

**Yolo County Flood Control &
Water Conservation District**

**Board Meeting
34274 State Highway 16
Woodland, CA 95695
Tuesday, October 4, 2022
7:00 P.M.**

Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection by scheduling an appointment with Christina Cobey at (530) 662-0265, ext. 100 or ccobey@ycfcwcd.org.

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting please contact Christina Cobey. Requests should be made as early as possible, and at least one full business day before the start of the meeting.

AGENDA

- 7:00 1. Consideration: Adoption of the September 6, 2022 and Revised April 6, 2021 Regular Board Meeting Minutes
- 7:02 2. Open forum (Limited to five minutes): Guest introductions, unscheduled appearances, opportunity for public comment on non-agenda items
- 7:07 3. Consideration: Adding Items to the Posted Agenda
In order to add an item to the agenda, it must fit one of the following categories:
a) A majority determination that an emergency (as defined by the Brown Act) exists; or
b) A 4/5ths determination that the need to take action that arose subsequent to the agenda being posted.
- 7:10 4. Consideration: Review of Fiscal Year 2021/2022 Independent Audit
- 7:40 5. Presentation: Receive Update from Outreach Committee on District's Implementation of an Alternative Funding Mechanism

- 8:00 6. Director's Report: Report on meetings and conferences attended during the prior month on behalf of the District
- 8:05 7. Attorney's Report: Report on legal matters of concern to the District
- 8:10 8. General Manager's Report: Report regarding current general activities and projects of the District
- a) Operations, Maintenance, and Water Conditions
 - b) Financial Report
 - c) Capital Improvement Program
 - d) YSGA Update
 - e) General Activities
 - f) Upcoming Events
- 8:25 9. General Discussion: Opportunity for clarification or additional information request
- 8:30 10. Consideration: Consider the approval and the payment of bills
- 8:35 11. Closed Session: Public Employee Performance Evaluation (Government Code § 54954.5(e) and 54957)
Title: General Manager
- 8:50 12. Closed Session: Bay-Delta
- Closed session conference with legal counsel for existing administrative proceeding and anticipated litigation/significant exposure to litigation pursuant to Government Code §54956.9, subsections (d)(1) and (d)(2) – State Water Resources Control Board Bay/Delta Plan update proceeding.
- 9:00 13. Adjourn

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. Public comment on items within the Board's jurisdiction is welcome, subject to reasonable time limits for each speaker. Upon request, agenda items may be moved up to accommodate those in attendance wishing to address that item. Times listed for consideration of agenda items are approximate only. The Board may consider any agenda item at any time during the Board meeting.

I declare that the foregoing agenda was posted at the office of the Yolo County Flood Control & Water Conservation District, 34274 State Highway 16, Woodland, CA on September 30, 2022.

By:

Christina Cobey, Administrative Assistant

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

AGENDA REPORT

MEETING DATE: October 4, 2022

ITEM #: 1

SUBJECT: Consideration: Adoption of the September 6, 2022 and Revised April 6, 2021 Regular Board Meeting Minutes

INITIATED OR BOARD
REQUESTED BY: STAFF
 OTHER _____

COORDINATED OR
APPROVED BY: Kristin Sicke

ATTACHMENT YES NO
 DIRECTION

INFORMATION
 ACTION: MOTION
 RESOLUTION

BACKGROUND:

Pursuant to Section 54957.5 of the Brown Act, copies of the draft minutes are available to the public on the District's website and at the District office prior to their approval.

In advance of the Board meeting, staff request the Directors notify staff if a correction is needed in the draft minutes to clarify a substantial point or to correct content. Staff will make the appropriate change(s) and submit the revised draft for review to the Board and the public at the meeting.

RECOMMENDATION:

District staff recommend the adoption of the attached minutes with any corrections.



