RECLAMATION DISTRICT NO. 784
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

RECLAMATION DISTRICT NO. 784

FOR THE YEAR ENDED JUNE 30, 2025
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To our Clients, To our Community, To our Profession

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Reclamation District No. 784
Arboga, California

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major funds of Reclamation District No. 784 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
July 27, 2026

RECLAMATION DISTRICT NO. 784
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Reclamation District No. 784's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS – 2025

The District's net position includes land, infrastructure (pump stations, ditches, and canals), equipment and cash operating and reserve funds. The District's net position in the government-wide financial statements increased by $3,958,584 or 15.62%. During the year, the District's revenue was $7,944,158 and expenses were $4,038,617.

The governmental fund activity reflected an increase in the overall fund balances of $2,480,209. The District's combined governmental fund revenue was $7,294,633 and expenditures were $4,814,424.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Governmental Funds Balance Sheet/Statement of Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities (on pages 8 and 9) provide information about the activities of the District as a whole and present a long-term view of the District's finances and most significant funds.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and the changes in it. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.

Reporting the District's Funds

Governmental funds – The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can easily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's operation. We describe the relationship (or differences) between governmental funds in reconciliation at the bottom of the fund financial statements. The statements have been combined for presentation purposes.

THE DISTRICT AS A WHOLE

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) on the District's governmental activities.

Table 1
Net Position
(in Thousands)

		Governmental Activities
	2025	**2024**
Current and other assets	$ 20,804	$ 17,899
Capital assets	27,119	26,266
Total Assets	47,923	44,165
Current liabilities	790	790
Long-term debt outstanding	4,517	4,559
Other Liabilities - Deferred Inflows	13,457	*13,563
Total Liabilities and Deferred Inflows	18,764	*18,912
Net position:		
Invested in capital assets, net of debt	22,601	21,707
Unrestricted	6,558	*3,546
Total Net Position	$ 29,159	*$ 25,253

*As restated

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities	
	2025	**2024**
Revenue:		
Property assessments	$ 4,214	$ 3,546
Plan check review fees	9	16
Miscellaneous revenue	54	108
Interest	668	417
Impact fees	228	216
State and local grants	2,233	1,421
Unrealized gains (losses)	538	-34
Total Revenue	7,944	5,690
Expenses:		
Salaries and benefits	1,092	772
Insurance	62	74
Professional fees	148	206
Services & supplies	336	339
Maintenance and repair	1,630	2,035
Other	115	312
Depreciation	656	652
Total Expenses	4,039	4,390
Increase in Net Position	$ 3,905	$ 1,300

Governmental Activities

The revenues for the District's governmental activities as described in the Statement of Activities, increased by 39.62% ($2,254,208) while total expenses decreased by 8.00% ($351,255). The increase in revenue was due to state and local grants.

GENERAL FUND BUDGETARY HIGHLIGHTS

Income

Actual benefit assessments and CSA 66 Drainage Special Tax revenues exceeded the amounts originally budgeted.

Several projects funded by grants were not started of completed during the fiscal year, as a result, related funding will be carried forward into the next fiscal year. Additionally, the District did not receive the anticipated DWR Urban & Rural Flood Maintenance Assistance Program (FMAP) 2024-2025 grant of $850,000 due to statewide budget reductions.

Certain revenue sources, including miscellaneous revenues grants (excluding assessments), plan check fees, and drainage basin impact fees are variable and therefore not budgeted. Interest income fluctuates based on available cash balances.

Expenditures

Relief well repair and rehabilitation costs remain significant during the year, as this work is required on a recurring five-year cycle.

As discussed above, actual expenditures were less than budgeted, primarily due to grant-funded projects that were not started or completed during the fiscal year. As a result, the related expenditures will be recognized in the subsequent fiscal year when the projects are completed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2025, the District had $27,117,749 invested in capital assets (see Table 3).

