

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

**STAFF REPORT**

To: Board of Trustees  
From: E. Salomone, General Manager  
Meeting: Monday, August 8, 2022  
RE: Agenda Item 8a: July 2022 Financial Reports Summary

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Revenue

June 2022: Additional revenue not shown on previous report: None

July 2022: \$4,512 in water sales (from 2020 and 2021 Fiscal Years)

Ordinary Expenses

June 2022: Additional expenses not shown on previous report: None

July 2022: \$29,023.45 in expenses at time of writing this report, notably:

- \$3,874.00 Consulting for Bookkeeping services
- \$6,084.87 Insurance for annual liability payment
- \$1,530.00 Legal Counsel
- \$644.98 Office Operating includes annual GIS subscription
- \$750.00 Rent for June and July at new office
- \$6,311.00 Unfunded Pension Liability; discount if prepaid for fiscal year

Other

- July is the first month of a new fiscal year and the budget has been updated as approved.
- New bookkeeper continues to address various issues.
- New auditor engaged to conduct FY 2020-21 (late) and FY 2021-22 audits
- Financial reports subject to change after corrections and adjustments by Bookkeeper and Auditor
- Reconciliations are up to date from last statements. (July 2022)
- Additional reports or information available upon request.
- No changes to the contracted water worksheet from last month.

Recommendation:

Move to accept and file the financial reports for July 2022.

Attachments:

1. Income & Expense / Budget Vs Actual Report – July only
2. Income & Expense / Budget Vs Actual Report – Fiscal Year to date
3. Profit & Loss Previous Year Comparison Report
4. Balance Sheet Previous Year Comparison Report
5. Monthly Payment Detail Report
6. Contracted Water Worksheet

**Russian River Flood Control District**  
**Income & Expense / Budget vs. Actual**  
**July 2022**

Cash Basis

	Jul 22	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>Interest-LAIF</b>	919.41	2,500.00	-1,580.59	36.8%
<b>Interest-SBMC</b>	0.00	500.00	-500.00	0.0%
<b>Property Taxes</b>	0.00	55,000.00	-55,000.00	0.0%
<b>Water Sales</b>	4,512.00	348,935.00	-344,423.00	1.3%
<b>Total Income</b>	5,431.41	406,935.00	-401,503.59	1.3%
<b>Expense</b>				
<b>Consulting</b>	3,874.00	20,000.00	-16,126.00	19.4%
<b>Election</b>	0.00	5,000.00	-5,000.00	0.0%
<b>Fees, County &amp; LAFCo</b>	0.00	2,500.00	-2,500.00	0.0%
<b>Gage</b>	0.00	15,000.00	-15,000.00	0.0%
<b>Groundwater Sustainability</b>	0.00	68,000.00	-68,000.00	0.0%
<b>Insurance, Liability</b>	6,084.87	7,000.00	-915.13	86.9%
<b>Insurance, Workers Comp</b>	446.66	7,000.00	-6,553.34	6.4%
<b>Legal</b>	1,530.00	20,000.00	-18,470.00	7.7%
<b>Memberships</b>	0.00	7,000.00	-7,000.00	0.0%
<b>Meters Expense</b>	186.89	2,000.00	-1,813.11	9.3%
<b>Office Operating Expenses</b>	644.98	5,000.00	-4,355.02	12.9%
<b>Payroll Expenses</b>	13,500.56	175,010.00	-161,509.44	7.7%
<b>Rent, Utilities</b>	750.00	5,000.00	-4,250.00	15.0%
<b>Stipends, Meetings</b>	0.00	6,000.00	-6,000.00	0.0%
<b>SWRCB Permits</b>	0.00	17,000.00	-17,000.00	0.0%
<b>Training Costs</b>	60.00	4,000.00	-3,940.00	1.5%
<b>Unfunded Pension Liability</b>	6,311.00	9,500.00	-3,189.00	66.4%
<b>Vehicle</b>	137.49	2,000.00	-1,862.51	6.9%
<b>Water Resiliency</b>	0.00	40,000.00	-40,000.00	0.0%
<b>Total Expense</b>	33,526.45	417,010.00	-383,483.55	8.0%
<b>Net Ordinary Income</b>	-28,095.04	-10,075.00	-18,020.04	278.9%
<b>Net Income</b>	<b>-28,095.04</b>	<b>-10,075.00</b>	<b>-18,020.04</b>	<b>278.9%</b>

# Russian River Flood Control District

## Income & Expense / Budget vs. Actual

Cash Basis

July 2022 through June 2023

	Jul '22 - Jun 23	Budget	\$ Over Bud...	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Interest-LAIF	919.41	2,500.00	-1,580.59	36.8%
Interest-SBMC	0.00	500.00	-500.00	0.0%
Property Taxes	0.00	55,000.00	-55,000.00	0.0%
<b>Water Sales</b>	4,512.00	348,935.00	-344,423.00	1.3%
<b>Total Income</b>	5,431.41	406,935.00	-401,503.59	1.3%
<b>Expense</b>				
Consulting	3,874.00	20,000.00	-16,126.00	19.4%
Election	0.00	5,000.00	-5,000.00	0.0%
Fees, County & LAFCo	0.00	2,500.00	-2,500.00	0.0%
Gage	0.00	15,000.00	-15,000.00	0.0%
Groundwater Sustainability	0.00	68,000.00	-68,000.00	0.0%
Insurance, Liability	6,084.87	7,000.00	-915.13	86.9%
Insurance, Workers Comp	446.66	7,000.00	-6,553.34	6.4%
Legal	1,530.00	20,000.00	-18,470.00	7.7%
Memberships	0.00	7,000.00	-7,000.00	0.0%
Meters Expense	186.89	2,000.00	-1,813.11	9.3%
Office Operating Expenses	660.27	5,000.00	-4,339.73	13.2%
<b>Payroll Expenses</b>				
CalPERS 1959 Survivor Billing	2.00	110.00	-108.00	1.8%
CalPERS 457 Employee Def Co...	0.00			
CalPERS Company Match	753.00	10,000.00	-9,247.00	7.5%
CALPERS GASB-68 Fees	0.00	1,000.00	-1,000.00	0.0%
CalPERS Roth 457(b) expense	650.00	4,000.00	-3,350.00	16.3%
Employee Health Insurance	1,236.00	15,000.00	-13,764.00	8.2%
Gross Wages	10,000.00	135,000.00	-125,000.00	7.4%
Medicare	162.92	1,900.00	-1,737.08	8.6%
Payroll Taxes- FICA, etc	696.64	8,000.00	-7,303.36	8.7%
<b>Total Payroll Expenses</b>	13,500.56	175,010.00	-161,509.44	7.7%
<b>Rent, Utilities</b>	750.00	5,000.00	-4,250.00	15.0%
Stipends, Meetings	0.00	6,000.00	-6,000.00	0.0%
SWRCB Permits	0.00	17,000.00	-17,000.00	0.0%
Training Costs	410.09	4,000.00	-3,589.91	10.3%
<b>Unfunded Pension Liability</b>	6,311.00	9,500.00	-3,189.00	66.4%
Vehicle	330.79	2,000.00	-1,669.21	16.5%
Water Resiliency	0.00	40,000.00	-40,000.00	0.0%
<b>Total Expense</b>	34,085.13	417,010.00	-382,924.87	8.2%
<b>Net Ordinary Income</b>	-28,653.72	-10,075.00	-18,578.72	284.4%
<b>Net Income</b>	<b>-28,653.72</b>	<b>-10,075.00</b>	<b>-18,578.72</b>	<b>284.4%</b>