YOLO COUNTY
FLOOD CONTROL &
WATER CONSERVATION
DISTRICT

BOARD MEETING MINUTES
Tuesday, September 6, 2022, 7:00 PM

YCFC&WCD Offices
34274 State Highway 16
Woodland, CA 95695

The regular meeting of the Board of Directors of the Yolo County Flood Control & Water Conservation District (District) was held at 7:00 p.m. on Tuesday, September 6, 2022 at its regular place of business, 34274 State Highway 16, Woodland, California. Chair Vink convened the meeting. The following people were in attendance:

District Board

Erik Vink, Chair
Mary Kimball, Vice Chair
Jim Mayer
Shane Tucker

District Staff

Kristin Sicke, General Manager
Andrew Ramos, Legal Counsel

Members of the Public

Jim Barrett
Nick Edsall
Geoff Klein
Lee Smith

1. CONSIDERATION: Approval of Minutes

M/S/C approved the minutes of the August 2, 2022 regular Board meeting.

Ayes: Directors Kimball, Mayer, Tucker, and Vink

Noes: None

Absent: Director Barth

Abstain: None

2. OPEN FORUM

There were no comments.

3. CONSIDERATION: Adding Items to the Posted Agenda

There were no changes made to the agenda.

4. CONSIDERATION: Receive Update from Outreach Committee and Authorize General Manager to Enter into Services Agreement with Larsen, Wurzel & Associates

General Manager Sicke reviewed the August Board meeting, when Larsen, Wurzel & Associates (LWA) staff provided an update on the draft technical memorandum outlining the District’s options for proceeding with implementing an alternative funding mechanism. Director Tucker and Sicke provided a brief update on the discussion of the August 15, 2022 Outreach Committee meeting where the purpose of LWA’s Revenue Assessment and Analysis and Technical Memorandum was defined as being the supporting document for the District’s public policy decision and serving as the roadmap for the District to make public policy. The committee reviewed potential “Focus Group” participants for assisting the District in refining the message, constructing the reason, and illustrating the solution to the rest of the community.

Sicke reviewed the recommended funding structure and implementation approach and provided a summary of LWA’s proposal for a cost-of-service study, engineer’s report, and outreach activities. She requested the Board allow the District to proceed with the process while she continues to investigate the level of effort needed in outreach tasks included in the proposal. Sicke requested authorization to enter into a Services Agreement with LWA for up to \$162,000 on behalf of the District.

Director Kimball recommended Sicke investigate the potential legal costs involved in the process, and the necessity to dedicate 100 hours to outreach materials as shown in LWA’s proposal.

M/S/C authorized General Manager Sicke to enter into Services Agreement with Larsen, Wurzel & Associates for up to \$162,000 on behalf of the District.

Ayes: Directors Kimball, Mayer, Tucker, and Vink

Noes: None

Absent: Director Barth

Abstain: None

5. CONSIDERATION: Authorize General Manager to Enter into Memorandum of Understanding with Eaton Drilling

General Manager Sicke provided a review of the District’s recent discussions in potentially partnering with Eaton Drilling (Eaton) to expand the District’s winter recharge activities to agricultural properties within the Yolo Subbasin, which would enhance or increase water recharged into the groundwater aquifer. Eaton is specifically proposing to partner with the District

in preparing grant application materials and obtaining grant funding for completion of a groundwater recharge pilot project. Sicke summarized the July Board meeting presentation where there was a discussion of the roles and responsibilities of a potential public-private-partnership, which served as the backbone of the draft memorandum of understanding included in the Board package.

Sicke discussed the need to review Eaton’s organizational structure to understand the dynamic of staffing capacity and evaluating whether a successful grant application could be achieved.

Directors Tucker and Mayer recommended Sicke obtain additional information regarding Eaton’s capacity for initiating a grant application process and implementing a farmfield-flooding project prior to the District entering into a memorandum of understanding.

6. PRESENTATION: SGMA Implementation: Update on District’s Projects

General Manager Sicke provided an update on District project concepts that were included in the [Yolo Subbasin Groundwater Sustainability Plan](#). The YSGA solicited additional information on project concepts for prioritizing and preparing for upcoming grant funding opportunities. The YSGA intends to submit a grant application of up to \$20M for [DWR’s SGMA Implementation funding solicitation](#).