Table 3
Capital Assets at Year-End
(Net of Depreciation, in Thousands)

	Government Activities	
	2025	**2024**
Work in progress	$ 1,229	$ 0
Equipment	419	205
Pumping plants	7,521	7,864
Building	38	42
Detention ponds	17,911	18,155
Total	$ 27,118	$ 26,266

Debt

At the end of fiscal year 2024-25, the District had liabilities of $5,306,854 outstanding versus $5,349,400 in 2023-24, a decrease of .001%. Accounts payable decreased due to the timing of expenditures on grant projects. The increase in accrued expenses is from an increase in compensated absences payable due to the implementation of GASB Statement No. 101 as described in note 1. Notes payable decreased due to payments made and no annual escalation fees for the year.

Table 4
Outstanding Debt at Year-End
(in Thousands)

	Governmental Activities	
	2024	2024
Accounts payable	$ 589	$ 727
Accrued expenses	201	63
Notes payable	4,517	4,559
Total	$ 5,307	$ 5,349

MANAGEMENT ANALYSIS

Management adopted expense strategies to conserve operating funds to create reserves for future operating needs including engineering, legal, permitting, repairs, emergency power bills, equipment purchases, maintenance, and testing. Occasional use of leased workers allowed management to utilize a fulltime workforce while minimizing taxes, insurance, regulatory and benefit costs.

Except as noted above, next year's budget categories are very similar to this year's budget. The District anticipates increased residential growth in the near term.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District office at 1594 Broadway, Arboga, California.

RECLAMATION DISTRICT NO. 784
Governmental Funds Balance Sheet/Statement of Net Position
June 30, 2025

	Governmental Funds Balance Sheet					Statement of Net Position
	General Fund	Capital Fund	Total	**Adjustments**		Total
ASSETS						
CURRENT ASSETS						
Cash	$ 452,653	$ -	$ 452,653	**$ -**		$ 452,653
Cash in County Investment Pool	8,683,598	9,366,532	18,050,130	-		18,050,130
Accounts Receivable	520,915	-	520,915	-		520,915
Grants Receivable	53,958		53,958	1,345,229	a	1,399,187
Interest Receivable	195,563	-	195,563	-		195,563
Prepaid Insurance	-	-	-	-		-
Total Current Assets	9,906,687	9,366,532	19,273,219	**1,345,229**		20,618,448
NON-CURRENT ASSETS						
Investment in Flood Fight Coalition Assets	-	-	-	186,218	b	186,218
Capital Assets- net	-	-	-	27,117,749	b	27,117,749
Total Non-Current Assets	-	-	-	**27,303,967**		27,303,967
Total Assets	$ 9,906,687	$ 9,366,532	$ 19,273,219	**28,649,196**		47,922,415
LIABILITIES AND FUND BALANCES						
CURRENT LIABILITIES						
Personnel Costs Payable	$ 28,837	$ -	$ 28,837	-		28,837
Accounts Payable	588,675	-	588,675	-		588,675
Compensated Absences	-	-	-	172,454	c	172,454
Total Current Liabilities	617,512	-	617,512	**172,454**		789,966
LONG-TERM LIABILITIES						
Reimbursements Payable	-	-	-	4,516,888	d	4,516,888
Total Long-Term Liabilities	-	-	-	**4,516,888**		4,516,888
Total Liabilities	617,512	-	617,512	**4,689,342**		5,306,854
DEFERRED INFLOWS OF RESOURCES						
Deferred Development Fees	-	-	-	13,456,663	d	13,456,663
Total Deferred Inflows of Resources	-	-	-	**13,456,663**		13,456,663
FUND BALANCES						
Restricted	-	9,366,532	9,366,532	**(9,366,532)**		
Unassigned	9,289,175	-	9,289,175	**(9,289,175)**		-
Total Fund Balances	9,289,175	9,366,532	18,655,707	**(18,655,707)**		-
Total Liabilities and Fund Balances	$ 9,906,687	$ 9,366,532	$ 19,273,219			
NET POSITION						
Invested in capital assets, net of related debt and accumulated depreciation				**22,600,861**		22,600,861
Unrestricted				**6,558,037**		6,558,037
Total Net Position				**$ 29,158,898**		$ 29,158,898

a - Revenues received more than sixty days after the fiscal year end are not considered currently available resources and therefore are not reported as revenues in the governmental funds activities.

b - Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.

c - Compensated absences payable applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as a fund liability

d - Loans Payable and Deferred Development Fees applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as a fund liability.

