

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

**STAFF REPORT**

**Agenda Item 11a: May 2025 Financial Report**

**June 2, 2025**

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Revenue

April 2025: Additional revenue not shown on previous report: \$6,526.55 (water sales & interest)

May 2025: \$26,533 notably:

- \$488 in contract water sales
- \$26,045 in property tax revenue

Expenses

April 2025: Additional expenses not shown on previous report: none

May 2025: \$109,502 ordinary expenses, notably:

- \$3,513 for IWPC administration
- \$4,642 for Change Petition
- \$58,000 for IWPC – Trans Basin Diversion
- \$22,560 for IWPC – Coyote Valley Modernization

Other

- Financial reports subject to change after corrections and adjustments by Accountant and Auditor.
- Reconciliations are up to date as of the end of April 2025.
- Additional reports or information available upon request.

Recommendation:

- Move to accept and file the financial reports for May 2025.

Attachments:

1. Income & Expense Report – May 2025 only
2. Income & Expense / Budget Vs Actual Report – Fiscal Year to date
3. Profit & Loss Previous Year Comparison Report– Fiscal Year to date
4. Balance Sheet Previous Year Comparison Report– Fiscal Year to date
5. Monthly Payment Detail Report– May 2025
6. Contracted Water Worksheet as of June 1, 2025

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Prepared and submitted to the Board of Trustees by: Elizabeth *Salomone*, *General Manager*

## Income &amp; Expense / Budget vs. Actual

May 2025

	<u>May 25</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4001 · Contract Water Sales	488.00
4050 · Property Taxes	26,044.89
<b>Total Income</b>	<b><u>26,532.89</u></b>
<b>Expense</b>	
Payroll Expenses	15,662.80
 Water Supply Expenses	
5031 · JPAs	
5031.01 · IWPC	3,513.00
Total 5031 · JPAs	<u>3,513.00</u>
 5050 · Projects	
5056 · License Change Petition	
5056.01 · Chg Pet- Legal Counsel	1,582.02
5056.02 · Chg Pet - Engineering	3,060.00
Total 5056 · License Change Petition	<u>4,642.02</u>
5057 · LAFCo Applications	1,601.40
5059 · Trans Basin Diversion	
5059.01 · TB Div - Legal Counsel	270.00
5059.03 · TB Div- IWPC	57,929.00
Total 5059 · Trans Basin Diversion	<u>58,199.00</u>
5060 · Coyote Valley Dam Modernization	
5060.01 · COY via IWPC	22,558.00
5060.02 · COY Modernization-legal	270.00
Total 5060 · Coyote Valley Dam Modernization	<u>22,828.00</u>
Total 5050 · Projects	<u>87,270.42</u>
 Total Water Supply Expenses	90,783.42
 General & Administrative Exp	
5100 · Consulting	
5105 · Legal-General	1,123.86
Total 5100 · Consulting	<u>1,123.86</u>
5120 · Vehicle	27.30
5130 · Insurance	1,871.23
5160 · Office Operating Expenses	33.43
Total General & Administrative Exp	<u>3,055.82</u>
<b>Total Expense</b>	<b><u>109,502.04</u></b>

