following steps will be implemented:

- Review financial system Roles and Permissions to ensure that users have the correct permissions to only perform the functions of their job.
- Quarterly review of financial system user accounts and associated role/permissions to ensure correct user access rights.
- All changes to a user's financial system access will be reviewed and signed off by Administrative Services Director before the changes are implemented in the financial system. These requests will be tracked through the I.T. ticketing system.

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2017-01: Closing Procedures (Significant Deficiency)

Criteria: Closing procedures should identify the closing entries needed to properly state the financial records under the modified accrual basis of accounting.

Status: Corrected - The Agency has implemented internal controls over the closing entries to properly state the financial records under the modified accrual basis of accounting.