RECLAMATION DISTRICT NO. 784
Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities
For the Year Ended June 30, 2025

	General Fund					Statement of Activities
	Unrestricted Fund	Capital Fund	Total	**Adjustments**		Total
Revenues						
Property Assessments- Direct & Indirect	$ 4,212,696	$ -	$ 4,212,696	**$ -**		$ 4,212,696
Impact Fees	-	228,173	228,173	**-**		228,173
State and Local Grants	1,583,135	-	1,583,135	649,525	a	2,232,660
Miscellaneous Revenue	55,146	-	55,146	**-**		55,146
Plan Check Review Fees	8,900	-	8,900	**-**		8,900
Interest Income	337,026	331,013	668,039	**-**		668,039
Unrealized Gains (Losses)	538,544	-	538,544	**-**		538,544
Total Revenue	6,735,447	559,186	7,294,633	**649,525**		7,944,158
Expenditures						
Salaries, Wages, and Benefits	1,041,027	-	1,041,027	50,813	b	1,091,840
Engineering	116,154	-	116,154	-		116,154
Professional Fees	33,214	-	33,214	-		33,214
Insurance	62,091	-	62,091	-		62,091
Telecommunications	35,358	-	35,358	-		35,358
Utilities	144,928	-	144,928	-		144,928
Office Supplies & Costs	37,102	-	37,102	-		37,102
Supplies & Tools	46,245	-	46,245	-		46,245
Fuel & Oil	48,250	-	48,250	-		48,250
Equipment Maintenance & Repair	56,656	-	56,656	-		56,656
Pump Maintenance & Repair	131,866	-	131,866	-		131,866
Levee Maintenance & Repair	1,112,708	-	1,112,708	14,011	c	1,126,719
Ditch & Canals Repairs	58,639	-	58,639	-		58,639
Vehicle Maintenance & Repair	29,088	-	29,088	-		29,088
Safety Equipment & Training	6,813	-	6,813	-		6,813
Flood Fight Training & Supplies	2,705	-	2,705	-		2,705
Security	2,847	-	2,847	-		2,847
Contract Services	249,906	-	249,906	-		249,906
Meetings and Memberships	25,968	-	25,968	-		25,968
Permits & Fees	11,774	-	11,774	-		11,774
Miscellaneous	11,616	-	11,616	53,058	c	64,674
Debt Service						
Principal	42,141	-	42,141	(42,141)	d	-
Interest and Other Charges	-	-	-	-		-
Capital Outlay	1,229,037	278,291	1,507,328	(1,507,328)	e	-
Depreciation Expense	-	-	-	655,780	f	655,780
Total Expenditures	4,536,133	278,291	4,814,424	**(775,807)**		4,038,617
Excess (Deficiency) of Revenues Over Expenditures:	2,199,314	280,895	2,480,209	**1,425,332**		
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses:	2,199,314	280,895	2,480,209	**1,425,332**		
Change in Net Position						3,905,541
Fund Balances/Net Position, June 30, 2024 As Previously Reported	7,089,861	9,085,637	16,175,498	**9,164,509**		25,340,007
Cumulative Effect of Change in Accounting Principles	-	-	-	**(86,650)**		(86,650)
Fund Balances/Net Position, June 30, 2024 - As Restated	7,089,861	9,085,637	16,175,498	**9,077,859**		25,253,357
Fund Balances/Net Position, June 30, 2025	$ 9,289,175	$ 9,366,532	$ 18,655,707	**$ 10,503,191**		$ 29,158,898

a Receivables collected more than sixty days after fiscal year end are not considered currently available and, therefore, are not reported as a fund

b & f Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds: b) Change in Compensated Absences, f) Depreciation

c Adjustments to prior year estimated grants receivable

d Governmental funds report debt service payments as expenditures. However, in the statement of activities, the liability is reduced.

e Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized as fixed assets.