## Mendocino County Russian River Flood Control District

## Income &amp; Expense / Budget vs. Actual

Cash Basis

July 2024 through June 2025

	<u>Jul '24 - Jun ...</u>	<u>Budget</u>
Ordinary Income/Expense		
Income		
4001 · Contract Water Sales	417,847.62	457,326.00
4002 · Surplus Water Sales	67,130.94	
4050 · Property Taxes	66,553.84	65,000.00
4080 · Interest-LAIF	18,309.10	15,000.00
4081 · Interest-SBMC	35.11	50.00
4082 · Interest-CA CLASS	6,086.68	
4100 · Other Income	121.00	
Total Income	576,084.29	537,376.00
Expense		
Payroll Expenses	173,369.93	199,400.00
Water Supply Expenses		
5020 · Water Rights		
5020.01 · Annual Fees	16,732.45	16,000.00
5020.02 · Legal Counsel	842.76	1,500.00
5020.03 · WR Engineering	0.00	2,000.00
5020.04 · Meter Maintenance	511.43	2,000.00
5020.05 · Meter & Data Mgmt Program	1,940.51	10,000.00
Total 5020 · Water Rights	20,027.15	31,500.00
5030 · USGS, streamflow gage		
5030.00 · USGS Gage reimbursement	-16,750.00	
5030 · USGS, streamflow gage - Other	22,147.50	15,000.00
Total 5030 · USGS, streamflow gage	5,397.50	15,000.00
5031 · JPAs		
5031.01 · IWPC	3,513.00	3,000.00
Total 5031 · JPAs	3,513.00	3,000.00
5040 · Channel Maintenance		
5040.01 · Channel Maint.-Legal	5,709.96	0.00
Total 5040 · Channel Maintenance	5,709.96	0.00
5050 · Projects		
5051 · Grants/Funding Analysis-general	0.00	5,000.00
5056 · License Change Petition		

Mendocino County Russian River Flood Control District  
Income & Expense / Budget vs. Actual

Cash Basis

July 2024 through June 2025

	Jul '24 - Jun ...	Budget
5056.01 · Chg Pet- Legal Counsel	17,276.76	
5056.02 · Chg Pet - Engineering	13,276.25	
5056 · License Change Petition - Other	0.00	40,000.00
<b>Total 5056 · License Change Petition</b>	<b>30,553.01</b>	<b>40,000.00</b>
5057 · LAFCo Applications		
5057.00 · RVCWD reimbursement	-6,040.50	
5057.01 · LAFCo Apps - Legal Counsel	8,445.60	
5057.02 · LAFCo Apps - Engineering	831.25	
5057.03 · LAFCo Apps - Consultant	10,067.50	
5057 · LAFCo Applications - Other	1,601.40	15,000.00
<b>Total 5057 · LAFCo Applications</b>	<b>14,905.25</b>	<b>15,000.00</b>
5058 · Demand Mgmt Pilot	0.00	2,000.00
5059 · Trans Basin Diversion		
5059.01 · TB Div - Legal Counsel	12,364.83	
5059.03 · TB Div- IWPC	57,929.00	
5059 · Trans Basin Diversion - Other	0.00	100,000.00
<b>Total 5059 · Trans Basin Diversion</b>	<b>70,293.83</b>	<b>100,000.00</b>
5060 · Coyote Valley Dam Modernization		
5060.01 · COY via IWPC	22,558.00	
5060.02 · COY Modernization-legal	1,793.88	
<b>Total 5060 · Coyote Valley Dam Moderniza...</b>	<b>24,351.88</b>	<b>0.00</b>
<b>Total 5050 · Projects</b>	<b>140,103.97</b>	<b>162,000.00</b>
<b>Total Water Supply Expenses</b>	<b>174,751.58</b>	<b>211,500.00</b>
General & Administrative Exp		
5100 · Consulting		
5101 · Accounting	14,382.06	8,000.00
5102 · Audit	9,500.00	9,000.00
5104 · Administrative Support	2,884.70	5,000.00
5105 · Legal-General	7,158.21	10,000.00
5109 · Human Resources	1,762.50	2,000.00
5110 · Strategic Planning	0.00	2,000.00
<b>Total 5100 · Consulting</b>	<b>35,687.47</b>	<b>36,000.00</b>
5120 · Vehicle	1,154.24	2,000.00

