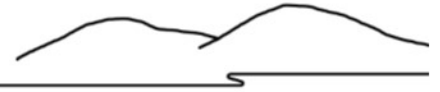


**Mendocino County Russian River Flood Control &
Water Conservation Improvement District**

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2018



November 15, 2018

Mendocino County Russian River Flood Control &
Water Conservation Improvement District
151 Laws Street
Ukiah, CA 95482

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Mendocino County Russian River Flood Control & Water Conservation Improvement District as of and for the year ended June 30, 2018, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

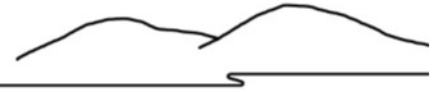
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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. 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mendocino County Russian River Flood Control & Water Conservation Improvement District as of June 30, 2018, and the respective changes in financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The District has not presented Management’s Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

Zach Pehling, CPA

**Mendocino County Russian River Flood Control &
Water Conservation Improvement District**

**Audit Report
June 30, 2018**

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**Mendocino County Russian River Flood Control &
Water Conservation Improvement District**
**Statement of Net Position and
Balance Sheet**
June 30, 2018

	<u>Governmental</u> <u>Activites</u>	<u>Adjustments</u>	<u>General</u>
<u>ASSETS & DEFERRED OUTFLOWS</u>			
<u>Current Assets:</u>			
Cash in Bank	469,987	\$ -	\$ 469,987
Funds in Laif	286,253	-	286,253
Accounts Receivable	4,612	-	4,612
Prepaid Expenses	5,758	-	5,758
Total Current Assets	<u>766,610</u>	<u>-</u>	<u>766,610</u>
<u>Fixed Assets:</u>			
Equipment	130,936	(130,936)	-
Accumulated Depreciaiton	(8,959)	8,959	-
Total Fixed Assets	<u>121,977</u>	<u>(121,977)</u>	<u>-</u>
TOTAL ASSETS	<u>888,587</u>	<u>(121,977)</u>	<u>766,610</u>
<u>DEFERRED OUTFLOWS</u>			
GASB 68 Pension	82,070	(82,070)	-
TOTAL DEFERRED OUTFLOW	<u>82,070</u>	<u>(82,070)</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>970,657</u>	<u>(204,047)</u>	<u>766,610</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION/FUND BALANCE</u>			
<u>Current Liabilities:</u>			
Compensated Absences	11,531	(11,531)	-
Assounts Payable and Accrued Liabilities	-	-	-
Total Current Liabilities	<u>11,531</u>	<u>(11,531)</u>	<u>-</u>
<u>Long-Term Liabilities:</u>			
Net Pension Liability	40,010	(40,010)	-
Total Long-Term Liabilities	<u>40,010</u>	<u>(40,010)</u>	<u>-</u>
TOTAL LIABILITIES	<u>51,541</u>	<u>(51,541)</u>	<u>-</u>
<u>DEFERRED INFLOWS</u>			
GASB 68 Pension	904	(904)	-
TOTAL DEFERRED INFLOWS	<u>904</u>	<u>(904)</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>52,445</u>	<u>(52,445)</u>	<u>-</u>
<u>NET POSITION/FUND BALANCE</u>			
Unrestricted	918,212	\$ (69,532)	766,610
TOTAL NET POSITION/FUND BALANCE	<u>\$ 918,212</u>	<u>\$ (69,532)</u>	<u>\$ 766,610</u>

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

**Mendocino County Russian River Flood Control &
Water Conservation Improvement District**
**Statement of Activities and
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year-Ended
June 30, 2018**