See the accompanying notes to financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Reclamation District No. 784 is a special district within the County of Yuba governed by an elected, independent five-member Board of Directors. Reclamation District No. 784 was established May 6, 1908, under the General Reclamation District Law.

The District accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles for state and local governments through its pronouncements (Statements and Interpretations). The significant accounting policies established and used by the District are described below.

Reporting for a component unit can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the District's operations. Blended component units are an extension of the District, so data from these units is combined with data of the District. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the District.

There are no component units of the District which meet the criteria of either the blended or discrete presentation.

Implementation of New Accounting Standards

The District adopted the provisions of GASB Statement No. 101, *Compensated Absences,* as of July 1, 2024. This statement outlines a unified recognition and measurement model that results in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The model can be applied consistently to any type of compensated absences and eliminates potential comparability issues between governments that offer different types of leave. The model also results in a more robust estimate of the amount of compensated absences that a government will pay or settle, which enhances the relevance and reliability of information about the liability for compensated absences. This statement has been applied as of the beginning of the period of implementation. Upon analysis of the District's compensated absences accruals and policies, the District determined that compensated absences liability increased by $86,650.

Further, as a result of the implementation of GASB Statement No. 101, compensated absences for the fiscal year ended June 30, 2025, increased $50,813.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The District adopted the provisions of GASB Statement No. 102, Certain Risk Disclosures, as of July 1, 2024. This statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financials are issued. If certain criteria are met, the government must disclose information in the notes to the financial statements to enable users of the financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. As a result of the statement, the District has presented additional disclosures in note 8.

Basis of Presentation

Government-Wide Financial Statements The statement of net position and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District'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) fees, fines, and charges paid by recipients of goods or services offered by the major programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and unrestricted grants and contributions, are presented as general revenues.

Fund Financial Statements Fund financial statements are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The funds of the District are described below.

Major Governmental Funds

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus On the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred inflows of resources, liabilities, and deferred outflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgets and Budgetary Accounting

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 for the ensuing fiscal year.

Unused appropriations for all annually budgeted funds lapse at the end of the year.

Budgeted amounts are the final authorized amounts as revised during the year. Budgeted amounts are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

Cash and Investments

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

Interest Receivable

Interest receivable represent amounts due from Yuba County that the District has earned or been allocated, but has not received, as of June 30, 2025.

Other Receivables

Receivables consist of all revenues earned at year-end and not received. Management believes all amounts are collectible.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investment in Flood Fight Coalition Assets

In 2014, the District purchased inventory of flood fight assets as part of the Yuba-Sutter Regional Flood Fight Coalition. At June 30, 2025, inventory of $186,218 shown on the statement of net position as a noncurrent asset represents those assets held in storage until needed in event of a flood emergency.

Capital Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements Capital assets purchased or acquired with an original cost of $1,000 or more are reported at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

Capital assets are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably over the estimated useful lives of these assets. Depreciation is provided using the straight-line method. The District has assigned the estimated useful lives listed below to capital assets.

Buildings and Land Improvements	50 years
Pump Stations	30 years
Machinery	7 years

Fund Financial Statements In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

The District accrues a liability for compensated absences when the benefits are attributable to services already rendered, the obligation has been earned but not yet used, and are more likely than not to be used or paid. The estimated liability is based on the District’s leave policies and historical usage patterns. The estimated liability is recorded as long-term debt for compensated absences in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financials resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Inflows

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

Equity Classifications

Government-Wide Statements Equity is classified as net position and displayed in three components:

Invested in Capital Assets, Net of Related Debt – This category groups all the capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category represents net position with external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

Fund Statements Governmental fund equity is classified as fund balance. Fund balance is further classified and displayed in five components:

Nonspendable –This category includes elements of the fund balance that cannot be spent because of their form, or because they must be maintained intact. For example:

Assets that will never convert to cash, such as prepaid items and inventories of supplies;
Assets that will not convert to cash soon enough to affect the current period, such as non-financial assets held for resale; or
Resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment.