## Mendocino County Russian River Flood Control District

## Income &amp; Expense / Budget vs. Actual

Cash Basis

July 2024 through June 2025

	<u>Jul '24 - Jun ...</u>	<u>Budget</u>
5130 · Insurance		
5131 · Insurance, Liability	9,511.42	
5132 · Insurance, Workers Comp	2,037.99	0.00
5130 · Insurance - Other	0.00	7,000.00
	<u>11,549.41</u>	<u>7,000.00</u>
Total 5130 · Insurance	11,549.41	7,000.00
5140 · LAFCO Apportionment Fee	1,160.41	1,100.00
5150 · Memberships	6,485.00	6,000.00
5160 · Office Operating Expenses	5,163.24	3,000.00
5161 · Rent, Utilities	4,500.00	5,000.00
5170 · Training & Conferences	491.46	6,000.00
5180 · Stipends, Meetings	3,900.00	13,000.00
5190 · Property Tax Admin Fees	1,010.51	1,000.00
5200 · Election	323.26	300.00
	<u>71,425.00</u>	<u>80,400.00</u>
Total General & Administrative Exp	71,425.00	80,400.00
4000 · Reconciliation Discrepancies	69.00	
	<u>69.00</u>	
Total Expense	<u>419,615.51</u>	<u>491,300.00</u>
Net Ordinary Income	156,468.78	46,076.00
Other Income/Expense		
Other Expense		
5710 · Use of Capital Reserves	7,703.27	
	<u>7,703.27</u>	
Total Other Expense	7,703.27	
	<u>7,703.27</u>	
Net Other Income	-7,703.27	0.00
	<u>-7,703.27</u>	<u>0.00</u>
Net Income	<u>148,765.51</u>	<u>46,076.00</u>

Mendocino County Russian River Flood Control District  
Profit & Loss Prev Year Comparison

Cash Basis

July 2024 through June 2025

	Jul '24 - Jun 25	Jul '23 - Jun 24	\$ Change	% Change
Ordinary Income/Expense				
Income				
4001 · Contract Water Sales	417,847.62	540,241.26	-122,393.64	-22.7%
4002 · Surplus Water Sales	67,130.94	39,278.38	27,852.56	70.9%
4010 · Water Application Fee	0.00	800.00	-800.00	-100.0%
4050 · Property Taxes	66,553.84	69,706.11	-3,152.27	-4.5%
4080 · Interest-LAIF	18,309.10	20,979.74	-2,670.64	-12.7%
4081 · Interest-SBMC	35.11	111.29	-76.18	-68.5%
4082 · Interest-CA CLASS	6,086.68	0.00	6,086.68	100.0%
4100 · Other Income	121.00	-1,232.00	1,353.00	109.8%
4130 · Unrealized Gain(Loss) Invstment	0.00	5,669.02	-5,669.02	-100.0%
Total Income	576,084.29	675,553.80	-99,469.51	-14.7%
Expense				
Payroll Expenses				
5001 · Gross Wages	125,073.00	139,954.14	-14,881.14	-10.6%
5002 · CalPERS Employer Expense	9,843.28	11,295.93	-1,452.65	-12.9%
5003 · CalPERS Employer 457 Expense	4,804.44	2,955.80	1,848.64	62.5%
5004 · Health Insurance	14,974.02	15,092.09	-118.07	-0.8%
5005 · Medicare	2,030.68	2,212.82	-182.14	-8.2%
5006 · FICA	8,682.91	9,287.11	-604.20	-6.5%
5007 · CalPERS 1959 Survivor Billing	89.60	60.00	29.60	49.3%
5008 · CALPERS GASB-68 Fees	0.00	700.00	-700.00	-100.0%
5009 · Unfunded Pension Liability	7,872.00	5,506.00	2,366.00	43.0%
Total Payroll Expenses	173,369.93	187,063.89	-13,693.96	-7.3%
Water Supply Expenses				
5020 · Water Rights				
5020.01 · Annual Fees	16,732.45	15,144.89	1,587.56	10.5%
5020.02 · Legal Counsel	842.76	2,199.38	-1,356.62	-61.7%
5020.03 · WR Engineering	0.00	2,266.25	-2,266.25	-100.0%
5020.04 · Meter Maintenance	511.43	0.00	511.43	100.0%
5020.05 · Meter & Data Mgmt Program	1,940.51	13,171.60	-11,231.09	-85.3%
Total 5020 · Water Rights	20,027.15	32,782.12	-12,754.97	-38.9%
5030 · USGS, streamflow gage				
5030.00 · USGS Gage reimbursement	-16,750.00	0.00	-16,750.00	-100.0%
5030 · USGS, streamflow gage - Other	22,147.50	5,912.50	16,235.00	274.6%
Total 5030 · USGS, streamflow gage	5,397.50	5,912.50	-515.00	-8.7%
5031 · JPAs				
5031.01 · IWPC	3,513.00	6,300.00	-2,787.00	-44.2%
5031.02 · GSA	0.00	68,750.00	-68,750.00	-100.0%
Total 5031 · JPAs	3,513.00	75,050.00	-71,537.00	-95.3%
5040 · Channel Maintenance				
5040.01 · Channel Maint.-Legal	5,709.96	0.00	5,709.96	100.0%
Total 5040 · Channel Maintenance	5,709.96	0.00	5,709.96	100.0%
5050 · Projects				