	<u>Governmental Activities</u>	<u>Adjustment</u>	<u>General Funds</u>
<u>EXPENSES/EXPENDITURES</u>			
<u>Program Expenses:</u>			
Salaries and Employee Benefits	104,564	44,233	148,797
Office Expense	33,250	-	33,250
Professional Services	33,914	-	33,914
Insurance	3,623	-	3,623
Water Acquisition	65,190	-	65,190
Bad Debt	37,600	-	37,600
Fixed Assets	-	106,034	106,034
Depreciation	8,959	(8,959)	-
Loss on Disposal of Fixed Assets	48,608	(48,608)	-
Meetings & Travel	2,634	-	2,634
Total Program Expenses/Expenditures	<u>338,342</u>	<u>92,700</u>	<u>431,042</u>
TOTAL EXPENSES/EXPENDITURES	<u>338,342</u>	<u>92,700</u>	<u>431,042</u>
<u>REVENUE</u>			
<u>Program Revenue:</u>			
Charges for Services	311,810	-	311,810
Total Program Revenue	<u>311,810</u>	<u>-</u>	<u>311,810</u>
<u>General Revenues:</u>			
Interest	26	-	26
Taxes and Intergovernmental	49,677	-	49,677
Total General Revenues	<u>49,703</u>	<u>-</u>	<u>49,703</u>
TOTAL REVENUE	<u>361,513</u>	<u>-</u>	<u>361,513</u>
<u>NET CHANGE IN NET POSITION/FUND BALANCE</u>	<u>23,171</u>	<u>\$ (92,700)</u>	<u>(69,529)</u>
<u>NET POSITION/FUND BALANCE, BEGINNING OF YEAR</u>	<u>895,041</u>		<u>836,139</u>
<u>NET POSITION/FUND BALANCE, END OF YEAR</u>	<u>\$ 918,212</u>		<u>\$ 766,610</u>

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

**Mendocino County Russian River Flood Control & Water Conservation Improvement
District**
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF GENERAL AND SIGNIFICANT ACCOUNTING POLICIES

General

Mendocino County Russian River Flood Control & Water Conservation Improvement District is a special district of the County of Mendocino, California, providing water management to the Russian River.

The District is a governed entity administered by a Board of Directors (the Board) that acts as the authoritative and legislative body of the entity.

The Board appoints the Chair (person) of the Board from existing board members. The Chair's responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission, or business organization; and exercise supervision over the business of the District, its officers, and its employees.

The accompanying general-purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are

Mendocino County Russian River Flood Control & Water Conservation Improvement
District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

D. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are charges for service, property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities demonstrating the degree to which the direct expenses of a given project are offset by project revenues. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function or segment. Program revenues include (1) charges paid by the recipients of services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements if a particular program. Revenues that are not classified as program revenues, including taxes are presented instead as general revenues.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental assets and liabilities is

Mendocino County Russian River Flood Control & Water Conservation Improvement
District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

reported as net assets. The District reports using the major governmental fund of General Fund. The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the bylaws of the District.

Exchange and Non-Exchange Transactions of Revenues – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving value in return, include taxes and donations. Revenues are recognized when susceptible to accrual, when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. The assessor of the County of Mendocino determines the assessed valuations of such property and the tax collector of the County collects the taxes. On an accrual basis, revenue from grants and donations 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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Expenses/Expenditures- On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

D. 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. Formal budgetary integration is employed as a management control device during the year for the General Fund. The level of control (level at which expenditures may not exceed budget) is the fund. Unused appropriations for all the above annually budgeted funds lapse at the end of the fiscal year. Budgeted amounts are the final authorized amount as revised during the year. Actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items to the General Fund.

E. Cash

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition,

Mendocino County Russian River Flood Control & Water Conservation Improvement
District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

To maximize investment opportunities, the District participate in a pooling of cash and investment income with other local agencies. Each fund may liquidate its equity in the pool on demand. Investments are recorded at fair value, except for investments with maturity of one year or less from date of purchase, which are stated at amortized cost. Fair value is based on quoted market prices.

As of June 30, 2018, the primary government had the following investments:

	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Pooled investment in Laif	\$ 286,253	Unrated	NA
Cash in Local Bank	\$ 289,240	Unrated	NA

Interest rate risk. - The District does not currently have a policy regarding interest rate risk.

Credit risk. - The District does not have a formal policy regarding credit risk

Custodial credit risk. -The District's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk. Cash in local bank is covered by federal depository insurance.

Concentration of credit risk. - The District does not have a policy for concentration of credit risk.

F. Accounts Receivable

On an accrual basis, revenues from charges for services are recognized in the fiscal year in which the services are rendered. Receivables are resources provided to the District on a reimbursement basis.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets and intangible are reported in the applicable governmental -type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**Mendocino County Russian River Flood Control & Water Conservation Improvement
District**
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

I. Compensated Absences

On an accrual basis, expenses are recognized in the fiscal year in which the services are received in the statement of net position versus on the balance sheet expenditures are recognized when due and payable with 60 days.