Restricted – This category includes resources that are subject to constraints that are externally enforceable legal restrictions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Committed –Two criteria determine the committed fund balance:

First, use of funds is constrained by limits imposed by the government's highest level of decision making. The highest level of decision making for the District is the Board of Directors.

Second, removal or modification of use of funds can be accomplished only by formal action of the authority (i.e., Board of Directors) that established the constraints.

Both commitments and modifications or removal must occur prior to the end of the reporting period; that is, the fiscal year being reported upon.

Assigned –The assigned portion of the fund balance reflects the District's intended use of resources, which is established either by the Board of Directors, a body created by the District, such as a District finance committee, or an official designated by the District (e.g., a general manager). The "assigned" component is similar to the "committed" component, with two essential differences, shown in the following table:

Key Differences Between Committed and Assigned Fund Balance		
	Committed	Assigned
A decision to use funds for a specific purpose requires action of the Board of Directors.	Yes	No
Formal action of the Board is necessary to impose, remove or modify this constraint and formal action has taken place before the end of the reporting period.	Yes	No

The Board of Directors can assign amounts under this category, and may also authorize the General Manager to assign amounts under this category when that decision is consistent with the approved long-term financial plan.

Unassigned – This category includes the fund balance that cannot be classified into any of the other categories.

If situations arise where there is a possibility of assignment into more than one category, the committed amount will be reduced first, followed by assigned or restricted amounts, and then unassigned or unrestricted amounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to pay liabilities of the current fiscal year. For the District, "available" means collectible within the period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and assessments, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Special Assessments

In June 1978, the District's portion of the Yuba County property taxes collected was reduced due to the passage of Proposition 13 to a level which was well below the funding needs of the District. Therefore, a resolution was passed removing the District from the tax rolls and levying a special assessment directly on the residents of the District. Collection and payment to the District of the total amount assessed is guaranteed by the County of Yuba. The collection of any delinquent assessments and any applicable interest or penalties is retained by the County of Yuba.

Expenditures and Expenses

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

NOTE 2: CREDIT RISK, CARRYING AMOUNT, AND MARKET VALUE OF INVESTMENTS

Most cash at June 30, 2025, is pooled for investment purposes and held by Yuba County. Interest is apportioned quarterly to the District based on the average daily balances on deposit with the County. The Yuba County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The District does not own any specific identifiable investments in the pool.

The investments made by the Treasurer are regulated by Article 6, Section 27131, of the California Government Code and by the County's investment policy. Investments are monitored annually by the Treasury Oversight Committee established by the County and by the Board of Supervisors.

The difference between the carrying value and the fair value of cash and investments was considered material to the District's financial statements; therefore, an adjustment to fair value was made for GASB No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pods compliance. The change in fair market value from the prior year is recorded as Unrealized Gain or Loss.

The carrying amount and fair value of pooled investments as of June 30, 2025, are as follows:

Pooled Investments:	Carrying Amount	Fair Value	Difference
Yuba County	$ 17,960,990	$ 18,050,130	$ 89,140

Fair Value Measurements

Investments of the District are summarized below. The investments that are presented by specific identifiable investment securities are classified as a credit risk by three categories as follows:

Category 1: Includes investments that are insured or registered or for which securities are held by the District or its agent in the District's name.

Category 2: Includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name.

Category 3: Includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name.

NOTE 2: CREDIT RISK, CARRYING AMOUNT, AND MARKET VALUE OF INVESTMENTS - Continued

Credit Risk – Investments

California Government Code authorizes the District to invest in obligations, participations, or other investments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investment Service, Inc., banker's acceptances, repurchase agreements, and the State Treasurer's Investment Pool (LAIF). The District's investment in the County investment pool is unrated.