	Jul '24 - Jun 25	Jul '23 - Jun 24	\$ Change	% Change
5051 · Grants/Funding Analysis-general	0.00	6,525.00	-6,525.00	-100.0%
5054 · Addtl Water Rights	0.00	57.50	-57.50	-100.0%
5055 · RR Water Forum	0.00	2,070.08	-2,070.08	-100.0%
5056 · License Change Petition				
5056.01 · Chg Pet- Legal Counsel	17,276.76	5,970.00	11,306.76	189.4%
5056.02 · Chg Pet - Engineering	13,276.25	4,680.25	8,596.00	183.7%
5056.03 · Chg Pet - Mapping	0.00	262.50	-262.50	-100.0%
Total 5056 · License Change Petition	30,553.01	10,912.75	19,640.26	180.0%
5057 · LAFCo Applications				
5057.00 · RVCWD reimbursement	-6,040.50	0.00	-6,040.50	-100.0%
5057.01 · LAFCo Apps - Legal Counsel	8,445.60	252.45	8,193.15	3,245.5%
5057.02 · LAFCo Apps - Engineering	831.25	0.00	831.25	100.0%
5057.03 · LAFCo Apps - Consultant	10,067.50	0.00	10,067.50	100.0%
5057 · LAFCo Applications - Other	1,601.40	0.00	1,601.40	100.0%
Total 5057 · LAFCo Applications	14,905.25	252.45	14,652.80	5,804.2%
5058 · Demand Mgmt Pilot	0.00	18,275.00	-18,275.00	-100.0%
5059 · Trans Basin Diversion				
5059.01 · TB Div - Legal Counsel	12,364.83	22,994.92	-10,630.09	-46.2%
5059.02 · TB Div- Engineering	0.00	15,257.50	-15,257.50	-100.0%
5059.03 · TB Div- IWPC	57,929.00	50,000.00	7,929.00	15.9%
Total 5059 · Trans Basin Diversion	70,293.83	88,252.42	-17,958.59	-20.4%
5060 · Coyote Valley Dam Modernization				
5060.01 · COY via IWPC	22,558.00	7,000.00	15,558.00	222.3%
5060.02 · COY Modernization-legal	1,793.88	0.00	1,793.88	100.0%
Total 5060 · Coyote Valley Dam Modernization	24,351.88	7,000.00	17,351.88	247.9%
Total 5050 · Projects	140,103.97	133,345.20	6,758.77	5.1%
Total Water Supply Expenses	174,751.58	247,089.82	-72,338.24	-29.3%
General & Administrative Exp				
5100 · Consulting				
5101 · Accounting	14,382.06	6,834.26	7,547.80	110.4%
5102 · Audit	9,500.00	6,500.00	3,000.00	46.2%
5103 · Engineering- General	0.00	17,833.00	-17,833.00	-100.0%
5104 · Administrative Support	2,884.70	0.00	2,884.70	100.0%
5105 · Legal-General	7,158.21	7,163.64	-5.43	-0.1%
5109 · Human Resources	1,762.50	2,794.35	-1,031.85	-36.9%
Total 5100 · Consulting	35,687.47	41,125.25	-5,437.78	-13.2%
5120 · Vehicle	1,154.24	3,763.50	-2,609.26	-69.3%
5130 · Insurance				
5131 · Insurance, Liability	9,511.42	6,451.54	3,059.88	47.4%
5132 · Insurance, Workers Comp	2,037.99	0.00	2,037.99	100.0%
Total 5130 · Insurance	11,549.41	6,451.54	5,097.87	79.0%