7. DIRECTORS’ REPORTS

Director Mayer reported on participating in the August 16, 2022 Winter Water Rights Committee meeting with Director Barth, and the NCWA board of directors meeting.

Director Tucker reported on participating in the August 15, 2022 Outreach Committee meeting with Barth.

Directors Kimball and Vink had nothing to report.

8. ATTORNEY’S REPORT

Legal Counsel Ramos briefly reported on the passing of [AB 1642 – CEQA-Exemption for Domestic Wells](#), [SB 1205 – Water Rights: Appropriations](#), and [AB 2449: Limited Teleconference Options](#). Additionally, he reported on the temporary failure of [SB 1219 – California Water Systems Committee \(Dissolvement of the State Water Board\)](#) and [AB 2201 – Groundwater Extraction Permit](#).

9. GENERAL MANAGER’S REPORT

General Manager Sicke provided reports on the following:

- a) Operations, Maintenance, and Water Conditions
- b) Financial Report Summary – Highlights from the August 31, 2022 Financial Statements Report were reviewed, and the actual FY 2022/2023 Budget was compared to the projected

FY 2022/2023 Budget.

- c) Capital Improvement Program – An update on the planning activities related to capital projects was provided.
- d) YSGA Update – An update on Yolo Subbasin Groundwater Agency’s 2022 *Yolo Subbasin Groundwater Sustainability Plan* implementation activities was provided.
- e) General Activities – A list of outreach activities and projects (in-house and coordinated with other agencies) was reviewed.
- f) The following upcoming events were announced:
 - 1. NCWA: Discussion on Surface/Groundwater Interaction in the Sacramento Valley (September 8)
 - 2. YSGA/YCFB Coordination Meeting (September 9)
 - 3. YSGA: Coordination of Oat Creek Recharge Projects (September 9)
 - 4. Highway 16 Flooding Solutions Meetings (September 9 and 23)
 - 5. NCWA: Groundwater Task Force Meeting (September 12)
 - 6. WRA TC Ad Hoc Drought Task Force (September 15)
 - 7. WRA/YSGA: Board of Directors’ Meetings (September 19)
 - 8. Yolo Land Trust’s A Day in the Country: River Garden Farms (September 25)
 - 9. Bucks for Ducks (October 9)
 - 10. ACWA Fall Conference 2022 (November 29-December 1)

10. GENERAL DISCUSSION

There was no general discussion.

11. CONSIDERATION: Payment of Bills

M/S/C approved the following claims for payment – Yolo County Flood Control & Water Conservation District Checks # 61534-61543.

Ayes: Directors Kimball, Mayer, Tucker, and Vink

Noes: None

Absent: Director Barth

Abstain: None

12. CLOSED SESSION

Closed Session conference with legal counsel for existing administrative proceeding and anticipated litigation/significant exposure to litigation pursuant to Government Code 54956.9, subsections (d)(1) and (d)(2) – State Water Resources Control Board Bay-Delta Plan update proceeding.

Closed Session Report: Chair Vink reported that the Directors, General Manager Sicke, and Legal Counsel Ramos participated in the closed session item and that there was nothing to report.

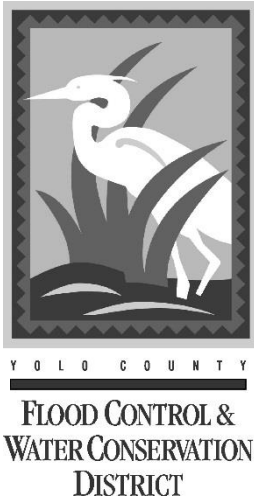
13. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned.