Concentration of Credit Risk

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

> No more than 40% may be invested in eligible commercial paper and no more than 10% may be invested in the outstanding commercial paper of any single issuer.

California Government Code, Section 53601, places the following concentration limits on the District's investments:

> No more than 10% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises and where otherwise noted; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 40% may be invested in bankers' acceptances and no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; no more than 30% may be invested in medium-term notes; no more than 20% may be invested in mortgage passthrough and related securities; and no more than 30% may be invested in certain unsecured, unsubordinated obligations.

NOTE 3: CAPITAL ASSETS

The following is a summary of changes in capital assets of the District at June 30, 2025:

	Balances June 30, 2024	Additions	Retirements and Adjustments	Balances June 30, 2025
Work in Progress	$ -	$ 1,229,037	$ -	$ 1,229,037
Equipment	1,033,662	278,291	(31,098)	1,280,855
Pumping Plants	12,952,600	-	-	12,952,600
Buildings	175,681	-	-	175,681
Detention Ponds	21,467,415	-	-	21,467,415
Total Assets at Historical or Estimated Cost	35,629,358	1,507,328	(31,098)	37,105,588
Less Accumulated Depreciation				
Equipment	(828,252)	(64,413)	31,098	(861,567)
Pumping Plants	(5,088,845)	(342,634)	-	(5,431,479)
Buildings	(133,471)	(4,240)	-	(137,711)
Detention Ponds	(3,312,589)	(244,493)	-	(3,557,082)
Total Accumulated Depreciation	(9,363,157)	(655,780)	31,098	(9,987,839)
Governmental Activities Capital Assets, Net	$ 26,266,201	$ 851,548	$ -	$ 27,117,749

Depreciation expense for the year ended June 30, 2025, was $655,780.

NOTE 4: CHANGES IN GENERAL LONG-TERM DEBT

At June 30, 2025, general long-term debt consisted of the following:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
TRLIA Pump #3	$ 70,108	$ -	$ 3,535	$ 66,573
TRLIA Pump #6	1,320,369	-	15,459	1,304,910
TRLIA Pump #10	87,135	-	4,407	82,728
Offsite Linear Detention	381,815	-	9,370	372,445
Drainage Facilities	2,317,787	-	-	2,317,787
Offsite Linear Detention	381,815	-	9,370	372,445
Total	$ 4,559,029	$ -	$ 42,141	$ 4,516,888

Maturities of long-term debt are as follows for the year ending June 30:

2026	$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	4,516,888
Total	$4,516,888

1) On November 7, 2007, the District signed an agreement with the Three Rivers Levee Improvement Authority (TRLIA) to provide for payments in recognition of TRLIA's reconstruction of Pump Station No. 6. On February 7, 2023, the District approved an amended agreement to confirm no automatic escalation rate. Payments will be made from drainage impact fees collected until the total of such payments is $1,583,125. At June 30, 2025, $278,215 has been paid on this agreement.

2) On December 4, 2007, the District signed an agreement with the TRLIA to provide funds in recognition of TRLIA's relocation of Pump Station No. 3. On April 2, 2013, the District approved an amended agreement based on the State of California funding more of the cost share. On February 7, 2023, the District approved an amended agreement to confirm no automatic escalation rate. Payments will be made from drainage impact fees collected until the total of such payments is $191,680. At June 30, 2025, $125,107 has been paid on this agreement.

3) On January 29, 2008, the District signed an agreement with the TRLIA to provide funds in recognition of TRLIA's construction of Pump Station No. 10 discharge pipe crossing of the Feather Setback Levee. On February 7, 2023, the District approved an amended agreement to confirm no automatic escalation rate. Payments will be made from drainage impact fees collected until the total of such payments is $407,823. At June 30, 2025, $325,095 has been paid on this agreement.

4) On February 5, 2008, the District signed an agreement with a developer to provide funds in recognition of the developer's construction of drainage facilities in the amount of $1,517,706, subject to accrual of annual escalation fees outlined in the 2011 Nexus study. Payments will be made from drainage impact fees collected until repaid.