	Jul '24 - Jun 25	Jul '23 - Jun 24	\$ Change	% Change
5140 · LAFCO Apportionment Fee	1,160.41	1,100.37	60.04	5.5%
5150 · Memberships	6,485.00	6,019.00	466.00	7.7%
5160 · Office Operating Expenses	5,163.24	7,096.81	-1,933.57	-27.3%
5161 · Rent, Utilities	4,500.00	4,500.00	0.00	0.0%
5170 · Training & Conferences	491.46	5,421.07	-4,929.61	-90.9%
5180 · Stipends, Meetings	3,900.00	5,465.25	-1,565.25	-28.6%
5190 · Property Tax Admin Fees	1,010.51	0.00	1,010.51	100.0%
5200 · Election	323.26	0.00	323.26	100.0%
5299 · Miscellaneous Expense (Revenue)	0.00	-328.30	328.30	100.0%
Total General & Administrative Exp	71,425.00	80,614.49	-9,189.49	-11.4%
4000 · Reconciliation Discrepancies	69.00	0.00	69.00	100.0%
Total Expense	419,615.51	514,768.20	-95,152.69	-18.5%
Net Ordinary Income	156,468.78	160,785.60	-4,316.82	-2.7%
Other Income/Expense				
Other Expense				
5700 · Use of Wtr Reliability Reserve				
5700.1 · IWPC Contributions	0.00	46,700.00	-46,700.00	-100.0%
5700.2 · UVB GSA Contributions	0.00	30,000.00	-30,000.00	-100.0%
Total 5700 · Use of Wtr Reliability Reserve	0.00	76,700.00	-76,700.00	-100.0%
5710 · Use of Capital Reserves	7,703.27	7,424.41	278.86	3.8%
5900 · Depreciation Expense	0.00	28,429.44	-28,429.44	-100.0%
Total Other Expense	7,703.27	112,553.85	-104,850.58	-93.2%
Net Other Income	-7,703.27	-112,553.85	104,850.58	93.2%
Net Income	148,765.51	48,231.75	100,533.76	208.4%

Mendocino County Russian River Flood Control District  
Balance Sheet Prev Year Comparison