Erik Vink, Chair

ATTEST:

Kristin Sicke, Secretary



REVISED BOARD MEETING MINUTES
Tuesday, April 6, 2021 7:00 PM

YCFC&WCD Offices
34274 State Highway 16
Woodland, CA 95695

Due to the threat of COVID-19 and pursuant to the [Governor's Executive Order N-29-20 \(March 17, 2020\)](#), the regular meeting of the Board of Directors of the Yolo County Flood Control & Water Conservation District (District) was agendized to allow Board members, staff, and the public to participate in the meeting via teleconference. The meeting was held at 7:00 p.m. on Tuesday, April 6, 2021 remotely via GoToMeeting. Chair Rominger convened the meeting. The following people were remotely in attendance:

District Board

Jim Mayer
Tom Barth
Mary Kimball
Bruce Rominger, Chair
Erik Vink

District Staff

Tim O'Halloran, General Manager (in attendance at the District office)
Max Stevenson, Assistant General Manager
Kristin Sicke, Assistant General Manager (in attendance at the District office)
Jennifer Reed, Project Manager (in attendance at the District office)
Andrew Ramos, Legal Counsel

Members of the Public

Jim Barrett
Jonathan Edwards
Lori Raineri
Jason Smith

1. CONSIDERATION: Approval of Minutes

M/S/C approved the minutes of the March 2, 2021 regular Board meeting as submitted.

Ayes: Directors Kimball, Mayer, Rominger, and Vink

Noes: None

Absent: Director Barth

Abstain: None

2. OPEN FORUM

There were no comments during the open forum.

3. CONSIDERATION: Adding Items to the Posted Agenda

There were no changes made to the agenda.

4. CONSIDERATION: Financing Plan for Indian Valley Hydroelectric Rehabilitation and the Moore Siphon Replacement Projects and Review of District's Draft Investment Policy

Assistant General Manager Sicke introduced Lori Raineri and Jonathan Edwards of Government Financial Strategies and provided a brief introduction to the Financing Plan for Indian Valley Hydroelectric Rehabilitation and the Moore Siphon Replacement Projects. Edwards reviewed details on the bond issuance and lender identification methods, borrowing term scenarios, revenue pledge options, and schedule. After soliciting bids from lenders, a formal request to consider authorizing financing will be presented to the Board at the May 4, 2021 meeting.

Director Mayer asked staff how the District planned to manage the money to make it worthwhile since the District would be incurring interest rate debt. Mayer suggested staff and the Board consider managing the financed funds as an infrastructure reserve for investing in capital projects that will ensure economic sustainability and water supply reliability and return the District's investment.

General Manager O'Halloran reported the District was very interested in taking advantage of the low interest rate opportunity to reinvest in other capital jobs and implement the capital improvement program.

Mayer continued to recommend the Board and staff have a longer-term fiscal discussion about the state of the District's finances and the opportunities to bolster or restructure the District's revenue structure. O'Halloran agreed that the District would also need to investigate the potential of a groundwater assessment while evaluating how that would interact with the YSGA's Groundwater Sustainability Plan (GSP) development and implementation process.

Director Vink commented that he appreciated Mayer's comments and he reiterated the need to maximize the use of the financed funds by reinvesting in prioritized capital projects.

Sicke reported on a need to revise the District’s Investment Policy to recognize District procedures regarding short-term expenditures and make minor modifications to allow for a “lockbox” revenue pledge concept if the District desires to proceed with the bond-financing opportunity.

District staff recommended the Board adopt the revised Investment Policy.

M/S/C adopted the District’s Revised Investment Policy.

Ayes: Directors Barth, Kimball, Mayer, Rominger, and Vink

Noes: None

Absent: None

Abstain: None

5. CONSIDERATION: Teichert/Shifler Moore Canal Relocation

Assistant General Manager Stevenson provided an overview of the project, reiterated the District’s comments submitted and reviewed alternatives discussed with Teichert Aggregates (Teichert) after the February 2, 2021 Board meeting. Stevenson reported on the Infrastructure Committee’s meetings and request to keep the canal in place until a better solution can be considered for the northern alignment.

Director Vink relayed his concerns about the tall embankment that would be created from keeping the canal in place. He suggested reaching out to Teichert to evaluate the cost of the lost property for potentially evaluating a benefit to the District for moving the canal to the north. This lost-property cost could be a negotiating discussion for the District to offset the risk for moving the canal to the north.