**Russian River Flood Control District**  
**Profit & Loss Prev Year Comparison**

July 2022

Cash Basis

	Jul 22	Jul 21	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Interest-LAIF	919.41	399.84	519.57	129.9%
Interest-SBMC	0.00	33.75	-33.75	-100.0%
Water Sales	4,512.00	0.00	4,512.00	100.0%
<b>Total Income</b>	5,431.41	433.59	4,997.82	1,152.7%
<b>Expense</b>				
Consulting	3,874.00	0.00	3,874.00	100.0%
Fees, County & LAFCo	0.00	1,396.13	-1,396.13	-100.0%
Insurance, Liability	6,084.87	6,144.80	-59.93	-1.0%
Insurance, Workers Comp	446.66	429.91	16.75	3.9%
Legal	1,530.00	3,672.00	-2,142.00	-58.3%
Meters Expense	186.89	0.00	186.89	100.0%
Office Operating Expenses	644.98	114.85	530.13	461.6%
Payroll Expenses	13,500.56	12,595.78	904.78	7.2%
Rent, Utilities	750.00	624.89	125.11	20.0%
Stipends, Meetings	0.00	1,800.00	-1,800.00	-100.0%
Training Costs	60.00	0.00	60.00	100.0%
Unfunded Pension Liability	6,311.00	7,719.00	-1,408.00	-18.2%
Vehicle	137.49	0.00	137.49	100.0%
Water Resiliency	0.00	7,397.32	-7,397.32	-100.0%
<b>Total Expense</b>	33,526.45	41,894.68	-8,368.23	-20.0%
<b>Net Ordinary Income</b>	-28,095.04	-41,461.09	13,366.05	32.2%
<b>Net Income</b>	<b>-28,095.04</b>	<b>-41,461.09</b>	<b>13,366.05</b>	<b>32.2%</b>

## Russian River Flood Control District Balance Sheet Prev Year Comparison

As of July 31, 2022

Cash Basis

	Jul 31, 22	Jul 31, 21	\$ Change	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
<b>LAIF</b>				
Capital Reserve	48,000.00	48,000.00	0.00	0.0%
Emergency Reserve	28,000.00	28,000.00	0.00	0.0%
Operating Reserve	153,000.00	156,000.00	-3,000.00	-1.9%
WaterSupplyReliability Reserve	259,411.40	256,411.40	3,000.00	1.2%
LAIF - Other	3,593.38	1,706.51	1,886.87	110.6%
<b>Total LAIF</b>	492,004.78	490,117.91	1,886.87	0.4%
SBMC Checking	456,507.33	266,992.50	189,514.83	71.0%
SBMC Savings	100,088.49	267,850.21	-167,761.72	-62.6%
<b>Total Checking/Savings</b>	1,048,600.60	1,024,960.62	23,639.98	2.3%
<b>Other Current Assets</b>				
Taxes Receivable	3,984.00	3,984.00	0.00	0.0%
<b>Total Other Current Assets</b>	3,984.00	3,984.00	0.00	0.0%
<b>Total Current Assets</b>	1,052,584.60	1,028,944.62	23,639.98	2.3%
<b>Fixed Assets</b>				
Accumulated Depreciation	-24,542.00	-24,542.00	0.00	0.0%
Meters & Vehicles	137,098.38	134,111.25	2,987.13	2.2%
<b>Total Fixed Assets</b>	112,556.38	109,569.25	2,987.13	2.7%
<b>Other Assets</b>				
Deferred Outflows	64,366.00	64,366.00	0.00	0.0%
<b>Total Other Assets</b>	64,366.00	64,366.00	0.00	0.0%
<b>TOTAL ASSETS</b>	<b>1,229,506.98</b>	<b>1,202,879.87</b>	<b>26,627.11</b>	<b>2.2%</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Other Current Liabilities	18,448.43	13,278.86	5,169.57	38.9%
<b>Total Current Liabilities</b>	18,448.43	13,278.86	5,169.57	38.9%
<b>Long Term Liabilities</b>				
Net Pension Liability	36,024.00	36,024.00	0.00	0.0%
<b>Total Long Term Liabilities</b>	36,024.00	36,024.00	0.00	0.0%
<b>Total Liabilities</b>	54,472.43	49,302.86	5,169.57	10.5%
<b>Equity</b>				
3000 · Opening Bal Equity	541,116.95	541,116.95	0.00	0.0%
3900 · Retained Earnings	662,012.64	653,921.15	8,091.49	1.2%
Net Income	-28,095.04	-41,461.09	13,366.05	32.2%
<b>Total Equity</b>	1,175,034.55	1,153,577.01	21,457.54	1.9%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,229,506.98</b>	<b>1,202,879.87</b>	<b>26,627.11</b>	<b>2.2%</b>