Cash Basis

As of June 30, 2025

	<u>Jun 30, 25</u>	<u>Jun 30, 24</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
1020 · CA CLASS				
1024 · Water Reliability Res...	255,257.78	0.00	255,257.78	100.0%
1020 · CA CLASS - Other	250,828.90	0.00	250,828.90	100.0%
Total 1020 · CA CLASS	506,086.68	0.00	506,086.68	100.0%
1000 · SBMC Checking	219,492.24	323,108.31	-103,616.07	-32.1%
1001 · SBMC Savings	0.00	250,221.78	-250,221.78	-100.0%
1010 · LAIF				
1011 · Capital Reserve	70,000.00	73,670.00	-3,670.00	-5.0%
1012 · Emergency Reserve	37,000.00	37,500.00	-500.00	-1.3%
1013 · Operating Reserve	250,000.00	255,850.00	-5,850.00	-2.3%
1014 · Water Reliability Res...	161,652.92	151,632.92	10,020.00	6.6%
1010 · LAIF - Other	24,161.05	0.00	24,161.05	100.0%
Total 1010 · LAIF	542,813.97	518,652.92	24,161.05	4.7%
1019 · LAIF - Fair Market Value	-1,910.70	-1,910.70	0.00	0.0%
Total Checking/Savings	1266482.19	1090072.31	176,409.88	16.2%
Accounts Receivable	0.00	-5.00	5.00	100.0%
Other Current Assets	0.00	14,979.75	-14,979.75	-100.0%
Total Current Assets	1266482.19	1105047.06	161,435.13	14.6%
Fixed Assets				
1401 · Meters & Vehicles	126,795.66	144,324.90	-17,529.24	-12.2%
1499 · Accumulated Depreciation	-118,369.47	-118,369.47	0.00	0.0%
Total Fixed Assets	8,426.19	25,955.43	-17,529.24	-67.5%
Other Assets				
1600 · Deferred Outflows	46,819.00	46,819.00	0.00	0.0%
Total Other Assets	46,819.00	46,819.00	0.00	0.0%
<b>TOTAL ASSETS</b>	<u>1321727.38</u>	<u>1177821.49</u>	<u>143,905.89</u>	<u>12.2%</u>
<b>LIABILITIES &amp; EQUITY</b>				

Mendocino County Russian River Flood Control District  
Balance Sheet Prev Year Comparison

Cash Basis

As of June 30, 2025

	<u>Jun 30, 25</u>	<u>Jun 30, 24</u>	<u>\$ Change</u>	<u>% Change</u>
Liabilities				
Current Liabilities				
Other Current Liabilities				
2010 · Accrued Expenses	0.00	827.87	-827.87	-100.0%
2030 · Vacation/Sick Accrual	31,108.41	31,108.41	0.00	0.0%
2050 · Payroll Liabilities	0.00	4,031.75	-4,031.75	-100.0%
Total Other Current Liabilities	<u>31,108.41</u>	<u>35,968.03</u>	<u>-4,859.62</u>	<u>-13.5%</u>
Total Current Liabilities	31,108.41	35,968.03	-4,859.62	-13.5%
Long Term Liabilities				
2600 · Deferred Inflows	2,265.00	2,265.00	0.00	0.0%
2700 · Net Pension Liability	59,381.00	59,381.00	0.00	0.0%
Total Long Term Liabilities	<u>61,646.00</u>	<u>61,646.00</u>	<u>0.00</u>	<u>0.0%</u>
Total Liabilities	92,754.41	97,614.03	-4,859.62	-5.0%
Equity				
3000 · Opening Bal Equity	541,116.95	541,116.95	0.00	0.0%
3001 · Retained Earnings	539,090.51	490,858.76	48,231.75	9.8%
Net Income	148,765.51	48,231.75	100,533.76	208.4%
Total Equity	<u>1228972.97</u>	<u>1080207.46</u>	<u>148,765.51</u>	<u>13.8%</u>
TOTAL LIABILITIES & EQUITY	<u><u>1321727.38</u></u>	<u><u>1177821.49</u></u>	<u><u>143,905.89</u></u>	<u><u>12.2%</u></u>

Mendocino County Russian River Flood Control District  
**Monthly Payment Detail**

Cash Basis

As of May 31, 2025

Date	Name	Memo	Paid Amo...
1000 · SBMC Checking			
05/09/2025	Cardmember Service	Credit card 3/13-4/10/25	-53.73
05/09/2025	Herum/Crabtree/Suntag	Legal Counsel	-4,847.28
05/08/2025	Intuit	Monthly payroll subscription	-7.00
05/09/2025	MC Inland Water & Power Co...	Adminstrative, legal, & consultant costs contribut...	-84,000.00
05/05/2025	State Compensation Insurance...	New Charges - Policy Term 2025 (04/09/2025-04/...	-1,018.86
05/02/2025	State Compensation Insurance...	Workers Comp	-852.37
05/12/2025	Wagner & Bonsignore CCE	Civil Engineers April 2025 Service Dates	-3,060.00
Total 1000 · SBMC Checking			<u>-93,839.24</u>
TOTAL			<u><u>-93,839.24</u></u>