NOTE 4: CHANGES IN GENERAL LONG-TERM DEBT – Continued

5) On September 14, 2010 the District signed an agreement with a developer to provide funds in recognition of the developer's construction of an offsite linear detention pond in the amount of $1,975,832, subject to accrual of annual escalation fees outlined in the 2011 Nexus study. Payments will be made from drainage impact fees collected until repaid. At June 30, 2025, $1,603,387 has been paid on this agreement.

6) On September 14, 2010, the District signed a separate agreement with a developer to provide funds in recognition of the developer's construction of an offsite linear detention pond in the amount of $1,975,832, subject to accrual of annual escalation fees outlined in the 2011 Nexus study. Payments will be made from drainage impact fees collected until repaid. At June 30, 2025, $1,603,387 has been paid on this agreement.

NOTE 5: DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The District's Board has adopted a Defined Contribution Pension Plan which provides retirement and benefits to plan members and beneficiaries. The name of the plan is Reclamation District No. 784 Defined Contribution Plan. The plan is administered by an independent trustee, Lincoln National Life Insurance Company.

The Plan's effective date is April 1, 2019. The Plan year is defined as a calendar year.

Eligibility

To become a participant in the plan, an eligible employee must be employed a minimum of six (6) months, but not exceeding 24 months. If more than 12 months, 100% vesting is required. Service need not be continuous (no minimum hours of service required; mere passage of time is sufficient.)

Plan Contributions

The District's monthly contribution is 12% of the base salary for each eligible employee.

NOTE 5: DEFINED CONTRIBUTION PENSION PLAN – Continued

Annual Pension Cost

The District's annual pension costs were as follows:

Fiscal Year	Amount
2024-2025	$79,768
2023-2024	$65,074
2022-2023	$61,118
2021-2022	$50,975
2020-2021	$41,095
2019-2020	$42,761
2018-2019	$31,015
2017-2018	$27,928
2016-2017	$29,022
2015-2016	$28,852

The District reserves the right to change retirement plans without prior notice.

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disaster.

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), a public entity risk pool, to obtain coverage for general liability, property, workers' compensation, employer's liability, and crime risks. The policy limit is $55,000,000 per occurrence for general liability. Property liability is provided on an all-risk replacement cost basis and includes buildings, personal property, equipment, and vehicles up to $500,000,000. Cyber liability is covered up to 5,000,000.

Workers' compensation coverage is provided through the risk pool in accordance with statutory requirements.

The District's group health insurance program is through Anthem Blue Shield.

NOTE 7: DEVELOPERS' DEPOSITS AND REIMBURSEMENTS

The District acts as a fiduciary for various developers in Reclamation District No. 784. The funds are deposited by various developers to meet their obligation under the Reclamation District No. 784 Master Drainage Plan to ensure that the drainage systems are fully funded and built.

At June 30, 2025, the District was holding the following developers' fees, deferred fee credits and funds for administration, engineering and contingencies:

Developer Fees	$4,486,039
Construction Improvements and Deferred Credits	$8,970,625

The construction improvements and deferred credits are subject to accrual of annual escalation fees outlined in the 2011 Nexus study.

The District has been collecting developer deposits for the Master Drainage Plan since fiscal year 2003-2004. During this period of time various developers have transferred their interests in various developments to other developers. The records of which deposits have been utilized are kept by the District but the subsequent developers must rely upon the District's accounting for these deposits, as previous developers have not shared that information with them. Accordingly, subsequent developers cannot provide third-party verification of the District's accounting for deposits.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Construction Project Commitment

The District is replacing drainage pipes at Horseshoe Levee. The total estimated cost to complete the construction is $2,937,236. At June 30, 2025, payments of $1,159,951 have been made on the contract.