**Russian River Flood Control District**  
**Monthly Payment Detail**  
As of July 31, 2022

Cash Basis

Type	Date	Name	Memo	Original A...	Paid Amou...
<b>SBMC Checking</b>					
Bill Pmt -Check	07/03/2022	State Compensation Insurance Fund	2021-22 FY Policy charges 6/9-7/9/22	-446.66	-446.66
Bill Pmt -Check	07/03/2022	Comcast Business	Internet services for 5613 - 7/12/22	-76.47	-76.47
Bill Pmt -Check	07/08/2022	Intuit	Monthly Payroll Subscription	-2.00	-2.00
Bill Pmt -Check	07/09/2022	Cardmember Service	Credit card 5/13- 6/10/22 service dates	-212.78	-212.78
Bill Pmt -Check	07/10/2022	Christiansen Properties	Office rent for July 2022	-375.00	-375.00
Bill Pmt -Check	07/10/2022	Special District Risk Management	Invoices #72256, Member # 6950	-6,084.87	-6,084.87
Bill Pmt -Check	07/11/2022	Environmental Systems Research I...	GIS program subscription for 07/31/2...	-500.00	-500.00
Bill Pmt -Check	07/11/2022	Eide Bailly	Bookkeeping, May service Dates	-2,945.00	-2,945.00
Bill Pmt -Check	07/12/2022	CalPERS	2022-23 annual1959 Survivor Billing	-6,311.00	-6,311.00
Bill Pmt -Check	07/19/2022	US Cellular	Cell service 6/14- to 7/13/22	-51.22	-51.22
Bill Pmt -Check	07/25/2022	Christiansen Properties	Office rent for August 2022	-375.00	-375.00
Bill Pmt -Check	07/25/2022	Eide Bailly	Bookkeeping, June service Dates	-929.00	-929.00
Bill Pmt -Check	07/25/2022	Herum/Crabtree/Suntag	Legal Counsel, June service dates	-1,530.00	-1,530.00
Bill Pmt -Check	07/25/2022	Performance Pump	Install of new meter	-186.89	-186.89
Total SBMC Checking					-20,025.89
<b>TOTAL</b>					<b>-20,025.89</b>

# Project Water Worksheet as of July 30, 2022

Please note:

**The District is under Declaration#21-02,  
Stage III: Water Supply Warning**

It has yet to be determined how much of the contractual water supply will be available to customers for 2022. Customers will be asked to provide monthly demand schedules to assist in water supply planning for the year.

*Note: no change from previous month.*

**Current 2022 totals  
in Acre Feet**

<b>Project Water Licensed to MC RRFC &amp; WCID:</b>	<b>7940</b>																						
<b>Contracted Non-Municipals :</b>	<b>4917</b>																						
<b>Contracted Municipals:</b>	<b>2507.15</b>																						
<table border="1"> <tr> <td>Calpella CWD</td> <td>85</td> </tr> <tr> <td>Henry Station Mutual Water Co</td> <td>8</td> </tr> <tr> <td>Hopland PUD</td> <td>222</td> </tr> <tr> <td>Millview CWD - Municipal Use</td> <td>970</td> </tr> <tr> <td>Millview CWD - Wheeled Municipal Use</td> <td>189.15</td> </tr> <tr> <td>Millview CWD - Irrigation Use</td> <td>12</td> </tr> <tr> <td>Rogina Water</td> <td>400</td> </tr> <tr> <td>River Estates Mutual Water Company</td> <td>26</td> </tr> <tr> <td>Willow CWD - Municipal Use</td> <td>515</td> </tr> <tr> <td>Willow CWD - Irrigation Use</td> <td>80</td> </tr> <tr> <td><b>Contracted Municipals:</b></td> <td><b>2507.15</b></td> </tr> </table>	Calpella CWD	85	Henry Station Mutual Water Co	8	Hopland PUD	222	Millview CWD - Municipal Use	970	Millview CWD - Wheeled Municipal Use	189.15	Millview CWD - Irrigation Use	12	Rogina Water	400	River Estates Mutual Water Company	26	Willow CWD - Municipal Use	515	Willow CWD - Irrigation Use	80	<b>Contracted Municipals:</b>	<b>2507.15</b>	
Calpella CWD	85																						
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Willow CWD - Municipal Use	515																						
Willow CWD - Irrigation Use	80																						
<b>Contracted Municipals:</b>	<b>2507.15</b>																						
<b>Contracted Total:</b>	<b>7424.15</b>																						
<b>Uncontracted Water Supply for 2021:</b>	<b>515.85</b>																						

5 **DRAFT MINUTES**  
6 **Regular Meeting**  
7 **December 6, 2021**  
8

9 IN COMPLIANCE WITH ASSEMBLY BILL 361, THIS MEETING WAS HELD VIA ZOOM.

10  
11 **1. Roll Call**

12 President Watt called the meeting to order at 5:31 PM.  
13  
14 Trustees Present: Christopher Watt, President  
15 Alfred White, Vice President  
16 John Reardan, Trustee  
17 Tyler Rodrigue, Trustee  
18  
19 Trustees Absent: Matthew Froneberger, Treasurer  
20  
21 Staff: Elizabeth Salomone, General Manager  
22

23 **2. Action Item: State of Emergency**

24 Vice President White moved to reaffirm previously adopted Resolution #21-04 Making Findings and  
25 Determinations under Assembly Bill 361 for Continued Virtual Meetings, determining that (i) The state of  
26 emergency continues to directly impact the ability of the members to meet safely in person; and/or (ii) State or  
27 local officials continue to impose or recommend measures to promote social distancing. Trustee Rodrigue  
28 seconded the motion. The motion was approved by the following vote:

29 Ayes: 4 (Reardan, Rodrigue, White, Watt)  
30 Absent: 1 (Froneberger)  
31

32 **3. Public Expression – No one from the public indicated interest in public expression**  
33

34 **4. Approval of Agenda**

35 Vice President White moved to approve the agenda as presented. Trustee Rodrigue seconded the motion.  
36 The motion was approved by the following vote:  
37 Ayes: 4 (Reardan, Rodrigue, White, Watt)  
38 Absent: 1 (Froneberger)  
39

40 **ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

41 **5. Water Supply Conditions Update and District Response**

42 GM Salomone presented the item. An update was requested on the status of Eel River water transfers  
43 through the Potter Valley Project now that PG&E's power generation is offline. GM Salomone noted  
44 there was not an official update from PG&E, though representatives from the relicensing Partnership,  
45 which includes Inland Water & Power Commission (IWPC) and Sonoma Water Agency and others, were  
46 coordinating efforts to gain support from Eel River stakeholders to divert high winter flows from the Eel  
47 River to the Russian River watershed.  
48



51 Bree Klotter, Board member of Redwood Valley County Water District, asked if support had been  
52 requested from Legislative representatives.

53

## 54 6. Water Resiliency Planning

55 GM Salomone presented the item, reviewing the staff report.

56

57 *Grant Funding Application:* Vice President White voiced concerns regarding the District rather than the  
58 Groundwater Sustainability Agency (GSA) applying for and implementing this project. Discussion was  
59 held in which the governance and workload of the GSA was considered. It was noted this proposed  
60 project specifically concerns RRFC by using District customers and water available under the District  
61 license to determine how the system behaves under various conditions. Additionally, the funding is  
62 available now; the District is in a position to meet the application deadline whereas the GSA is not.