Director Mayer also commented on the lost revenue to Teichert in keeping the canal where it is and wondered if there was a way for the District to recognize the value of where the canal is currently located. He suggested the District keep an open mind to an emergency reserve fund where money could be used to take on the risk in moving the canal to the northern alignment.

District staff and the Infrastructure Committee recommended sending a letter to Teichert and the County of Yolo discussing the desire to keep the Moore Canal in-place for the time being, with further consideration of the northern alignment if a mutually beneficial solution can be identified.

M/S/C approved staff sending a letter to Teichert Aggregates and the County of Yolo.

Ayes: Directors Barth, Kimball, Mayer, Rominger, and Vink

Noes: None

Absent: None

Abstain: None

6. CONSIDERATION: Lower Lake Emergency Water Intertie Project: Amendment of Water Sales Agreements for Highlands Mutual Water Company and Konocti County Water District

Assistant General Manager Sicke provided an overview of the Lower Lake Emergency Water Intertie Project: an emergency intertie is being proposed between Lower Lake County Waterworks District No. 1 (LLCWD), Highlands Mutual Water Company (Highlands MWC), and Konocti County Water District (Konocti CWD). The three water systems serve the unincorporated community of Lower Lake and parts of the City of Clearlake in Lake County.

Sicke reported that the District currently has water sales agreements with all three entities; however, LLCWD's water supply is derived from eight active groundwater wells and they have not claimed use of surface water from Clear Lake. Sicke also reported that staff and legal counsel worked with Highlands MWC and Konocti CWD staff, along with legal support at UC Davis Water Justice Clinic, to understand the arrangements as part of the proposed emergency intertie project. To accommodate the proposed intertie project and formally recognize the District's relationship to Highlands MWC and Konocti CWD, amendments to the water sales agreements were drafted and reviewed by legal counsel and staff of all interested parties.

District staff recommended the Board consider approval of the agreements and authorize Chair Rominger to sign the agreements.

M/S/C approved the agreements and authorized Chair Rominger to sign the agreements.

Ayes: Directors Barth, Kimball, Mayer, Rominger, and Vink

Noes: None

Absent: None

Abstain: None

7. PRESENTATION: 2021 IRRIGATION SEASON OPERATIONS UPDATE

General Manager O'Halloran provided the Board with an update on the status of preparations for the irrigation season. For the 2021 irrigation season, about 82,000 acres are signed up and there is approximately 58,000 acre feet of available water supply in Indian Valley Reservoir. Anticipating approximately 50% losses in the delivery system, the District is announcing a 0.37 acre-feet per acre allocation over a 60-day period. O'Halloran announced that the 2021 agricultural irrigation rate was set on April 1, 2021 at \$43 with the season expected to commence on April 25 and end around June 23. Lastly, O'Halloran compared the historical allocations with the proposed 2021 allocation season.

8. DIRECTORS' REPORTS

Director Barth reported on participating in the YSGA's Working Group and Board of Directors meetings, along with the Rumsey Water Users Association annual meeting. He also reported on participating in meetings of the Infrastructure, Finance, and Clear Lake Committees, along with a meeting with Clear Lake Oaks County Water District.

Director Mayer reported on participating in NCWA's Board of Directors meeting and the Conservation and Dry Year Task Force meetings. Mayer also reported on participating in the meetings of the General Manager Recruitment Committee.

Director Vink reported on participating in the Finance Committee meeting. Chair Rominger reported on participating in meetings of the General Manager Recruitment, Clear Lake, and Infrastructure Committees.

9. ATTORNEY'S REPORTS

Legal Counsel Ramos did not have anything to report.