Risk and Uncertainties

In accordance with GASB Statement No. 102, *Certain Risk Disclosures*, the District is required to disclose concentrations or vulnerabilities that are more than likely than not to have a substantial impact on the District within 12 months of the date the financial statements are issued. Management has reviewed the District's operations, funding sources, contractual obligations, and other potential exposures, and determined that no concentrations or vulnerabilities currents meet criteria for disclosure. The District continues to monitor potential risks as part of its ongoing financial management process.

NOTE 9: SUBSEQUENT EVENTS

On September 26, 2025, the Central Valley Flood Protection Board adopted Resolution No. 2025-04 establishing State Maintenance Area No. 20 for the Horseshoe Levee System (Units 3B, 5, and 6) in Yuba County, California. The resolution transfers responsibility for the operation and maintenance of the Horseshoe from Reclamation Districts 784 and 817 to the newly established state maintenance area.

Events subsequent to June 30, 2025 have been evaluated through July 27,2026, the date at which the District's audited financial statements were available to be issued.

NOTE 10: FUTURE GASB IMPLEMENTATION

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement establishes accounting and financial reporting requirements, or modifies existing requirements relating to management's discussion and analysis; unusual or infrequent items; presentation of proprietary fund information; major component units; budgetary comparison information; and financial trends information. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2025, will have on the District's financial statements, if any.

In September 2024, GASB issues Statement No. 104, *Disclosure of certain Capital Assets*. The objective of this statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The statement requires that lease assets and subscription assets be separately disclosed. The statement also requires additional disclosures for capital assets held for sale. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2025, will have on the District's financial statements, if any.

SUPPLEMENTARY INFORMATION

RECLAMATION DISTRICT NO. 784
Statement of Revenues, Expenses, and Change in Fund Balance, Budgeted to Actual
General Fund
For the Year Ended June 30, 2025

	Final Amended Budget	Actual	Variance Over (Under) Budget
Revenues			
Property Assessments- Direct & Indirect	$ 4,036,244	$ 4,212,696	$ 176,452
State and Local Grants	10,548,103	1,583,135	(8,964,968)
Miscellaneous Revenue	-	55,146	55,146
Plan Check Review Fees	15,000	8,900	(6,100)
Interest Income	-	337,026	337,026
Unrealized Gains (Losses)	-	538,544	538,544
Total Revenue	14,599,347	6,735,447	(7,863,900)
Expenditures			
Salaries and Benefits	1,283,000	1,041,027	(241,973)
Engineering	240,000	116,154	(123,846)
Professional Fees	110,000	33,214	(76,786)
Insurance	68,500	62,091	(6,409)
Telecommunications	50,000	35,358	(14,642)
Utilities	171,500	144,928	(26,572)
Office Supplies & Costs	20,289	37,102	16,813
Shop Supplies & Costs	20,000	46,245	26,245
Fuel & Oil	45,000	48,250	3,250
Equipment Maintenance & Repair	25,000	56,656	31,656
Pump Maintenance & Repair	345,500	131,866	(213,634)
Levee Maintenance & Repair	905,000	1,112,708	207,708
Ditch & Canal Repairs	215,700	58,639	(157,061)
Vehicle Maintenance & Repair	25,000	29,088	4,088
Safety Equipment & Training	55,000	6,813	(48,187)
Flood Fight Training & Supplies	5,000	2,705	(2,295)
Security	70,000	2,847	(67,153)
Fixed Asset Acquisition	24,000	-	(24,000)
Contract Services	115,000	249,906	134,906
Meetings & Memberships	59,000	25,968	(33,032)
Permits & Fees	15,000	11,774	(3,226)
Miscellaneous/Capital Outlay	10,548,103	1,240,653	(9,307,450)
Debt Service			
Principal	-	42,141	42,141
Total Expenditures	14,415,592	4,536,133	(9,879,459)
Change in Net Position	183,755	2,199,314	$ 2,015,559
Fund Balance, June 30, 2024-As Restated	7,089,861	7,089,861	
Fund Balance, June 30, 2025	$ 7,273,616	$ 9,289,175	

See the accompanying notes to financial statements