63

64 Trustee Reardan moved to approve

65 (1) the Service Agreement with LACO Associates for Funding Analysis and Grant Writing, including the  
66 ratification of Exhibit A to develop funding opportunity recommendations and the approval of  
67 Amendment No. 1 to include services in development of the application;

68 (2) the Resolution #21-05 Authorizing the Grant Application, Acceptance, and Execution for the On-  
69 Farm Groundwater Recharge Multi-Benefit Demonstration Project and direct GM Salomone to finalize  
70 and submit the grant application; and

71 (3) direction to GM Salomone, in consultation with Legal Counsel, to file for a temporary water recharge  
72 permit from the State Water Board for the proposed On-Farm Groundwater Recharge Multi-Benefit  
73 Demonstration Project.

74 Trustee Rodrigue seconded the motion. The motion was approved by the following vote:

75 Ayes: 4 (Reardan, Rodrigue, White, Watt)

76 Absent: 1 (Froneberger)

77

78 *Water Storage Project:* GM Salomone, President Watt, and Trustee Reardan presented the item, providing an  
79 update on the ad hoc committee work, including a meeting with CA Fish and Wildlife representatives on the  
80 impacts to fisheries, the environment, and Tribal interests. Comments and questions were offered. There was  
81 Board consensus to proceed with the fisheries habitat evaluation and to develop a plan for water availability  
82 analysis that will also benefit the water right applications. A revised project description was presented that  
83 expands on the fisheries habitat enhancement (changes shown in grey highlight below.)

84

85 Trustee Reardan moved to approve the revised Preliminary Feasibility Study for Water Storage Project:

86

87 In the 1990's the RRFC commissioned a feasibility study for developing an approximately 5,000 – 12,000  
88 acre foot reservoir within the larger of two forks of Hensley Creek, a tributary of the Upper Russian  
89 River. Water to be stored in the reservoir would originate as run-off within its watershed and wet-season  
90 releases from Lake Mendocino. The value of this project is to create a strategic reserve during wet periods  
91 to release during dry periods and enhance fisheries within the lower reach of Hensley Creek. RRFC is  
92 reviewing this potential project and considering the retention of a Special Projects Manager to oversee a  
93 consulting team charged with preparing an updated Preliminary Feasibility Study for the project. Initial  
94 focus will be on regulatory limitations/requirements, fisheries habitat evaluation, water availability,  
95 funding, water rights, and property acquisition.

96

97 Trustee Rodrigue seconded the motion. The motion was approved by the following vote:

98 Ayes: 4 (Reardan, Rodrigue, White, Watt)

99 Absent: 1 (Froneberger)

100

(Continued...)

102 **7. Fiscal Year 2021-2022 Budget Adjustment**

103 Vice President White moved to approve Resolution #21-07 Adopting the Adjusted Final Budget for  
104 Fiscal Year 2021-2022. Trustee Reardan seconded the motion. The motion was approved by the following  
105 unanimous vote:

106 Ayes: 4 (Reardan, Rodrigue, White, Watt)  
107 Absent: 1 (Froneberger)

108  
109 **REGULAR BUSINESS, INFORMATION, AND REPORT ITEMS**

110 **8. Consent Calendar**

- 111 a) Acceptance of the November 2021 Financial Report
- 112 b) Approval of Minutes for the November 1, 2021 Regular Meeting
- 113 c) Acceptance of the fiscal year-end reports for FY 2020-2021
- 114 d) Approval of the Regular Meeting Calendar for 2022

115  
116 Vice President White moved to approve Consent Calendar Items a-d. Trustee Reardan seconded the motion.  
117 The motion was approved by the following unanimous vote:

118 Ayes: 4 (Reardan, Rodrigue, White, Watt)  
119 Absent: 1 (Froneberger)

120  
121 **9. Board Member & Committee Reports**

122 *President Watt* reported an anomaly in the West Fork stream flow gage that was reported to the US  
123 Geological Survey staff, who addressed it.

124 *President Watt* also noted that Willow County Water District held a Special Meeting to approve their  
125 contribution to the Upper Russian River Water Agency for the Groundwater Sustainability Agency.

126 *Trustee Reardan* noted he filed a request for Sonoma Water Agency to provide more information on Lake  
127 Pillsbury storage levels.

128 **10. General Manager Report & Correspondence**

129 GM Salomone presented the written report and asked the Board for direction on Board Officers for  
130 2022. Consensus was to keep the slate as is and approval will be on the January consent calendar.

131 **11. Direction on Future Agenda Items**

132 General Manager evaluation, Board Officers for 2022, Mid Year Budget Review & rate review.

133  
134 **ADJOURNMENT**

135  
136 Vice President White moved to adjourn the meeting at 7:12 PM. Trustee Reardan seconded the motion. The  
137 motion was approved by the following unanimous vote:

138 Ayes: 4 (Reardan, Rodrigue, White, Watt)  
139 Absent: 1 (Froneberger)

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145 **President**                      **Vice President**                      **Treasurer**                      **Trustee**                      **Trustee**  
146 *Christopher Watt*                      *Alfred White*                      *Matthew Froneberger*                      *Tyler Rodrigue*                      *John Reardan*

5 **DRAFT MINUTES**  
6 **Regular Meeting of June 6, 2022**

7  
8 IN COMPLIANCE WITH ASSEMBLY BILL 361, THIS MEETING WAS HELD VIA ZOOM.  
9

10 **1. Roll Call**

11 President Watt called the meeting to order at 5:30 PM.

12  
13 Trustees Present: Christopher Watt, President  
14 Alfred White, Vice President  
15 Matthew Froneberger, Treasurer  
16 Tyler Rodrigue, Trustee  
17

18 Trustees Absent: John Reardan, Trustee

19  
20 Staff: Elizabeth Salomone, General Manager  
21

22 **2. Public Expression**

23 Several members of the public introduced themselves including Ed Ballman and Johnny Casper from Balance  
24 Hydrologics, presenters for Item 4: East Fork Russian River Water Availability Analysis Presentation.  
25

26 **3. Approval of Agenda**

27 Treasurer Froneberger moved to approve the agenda. Vice President White seconded the motion.

28  
29 The motion was approved by the following vote:

30 Ayes: 4 (Froneberger, Rodrigue, White, Watt)  
31 Absent: 1 (Reardan)

32 **ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

33 **4. East Fork Russian River Water Availability Analysis Presentation**

34 GM Salomone introduced Balance Hydrologics, engaged by the District to conduct an analysis of potential  
35 surplus flows related to the District's existing water right on the East Fork Russian River and available flows  
36 to support existing water right applications.

37 Ed Ballman presented the Review of Preliminary Analysis and Modeling report. Comments and questions  
38 were offered by Trustees and the public including Todd Schram, Stephen Maples, and Pam Jeanne from  
39 Sonoma Water, Chris Shutes from California Sportfishing Protection Alliance.