10. GENERAL MANAGER'S REPORT

General Manager O'Halloran provided reports on the following:

- g) Operations, Maintenance, and Water Conditions
- h) Financial Report Summary – Highlights from the March 31, 2021 financial statements report were quickly reviewed, and the actual FY 2020/2021 Budget was compared to the projected FY 2020/2021 Budget.
- i) Capital Improvement Program – An update on the successful commissioning of the Indian Valley Hydroelectric Rehabilitation Project was provided to the Board.
- j) YSGA Update – Assistant General Manager Sicke provided an update on recent YSGA meetings and GSP-related tasks.
- k) General Activities – A list of outreach activities and projects both in-house and coordinated with other agencies was reviewed.
- l) The following upcoming events were announced:
 - 1. April 12: YSGA – Meeting to Discuss Winters' Groundwater Wells (GoToMeeting)
 - 2. April 13: YSGA – Nitrate Management Zone Discussion: Yolo Subbasin (Microsoft Teams)
 - 3. April 13: WRA/YSGA Executive Committee Meetings (GoToMeeting)
 - 4. April 14: YSGA – ILRP CV-SALTS update from Regional Board (online webinar)
 - 5. April 14 and 28: NCWA Dry Year Task Force Meetings (Microsoft Teams)
 - 6. April 19: YSGA Working Group Meeting (GoToMeeting)
 - 7. April 21: FSY 2.0: Detention, Retention, and Infiltration Sites Project (Microsoft Teams)

8. April 26: YSGA – North Sac Valley Interbasin Coordination Meeting (Zoom)
9. May 12-13: ACWA Virtual Spring Conference (online platform)

11. GENERAL DISCUSSION

There was no general discussion.

12. CONSIDERATION: Payment of Bills

M/S/C approved the following claims for payment – Yolo County Flood Control & Water Conservation District Checks # 059800-059822.

Ayes: Directors Barth, Kimball, Mayer, Rominger, and Vink

Noes: None

Absent: None

Abstain: None

13. CLOSED SESSION

Public Employment Appointment

Title: General Manager (Government Code 54954.5(e) and 54957)

14. CLOSED SESSION REPORTS

Chair Rominger reported that the Board of Directors, General Manager O'Halloran, Project Manager Reed, and Legal Counsel Ramos were in attendance during Closed Session and that there was nothing to report at this time.

15. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned.

Bruce Rominger, Chair

ATTEST:

Tim O'Halloran, Secretary

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
AGENDA REPORT

MEETING DATE: October 4, 2022

ITEM #: 4

SUBJECT: Consideration: Review of Fiscal Year 2021/2022 Independent Audit

INITIATED OR BOARD
REQUESTED BY: STAFF
 OTHER _____

COORDINATED OR
PREPARED BY: Barbara McGriff
APPROVED BY: Kristin Sicke

ATTACHMENT YES NO
 DIRECTION

INFORMATION
 ACTION: MOTION
 RESOLUTION

BACKGROUND:

The Fiscal Year 2021/2022 Independent Audit (Audit) Management Report and table of contents are attached. The complete Audit is available upon request. In 2021, the District retained MUN CPAs to assist with the District's audits for 2021-2023; and historically, MUN CPAs assisted the District with audit reports in Fiscal Year 2006/2007 through Fiscal Year 2010/2011.

MUN CPAs will review and answer questions regarding the 2021/2022 Audit.

Financial staff have reviewed the Audit and consider it to be an accurate representation of the District's financial records. The Audit was sent to the Finance Committee for their review and comment.

RECOMMENDATION:

Staff recommend acceptance of the filing of the Fiscal Year 2021/2022 Independent Audit.



Management Letter

September 26, 2022

To the Finance Committee/Board of Directors and Management of
Yolo County Flood Control and Water Conservation District
34274 State Highway 16
Woodland, California 95695

In planning and performing our audit of the financial statements of Yolo County Flood Control and Water Conservation District (the District) as of and for the year ended April 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Yolo County Flood Control and Water Conservation District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 26, 2022, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The District's responses to the findings identified in our audit are described in the accompanying attachment. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, Finance Committee, and the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

Mann, Urrutia, Nelson CPAs

Yolo County Flood Control and Water Conservation District
Control Deficiencies and Internal Control Recommendations

April 30, 2022

Fixed Assets

(Repeat) In response to our inquiries, management disclosed that periodic reviews of the fixed asset listing by Operations personnel is not performed. We recommend that individuals outside of Finance Department with requisite knowledge of District's capital assets and projects review the capital asset records at least annually to determine its completeness and accuracy.