J Net Position

The District's net position represents the difference between its assets and liabilities in the statement of net position. Net position is reported as restricted with there are legal limitations imposed on their use by their source. Portions of the unreserved net position or fund balance may be designated to indicate tentative plans for financial resources utilization in a future period, such as for general contingencies, purchase of capital assets, or debt service. Such plans or intent are subject to change and may never be legally authorized or result in expenditures

K. Property Tax Revenue

The District assesses tax through the Mendocino County tax rolls. Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and payable in two installments on December 10 and April 10, for the secured roll. The unsecured roll is due August 31. All taxes become delinquent if not paid on the due dates.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: 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 disasters. During 2018, the District contracted with private insurance agencies for liability, property, crime damage, and employee and director insurances.

NOTE 3: CONTIGENCIES

As of June 30, 2018, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 4 - DEFINED BENEFIT PENSION PLAN (UNAUDITED)

Plan Description – The Mendocino County Russian River Flood Control & Water Conservation Improvement District's defined benefit pension plan provides retirement and disability benefits,

Mendocino County Russian River Flood Control & Water Conservation Improvement
District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Mendocino County Russian River Flood Control & Water Conservation Improvement District's defined benefit pension plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Mendocino County Russian River Flood Control & Water Conservation Improvement District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

Validation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2015 to June 30, 2016

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2016 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the

Mendocino County Russian River Flood Control & Water Conservation Improvement
District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is 7 percent of annual pay, and the average employer's contribution rate is 8.377 percent of annual payroll for miscellaneous. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

For the measurement period ending June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. Both the June 30, 2016 total pension liability and the June 30, 2017 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table²	Derived using CalPERS' Membership Data for all Funds
Post Retirement	Contract COLA up to 2.75% until Purchasing Power Protection
Benefit Increase	Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016, valuation use the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality, and retirement rates, as a basis. The experience study report is available on the CalPERS website under Forms and Publications.

Changes of Assumptions

In 2017, the accounting discount rate decreased from 7.65 percent to 7.15 percent.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

Mendocino County Russian River Flood Control & Water Conservation Improvement
District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of participants (active, inactive and retired) in PERF C.

The EARSL for the 2016-2017 measurement period is 3.8 years, which was obtained by dividing total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees are retirees have remaining service lifetimes equal to 0. Also, note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Mendocino County Russian River Flood Control & Water Conservation Improvement
District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Schedules of Required Supplementary Information

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C.

	<u>6/30/2016</u>	<u>6/30/2017</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00094700%	0.00001015
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 32,884	40010
Plan's Covered-Employee Payroll	\$ 108,970	117500
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	30.18%	34.05%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.71%	80.17%

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2018 Reporting Date:		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	7,779	-
Differences between Expected and Actual Experience	-	904
Differences between Projected and Actual Investment Earnings	1,904	-
Differences between Employer's Contributions and Proportionate Share of Contributions	2,083	-
Change in Employer's Proportion	60,980	-
Pension Contributions Made Subsequent to Measurement Date	9,323	-
	<u>82,070</u>	<u>904</u>
Net Pension Liability as of 6/30/2018	<u>40,010</u>	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the [Jul 2017-Jun 2018 JE Flow](#) worksheet

Mendocino County Russian River Flood Control & Water Conservation Improvement
District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Pension Expense as of June 30, 2018 87,969																																
At 6/30/2018, proportionate shares of Net Pension Liability/(Asset) by plan(s): <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Proportionate Share of Net Pension Liability/(Asset)</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Miscellaneous</td> <td style="text-align: right;">40,010</td> </tr> <tr> <td style="text-align: left;">Safety</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: left;">Total</td> <td style="text-align: right; border-top: 1px solid black;">40,010</td> </tr> </tbody> </table>		Proportionate Share of Net Pension Liability/(Asset)	Miscellaneous	40,010	Safety	-	Total	40,010																								
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NOTE 5: SUBSEQUENT EVENTS

For the purpose of the accompanying consolidated financial statements, subsequent events have been evaluated through November 15, 2018, which is the date these financial statements were available to be issued.