40 **5. Water Supply Conditions Update and District Response**

41 PG&E's Operation of Potter Valley Project

42 GM Salomone reported that on May 13, 2022, PG&E unexpectedly filed a variance application to FERC  
43 requesting a reclassification of water year type to Critically Dry, setting East Fork Russian River flows to 5 cfs with  
44 no buffer, rather than the 25 cfs target flow anticipated by current conditions. If approved without modification,  
45 water availability in the Russian River will be drastically reduced and curtailments will extend into the Pre 1914  
46 water right priority dates. Staff recommended the Board approve a filing of a Motion to Intervene on the  
47 temporary variance as it did in 2021.  
48

(Continued...)

50 Vice President White moved approval of the proposed Motion to Intervene and comments in response to the  
 51 May 13, 2022 Application for Temporary Variance of Flow Requirements filing by Pacific Gas and Electric  
 52 Company for FERC Project No. 77-306 (“Potter Valley Project”) by the Mendocino County Russian River  
 53 Flood Control and Water Conservation Improvement District. Treasurer Froneberger seconded the motion.  
 54 The motion was approved by the following unanimous vote:

55 Ayes: 4 (Froneberger, Rodrigue, White, Watt)  
 56 Absent: 1 (Reardan)

#### 57 58 Upper Russian Voluntary Water Sharing Program

59 GM Salomone reported on the locally driven voluntary water sharing agreement in the Upper Russian River.  
 60 Participants in the program may be eligible for an exception to curtailments that would otherwise be applicable  
 61 pursuant to an emergency regulation adopted by the State Water Board on May 10, 2022. The State Water Board  
 62 approval of the agreement is required for the agreement to take effect. The agreement will be considered by the  
 63 State Water Board at their meeting on June 7, 2022.

64  
 65 If PG&E’s variance is approved as filed, the Program will not go into effect until sufficient water supply is  
 66 available to support it. However, enrollment is still encouraged to position water right holders to benefit as soon  
 67 as possible. FERC could issue the variance with modifications to the requests.

68  
 69 Staff recommended the District enroll in the Program in the event regulatory decisions are made that allow its  
 70 implementation. The benefit would be a reduction but not full curtailment of the District’s direct diversion right  
 71 and a decrease in stored water dependence.

72  
 73 Vice President White moved approval of District enrollment in the Upper Russian River Voluntary Water  
 74 Sharing Program. Treasurer Froneberger seconded the motion. The motion was approved by the following  
 75 unanimous vote:

76 Ayes: 4 (Froneberger, Rodrigue, White, Watt)  
 77 Absent: 1 (Reardan)

#### 78 79 **6. Redwood Valley County Water District request for Water Supply**

80 GM Salomone presented the item. Redwood Valley County Water District submitted a formal request for  
 81 surplus water. GM Salomone noted that the (RRFC) District must provide Redwood Valley County Water  
 82 District surplus water under the terms of the Stipulated Judgement. Public comments were offered by  
 83 Redwood Valley County Water District Board Member Bree Klotter and General Manager Jared Walker,  
 84 asking for clarification on future notice of surplus water. GM Walker brought up the situation of emergency  
 85 water supply for human health and safety, including fire suppression and President Watt requested that be  
 86 addressed as a separate item as needed in the future.

87  
 88 The Board reached consensus on issuing the draft response to Redwood Valley County Water District.

#### 89 90 **7. Proposed Fiscal Year 2022-2023 Budget**

91 GM Salomone presented the item which had no changes from the preliminary budget presented at a previous  
 92 meeting.

93  
 94 Vice President White moved approval of Resolutions #22-01 Adopting the Final Budget for Fiscal Year 2022-  
 95 2023 including Exhibit A. Treasurer Froneberger seconded the motion. The motion was approved by the  
 96 following unanimous vote:

97 Ayes: 4 (Froneberger, Rodrigue, White, Watt)  
 98 Absent: 1 (Reardan)

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**REGULAR BUSINESS, INFORMATION, AND REPORT ITEMS**

**8. Consent Calendar**

- a) Acceptance of the May 2022 Financial Report
- b) Approval of Minutes for the May 9, 2022 Regular Meeting Minutes
- c) Approval of Nomination of Trustee Matthew Froneberger for Special District Seat on Local Agency Formation Commission (LAFCo.)
- d) Authorize GM Salomone to engage consultant for Meter Management Contract.
- e) State of Emergency  
*Board to reconsider the circumstances of the state of emergency and determine by majority vote that (i) The state of emergency continues to directly impact the ability of the members to meet safely in person; and/ or (ii) State or local officials continue to impose or recommend measures to promote social distancing as previously passed in Board Resolution #21-04.*

[Note: Approval of the Minutes of the May 9, 2022 Regular Board Meeting was mislabeled on the Agenda as April 9, 2022.]

One edit to Item 8b Approval of May 9, 2022 Regular Meeting Minutes was offered: Line 11 should read “Watt” not “Wat.” Line 84 date should be June 6, not June 9.

Vice President White moved to approve the Consent Calendar with the two corrections to the minutes noted above. Treasurer Froneberger seconded the motion. The motion was approved by the following unanimous vote:

Ayes:	4 (Froneberger, Rodrigue, White, Watt)
Absent:	1 (Reardan)

**9. Trustee & Committee Reports**

None.

**10. General Manager Report & Correspondence**

GM presented the written report.

**CLOSED SESSION**

**11. Conference with Real Property Negotiations (Government Code § 54956.8)**

The Board entered Closed Session at 6:54 PM and returned to Public Session at 7:14 PM. The Board gave direction to the Ad Hoc Committee.

**12. Direction on Future Agenda Items**

**ADJOURNMENT**

Vice President White moved to adjourn the meeting at 7:17 PM. Treasurer Froneberger seconded the motion. The motion was approved by the following unanimous vote:

Ayes:	4 (Froneberger, Rodrigue, White, Watt)
Absent:	1 (Reardan)

<b>President</b>	<b>Vice President</b>	<b>Treasurer</b>	<b>Trustee</b>	<b>Trustee</b>
Christopher Watt	Alfred White	Matthew Froneberger	Tyler Rodrigue	John Reardan

5 **DRAFT MINUTES**  
6 **Special Meeting of June 14, 2022**  
7

8 IN COMPLIANCE WITH ASSEMBLY BILL 361, THIS MEETING WAS HELD VIA ZOOM.  
9

10 **1. Roll Call**

11 President Watt called the meeting to order at 5:00 PM.

- 12 Trustees Present: Christopher Watt, President  
13 Alfred White, Vice President  
14 Matthew Froneberger, Treasurer (Arrived 5:07 PM)  
15 Tyler Rodrigue, Trustee (Departed 6:36 PM)  
16 John Reardan, Trustee  
17

18 Staff: Elizabeth Salomone, General Manager  
19

20 **2. Public Expression** – No one from the public indicated interest in public expression.  
21