Views of the Responsible Officials: *Operation and Maintenance staff are currently in the process of reviewing the capital assets listed in the Fixed Assets Module.*

(Repeat) In our testing of construction-in-progress we identified approximately \$92,000 in feasibility costs incurred in the prior period that were capitalized as of beginning of fiscal year. We determined upon further review that these costs should have been expensed in the period incurred resulting in an overstatement of current year expenditures and beginning net position. We recommend that feasibility studies be expensed in the period incurred rather than capitalized to construction-in-progress.

Views of the Responsible Officials: *The amount of \$92,560 that was expensed this year was for the Indian Valley Spillway Testing & Repairs which was opened as a construction-in-progress job in 2018 by previous General Manager O'Halloran. The job remained open to record costs of the final AECOM report and then accumulated costs were expensed. The current District management is aware that feasibility study costs should be expensed rather than capitalized to construction-in-progress.*

Internal Controls – Journal Entries

During our testing of non-recurring journal entries, we noted the journal entries are reviewed and approved, however, the review and approval did not take place until two months after the fiscal year end. We recommend that management should have a process in place to review and approve journal entries on a monthly basis.

Views of the Responsible Officials: *Review and approval of some of the journal entries was done at the time of posting (e.g. Zion Bank Loan Proceeds). We will develop a more regular system to record journal entry approvals.*

Yolo County Flood Control and Water Conservation District

Status of Prior Year Recommendations

April 30, 2022

Fixed Assets

In our review of the District's depreciation schedule, we identified fixed assets not currently depreciating and that had a net book value greater than \$0. The result was an overstatement of the District's net capital assets. We requested management review the depreciation schedule for necessary corrections.

Status: *Implemented.*

In response to our inquiries, management disclosed that periodic reviews of the fixed asset listing by Operations personnel is not performed. We recommend that individuals outside of Finance Department with requisite knowledge of District's capital assets and projects review the capital asset records at least annually to determine its completeness and accuracy.

Status: *Not implemented.*

In our testing of construction-in-progress we identified \$74,678 in feasibility costs incurred in the prior period that were capitalized as of beginning of fiscal year. We determined upon further review that these costs should have been expensed in the period incurred resulting in an overstatement of current year expenditures and beginning net position. We recommend that feasibility studies be expensed in the period incurred rather than capitalized to construction-in-progress.

Status: *Although the District did not open any new construction-in-progress jobs for feasibility studies, there were still balances from previous years that were deemed unfeasible.*

Internal Controls – Payroll

During our review over internal controls over payroll, we noted that the Finance Supervisor enters the payroll data into the payroll module and reviews the entered information. Upon inquiry, we identified that due to shortage in staff, she prepares the payroll as well as reviews it before final submission. We recommend that the General Manager review the initial processed payroll prepared by the Financial Supervisor to determine its completeness and accuracy.

Status: *Implemented.*

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
APRIL 30, 2022 AND 2021**

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YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
AGENDA REPORT

MEETING DATE: October 4, 2022

ITEM #: 5

SUBJECT: Presentation: Receive Update from Outreach Committee on District's Implementation of an Alternative Funding Mechanism

INITIATED OR BOARD
REQUESTED BY: STAFF
 OTHER _____

COORDINATED OR
PREPARED BY: Kristin Sicke
APPROVED BY: Kristin Sicke

ATTACHMENT YES NO
 DIRECTION

INFORMATION
 ACTION: MOTION
 RESOLUTION

BACKGROUND:

At the August 2, 2022 Board of Directors meeting, the District authorized Larsen, Wurzel & Associates (LWA) to proceed with a cost-of-service study, engineer's report, and associated outreach effort to implement an alternative funding mechanism in 2023. On September 23, 2022, the District's Outreach Committee met with LWA and professional facilitator Kim Floyd to kick-off Phase 2 efforts and to formalize the outreach program components.

The Outreach Committee will provide an update on the meeting, and staff will provide an update on activities since then.

RECOMMENDATION:

This item is for informational purposes only. No Board action is required.