22 **3. Approval of Agenda**

23 Vice President White moved to approve the agenda. Trustee Rodrigue seconded the motion.

24 The motion was approved by the following vote:

- 25 Ayes: 3 (Froneberger., Reardan, Rodrigue, White, Watt)  
26 Absent: 2 (Reardan, Froneberger)  
27

28 **CLOSED SESSION:**

29 **4. Information received from participation in Inland Water & Power Commission (IWPC) joint powers**  
30 **agency closed session that has direct financial or liability implications for RRFC (Gov. Code §54956.96)**

31 *Property: PG&E Potter Valley Project. Agency Negotiators: Janet Pauli & Scott Shapiro*  
32 *Negotiating Parties: IWPC and FERC. Under Negotiation: Price and Terms*

33 The Board entered CLOSED Session at 5:03 PM and returned to open session at 6:56 PM to receive a report  
34 from Janet Pauli and Scott Shapiro from IWPC.  
35

36 **ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

37 **5. Water Supply Conditions Update and District Response** – nothing to report.  
38

39 **6. Water Resiliency Planning** – Nothing to report.

40 **Trustee & Committee Reports** - Nothing to report

41 **7. General Manager Report & Correspondence** - Nothing to report  
42

43 *(Continued...)*

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**9. Direction on Future Agenda Items**

Standing agenda item for IWPC closed session.

**ADJOURNMENT**

Treasurer Froneberger moved to adjourn the meeting at 7:15 PM. Vice President White seconded the motion. The motion was approved by the following unanimous vote:

Ayes: 5 (Froneberger, Reardan, Rodrigue, White, Watt)



5 **DRAFT MINUTES**  
6 **Regular Meeting of July 11, 2022**

7  
8 IN COMPLIANCE WITH ASSEMBLY BILL 361, THIS MEETING WAS HELD VIA ZOOM.  
9

10 **1. Roll Call**

11 Vice President White called the meeting to order at 5:30 PM.

- 12  
13 Trustees Present: Christopher Watt, President (Arrived 5:46 PM)  
14 Alfred White, Vice President (Chaired the meeting.)  
15 Matthew Froneberger, Treasurer  
16 Tyler Rodrigue, Trustee (Arrived 5:52 PM)  
17 John Reardan, Trustee  
18

19 Staff: Elizabeth Salomone, General Manager  
20

21 **2. Public Expression** - No one from the public indicated interest in public expression.  
22

23 **3. Approval of Agenda**

24 Trustee Reardan moved to approve the agenda. Treasurer Froneberger seconded the motion.

25 The motion was approved by the following vote:

- 26 Ayes: 3 (Froneberger, Reardan, White)  
27 Absent: 2 (Rodrigue, Watt)

28 **ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

29 **4. Water Supply Conditions Update and District Response**

30 GM Salomone presented the item, reviewing the staff report.

31 **5. Water Resiliency Planning**

32 GM Salomone presented the item.  
33

34 **REGULAR BUSINESS, INFORMATION, AND REPORT ITEMS**

35 **6. Consent Calendar**

- 36 a) Acceptance of the June 2022 Financial Report  
37 b) State of Emergency  
38 *Board to reconsider the circumstances of the state of emergency and determine by majority vote that (i) The state of emergency*  
39 *continues to directly impact the ability of the members to meet safely in person; and/or (ii) State or local officials continue to*  
40 *impose or recommend measures to promote social distancing as previously passed in Board Resolution #21-04.*  
41

42 Trustee Reardan moved to approve the Consent Calendar. Treasurer Froneberger seconded the motion. The  
43 motion was approved by the following unanimous vote:

- 44 Ayes: 4 (Froneberger, Reardan, Rodrigue, White)  
45 Absent: 1 (Watt)  
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**7. Trustee & Committee Reports**

*Treasurer Froneberger* provided an update from the Local Agency Formation Commission (LAFCo.)

*Treasurer Froneberger* announced he will not seek re-election.

*President Watt* was appointed as the Alternate Member to IWPC, replacing *Treasurer Froneberger* effective immediately.

**8. General Manager Report & Correspondence**

GM presented the written report.

**CLOSED SESSION**

**9. Conference with Real Property Negotiations (Government Code § 54956.8)**

The Board entered Closed Session at 5:54 PM and returned to Public Session at 6:30 PM. No reportable action to report.

**10. Direction on Future Agenda Items – none noted.**

**ADJOURNMENT**

Vice President White moved to adjourn the meeting at 6:35 PM. Trustee Rodrigue seconded the motion. The motion was approved by the following unanimous vote:

Ayes: 5 (*Froneberger, Reardan, Rodrigue, White, Watt*)



June 29, 2022

Board of Directors and Elizabeth Salomone, General Manager  
Mendocino County Russian River Flood Control & Water Conservation Improvement District  
304 N. State Street, #2  
Ukiah, CA 95482

We are pleased to confirm our understanding of the services we are to provide the Mendocino County Russian River Flood Control & Water Conservation Improvement District (District) as of and for the year ended June 30, 2021.

### **Audit Scope and Objectives**

We will audit the business-type activities and each major fund of the District, as of June 30, 2021 and for the year then ended and the related notes, which collectively comprise the District's basic financial statements as listed in the table of contents of the financial statements.

The objectives of our audit 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and 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.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information (RSI) such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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.

As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Proportionate Share of the Net Pension Liability
3. Schedule of Pension Contributions

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Auditor Responsibilities**

We will conduct our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. As part of an audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
2. 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
3. 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
4. Conclude, based on the audit evidence obtained, 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 a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

## Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

## Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a) For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b) For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c) To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit;
  - iii. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.
  - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
  - v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- d) For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e) For identifying and ensuring that the District complies with the laws and regulations applicable to its activities;
- f) For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g) For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h) For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i) For informing us of any known or suspected fraud affecting the District involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j) For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility:

- a) for the preparation of the supplementary information in accordance with the applicable criteria;
- b) to provide us with the appropriate written representations regarding supplementary information;
- c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and

- d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

### **Nonattest Services**

With respect to any nonattest services we perform,

At the end of the year, we agree to perform the following:

- a) Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the District's management.
- b) Word process the financial statements using information provided by management.

We will not assume management responsibilities on behalf of the District. However, we will provide advice and recommendations to assist management of the District in performing its responsibilities.

The District's management is responsible for:

- a) making all management decisions and performing all management functions;
- b) assigning a competent individual to oversee the services;
- c) evaluating the adequacy of the services performed;
- d) evaluating and accepting responsibility for the results of the services performed; and
- e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- a) We will perform the services in accordance with applicable professional standards
- b) The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the District with regard to tax positions taken in the preparation of the tax return, but the District must make all decisions with regard to those matters.

### **Reporting**

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

### ***Preparation of State Controller Report***

#### **Our Responsibilities**

The objective of our engagement is to prepare the annual Financial Transactions Report (FTR) in accordance with the California State Controller's Office Instructions based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the FTR.

Our engagement cannot be relied upon to identify or disclose any FTR misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations.

#### **Management Responsibilities**

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the FTR in accordance with the State Controller's Office Instructions. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your FTR in accordance with SSARs:

- a) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements
- b) 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
- c) The prevention and detection of fraud
- d) To ensure that the District complies with the laws and regulations applicable to its activities
- e) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements
- f) To provide us with:
  - i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
  - ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and
  - iii. Unrestricted access to persons of whom we determine necessary to communicate.

As part of our engagement, we will issue a disclaimer that will state that the FTR were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

## Engagement Fees

Our fixed fees for the services previously outlined will be as follows:

Financial Statements and Auditor Reports	\$9,000
Preparation of the State Controller's Report	500
<b>Total</b>	<b>\$9,500</b>

If significant changes occur in the District's audit requirements with the implementation of new Governmental Accounting Standards Board (GASB) Standards, Government Auditing Standards or the Audit and Accounting Guide for State and Local Governments issued by the AICPA for attest and/or nonattest services, this may render additional services needed which may increase the above noted fixed fee.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the District's account becomes 60 days or more overdue and may not be resumed until the District's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The District will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from District personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

Additionally, our fees are dependent on the availability, quality, and completeness of the District's records and, where applicable, upon the District's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., District employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

We will schedule the engagement based in part on deadlines, working conditions, and the availability of District key personnel. We will plan the engagement based on the assumption that District personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, District personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

If circumstances occur related to the condition of District records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable.

## Other Engagement Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

**Paul J Kaymark, CPA** is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

The audit documentation for this engagement is the property of Nigro & Nigro, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Nigro & Nigro, PC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will notify the District of any such request.

## Conflict Resolution

Should any litigation or adverse action (such as audits by outside governmental agencies and/or threatened litigation, etc.), by third parties arise against the District or the board of directors subsequent to this engagement, which results in the subpoena of documents from Nigro & Nigro, PC and/or requires additional assistance from us to provide information, depositions or testimony, the District hereby agrees to compensate Nigro & Nigro, PC (at our standard hourly rates) for additional time charges and other costs (copies, travel, etc.), and to indemnify us for any attorney's fees to represent Nigro & Nigro, PC.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

The District and Nigro & Nigro, PC both agree that any dispute over fees charged by the auditor to the District will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of California. Such arbitration shall be binding and final. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.** The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.



**Conclusion**

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

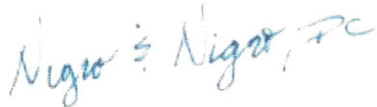
- a) Our view about the qualitative aspects of the District's significant accounting practices;
- b) Significant difficulties, if any, encountered during the audit;
- c) Uncorrected misstatements, other than those we believe are trivial, if any;
- d) Disagreements with management, if any;
- e) Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- f) Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- g) Representations we requested from management;
- h) Management's consultations with other accountants, if any; and
- i) Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,



Nigro & Nigro, PC

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Management signature: Elizabeth Salomone

Title: General Manager

Date: 6/30/22

Governance signature: [Signature]

Title: President, Board of Trustees

Date: 06/30/2022

# Policy #22-01

of the

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

### Regarding Capital Assets

The District has a investment in capital assets such as equipment and a vehicle. In an effort to improve financial reporting, accountability, and operational efficiencies in managing these assets, the District has established policies for the accounting and reporting of capital assets.

Accurate records of capital assets and their associated accumulated depreciation can also help identify potentially needed replacement and renovation of existing assets. This type of management information is useful in making budgetary decisions for specific requests and long-term capital planning.

#### Statements of Principle

This policy provides a basis for maintaining and reporting auditable information on the District's capital assets in conformity with generally accepted accounting principles (GAAP)<sup>1</sup> and with Governmental Accounting Standards Board Statement No. 34 (GASB 34)<sup>2</sup>, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments, (effective fiscal year 2003 for the District,) which outlines the three basic statements of accounting principles:

- A. Reporting Capital Assets
- B. Valuation of Capital Assets
- C. Depreciation of Capital Assets

#### Two Classes of Capital Assets

The District has two classes of capital assets listed below. These are reported in the District's annual financial report and, as may be applicable, their respective capitalization thresholds for external financial reporting are as follows:

1. Equipment, including renovations and improvements that cost more than \$2,000 each is a tangible asset, which may include:
  - a) Is not attached permanently to land, buildings, or land improvements
  - b) Has unique serial numbers
  - c) Is capable of being moved (although some disassembly may be required)
  - d) Can be acquired under a capital lease.

Costs of equipment include the total purchase price, net of purchase discounts, plus any trade-in allowances, transportation charges, installation costs, taxes, and any other costs required to prepare the asset for its intended use. Equipment should be reported as acquisitions when the District physically receives the asset, not at the time when it pays the vendor for the acquisition.

2. Vehicles, including renovations and improvements that cost more than \$10,000 each and are capable of being licensed through the California Department of Motor Vehicles.

Vehicle costs include the total purchase price after any purchase discounts, plus any trade-in allowances, transportation charges, taxes, and any other costs required to prepare the vehicle for its intended use.

### ***Acquisition Methods and Valuation***

#### Direct Purchase

Acquisition costs and costs to place the asset in use should be capitalized.

#### Exchanges or Trade-ins with Outside Parties

This section covers direct exchanges of assets, whether similar (i.e., assets within the same major class, such as one parcel of land for another similar parcel) or non-similar, between the District and a party external to the District's primary government (i.e., vendors, non-profit organizations, general public, etc.).

When no consideration is involved in the exchange of similar assets, the asset received should be reported at the net book value (historical cost net of accumulated depreciation) of the asset traded or exchanged. When the exchange is for dissimilar assets, however, the fair value of the newly acquired asset should be used for reporting the cost of the asset.

When consideration is either given or received in exchange of similar assets, then the asset received should be recorded at its fair value. Fair value in this case is defined as the sum of the cash paid plus the lesser of either the trade-in value given for the relinquished assets or the net book value of the relinquished asset at the time of the trade. When the exchange is for dissimilar assets, however, fair value is defined as the sum of the cash paid plus the trade-in value of the relinquished asset at the time of the trade.

#### Donations

Capital assets may be acquired by gift from individuals or organizations that are external to the District. In such cases, donated assets should be valued at their estimated fair value at the time of acquisition plus ancillary charges.

#### Capital Assets Acquired through Grants or Contributions

Capital assets acquired through grants or contributions should be reported at historical cost or fair value and depreciated as appropriate. Policy updates will be required if assets do not fall within current asset classes.

#### Depreciation

In keeping with the third basis statement of principle of reporting capital assets, capital assets should be depreciated over their estimated useful lives unless they are inexhaustible. Inexhaustible assets, such as land, should not be depreciated.

Accordingly, the District should depreciate capital assets reporting in Equipment and Vehicles Classes.

Depreciation is the process of allocating the cost of tangible property over a period of time, rather than deducting the cost as an expense in the year of acquisition. Generally, at the end of an asset's life, the sum of the amounts charged for depreciation in each accounting period (accumulated depreciation) will equal original cost less salvage value.

Depreciation Methods

There are many different methods used to calculate depreciation. Some methods allow more depreciation in early years than in later years. Some apply the same percentage each year while the basis declines. Others apply different percentages each year while the basis remains the same.

The District uses the straight-line method (straight-line depreciation is the recommended depreciation method for all government entities.) Under this method, the basis of the asset is written off evenly over the useful life of the asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life.

The total amount depreciated can never exceed the asset's historic cost less salvage value. At the end of the asset's estimated life, the salvage value will remain.

Fixed Asset Class	Minimum Amount	Depreciation Period
Equipment	\$2,000	5-10 years
Vehicles	\$10,000	10-15 years

**Retirements**

Reasons for Retirement

A capital asset should be reported as retired when it is:

- A. Scrapped or razed
- B. Sold or traded in
- C. Donated
- D. Lost, stolen, or destroyed

An asset should be retired or disposed of when it no longer serves its intended purpose. This can result from technological advances, normal wear-and-tear, destruction through natural causes, or theft.

In cases where a capital asset has been damaged, and management intends to restore the functionality of the asset, the net book value of the portion of the asset that is being replaced should be removed from the total net book value of the asset. This amount, net any insurance proceeds, should be reflected as a loss. The cost to restore the asset to functionality should then be capitalized and depreciated over the remaining life of the asset.

Declaring an Excess or Surplus

When the District no longer has use for a capital asset, it should be declared as excess or surplus. After such declaration, the District should either transfer the capital asset to another agency, sell the asset at auction, or retire it.

Retention of Documentation

A resolution of surplus declaration or some other form of documentation on the declaration of surplus should be placed in the capital asset's permanent file.

Expeditious Retirement

Capital assets that are no longer needed for District operations should be expeditiously identified and retired.

Authorization for Retirement

The appropriate releasing authorization, and if necessary, receiving authorization, should be obtained when the District retires a capital asset.

Disposition Records

Disposition records should include:

- A. Disposition method and date
- B. Date of sale (if sold)
- C. Sale price (if sold)
- D. Method of determining fair value (if sold)

Record Retention

Records on disposed or retired assets should be maintained to comply with record retention schedules established for accounting records. If litigation involving capital assets has been initiated, the related records should be retained until the litigation is resolved.

Accounting Treatment for Retirements

A capital asset retirement should be recorded by crediting the appropriate capital asset account for the estimated historical cost of the asset, and by debiting the related accumulated depreciation account. Any net book value (remaining at the time of disposal) should be offset against any proceeds received from the disposition of the asset to determine a gain or loss on the disposition. A gain results when proceeds received exceed the asset's book value; a loss results when the asset's book value exceeds the proceeds received.

Replacement

For an asset replacement, the original asset replaced should be reported as a retirement, and the replacement should be reported as a capital asset addition.

**References**

- General Accepted Accounting Principles (GAAP) – The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.
- Governmental Accounting Standards Board (GASB) – The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

**PASSED AND ADOPTED** by the Board of Trustees of the Mendocino County Russian River Flood Control & Water Conservation Improvement District of the State of California on August 8, 2022 by the following vote:

Christopher Watt	Yes / No / Abstain / Absent
Alfred White	Yes / No / Abstain / Absent
Matthew Froneberger	Yes / No / Abstain / Absent
Tyler Rodrigue	Yes / No / Abstain / Absent
John Reardan	Yes / No / Abstain / Absent

Signed:

\_\_\_\_\_  
Christopher Watt, Board of Trustees President

\_\_\_\_\_  
Date

Attest:

\_\_\_\_\_  
Elizabeth Salomone, General Manager

\_\_\_\_\_  
Date

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

**STAFF REPORT**

To: Board of Trustees  
From: E. Salomone, General Manager  
Meeting: Monday, August 8, 2022  
RE: Agenda Item 8h: State of Emergency

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**The Strategic Plan** relevant priority is to **Administer** District resources in alignment with the District's Mission Statement to proactively manage the water resources of the upper Russian River for the benefit of the people and environment of Mendocino County.

**Background**

The Ralph M. Brown Act (Gov. Code § 54950 et seq.) generally requires local agencies meeting via teleconference, including through other virtual or electronic means, to provide public access at each location in which members of the legislative body are teleconferencing. Legislature recently enacted Assembly Bill 361, Chapter 165, Statutes of 2021 ("AB 361"), which amended Government Code section 54953 to allow local agencies to meet fully virtually during a proclaimed state of emergency if state or local officials have imposed or recommended measures to promote social distancing. The Governor of California issued a proclamation declaring a state of emergency on March 4, 2020 due to the COVID-19 pandemic, pursuant to section 8625 of the California Emergency Services Act, and this proclaimed state of emergency currently remains in effect. Additionally, on September 29, 2021, the Mendocino County Health Officer issued a Health Recommendation urging public bodies in Mendocino County to continue meeting remotely through online meetings to lower the risk of COVID-19 transmission.

On November 1, 2021, the Board of Trustees of the Mendocino County Russian River Flood Control & Water Conservation Improvement District adopted Resolution #21-04 Making Findings and Determinations Under Assembly Bill 361 For Continued Virtual Meetings. Consistent with the provisions of Government Code Section 54953(e), the Board found and determined that (1) a state of emergency related to COVID-19 is currently in effect; and (2) state and local officials have recommended measures to promote social distancing in connection with COVID-19. Based on such facts, findings and determinations, the Board authorized staff to conduct remote teleconference meetings of the Board under the provisions of Government Code Section 54953(e). 3. This Resolution took effect immediately.

**Recommended Action:**

- Move to reaffirm the previously adopted Resolution #21-04 Making Findings and Determinations under Assembly Bill 361 for Continued Virtual Meetings, determining that (i) The state of emergency continues to directly impact the ability of the members to meet safely in person; and/or (ii) State or local officials continue to impose or recommend measures to promote social distancing.

**Attachments:**

- Resolution #21-04 Making Findings and Determinations under Assembly Bill 361 for Continued Virtual Meetings, dated November 1, 2021