## Project Water Worksheet as of June 1, 2025

*Note: all water now contracted*

Current 2025 totals  
in Acre Feet

Project Water Licensed to MC RRFC & WCID:	7940
2025 Contracted Non-Retail Suppliers:	4972
2025 Contracted Retail Suppliers:	2634

Calpella CWD	85
Henry Station Mutual Water Co	8
Hopland PUD	222
Millview CWD - All Use	1171.15
Rogina Water	200
Redwood Valley CWD	328.85
River Estates Mutual Water Company	26
Willow CWD - All Use	593
<b>Contracted Retail Suppliers Total:</b>	<b>2634</b>

2026 Contract Changes (effective 1-1-2026):	334
<b>Contracted Total:</b>	<b>7940</b>

Current Uncontracted Water Supply in 2025 available as surplus: 0

### Redwood Valley County Water District 2025 Surplus Use Totals:

Month	2024 Water diverted, in acre feet	2025 Water diverted, in acre feet
January	13.89	13.39
February	0.00	14.86
March	14.46	14.69
April	59.75	6.98
May	46.47	
June	116.91	
July	265.15	
August	179.06	
September	117.76	
October	82.13	
November	0.00	
December	0.00	
<b>Totals:</b>	<b>895.58</b>	<b>49.92</b>

Surplus water <b>OFFERED FOR TRANSFER</b> from customers in 2025:	406.00
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Note: additional available surplus water can be made available.

5 **DRAFT MINUTES**  
6 **Regular Meeting of May 5, 2025**  
7 **At District Office: 304 N. State Street, Ukiah, CA 95482**

8 **1. Roll Call**

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

10  
11 Trustees Present: Christopher Watt, President  
12 Tyler Rodrigue, Vice President  
13 John Bailey, Treasurer  
14 John Reardan, Trustee  
15 Dave Koball, Trustee  
16

17 Staff: Elizabeth Salomone, General Manager  
18 Jeanne Zolezzi, Legal Counsel  
19

20 **2. Approval of Agenda**

21 Vice President Rodrigue moved to approve the agenda. Trustee Reardan seconded the motion. The motion  
22 was approved by the following vote:

23 Ayes: 5 (Koball, Bailey, Reardan, Rodrigue, and Watt)  
24

25 **3. Public Expression: None.**  
26  
27

28 **CLOSED SESSION**

29 **4. Conference with Real Property Negotiators (Gov. Code § 54956.8)**

30 *Property:* Potter Valley Project | *Agency negotiator:* General Manager, General Counsel, Board Members  
31 *Negotiating parties:* Agency, Inland Water & Power Agency, PG&E | *Under negotiation:* Purchasing Entity  
32

33 The Board entered closed session with legal counsel at 5:31 PM. The Board returned to open public session  
34 at 6:04 PM. President Watt stated no reportable action was taken.  
35  
36

37 **ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

38 **5. WAIVE READING, AND CONSIDER FOR ADOPTION Ordinance No. 25-01 An Ordinance**  
39 **Establishing Regulations and Rules for Water Sales by the Mendocino County Russian River Flood**  
40 **Control & Water Conservation Improvement District in Title Only**  
41

42 GM Salomone presented the item.  
43

44 President Watt opened the Public Hearing at 6:05 PM. No comments were submitted or offered. President Watt  
45 closed the Public Hearing at 6:07 PM  
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Treasurer Bailey moved to adopt Ordinance No. 25-01 “Establishing Regulations and Rules for Water Sales” by the Mendocino County Russian River Flood Control & Water Conservation Improvement District in its entirety and to direct General Manager to publish the Ordinance 25-01 summary, complete with the votes cast, within 15 days after adoption of the ordinance, post a copy of the full text of the ordinance and the votes cast on the District website, and make available a copy of the full text of the ordinance to the public upon request. Trustee Reardan seconded the motion. The motion was approved by the following roll call vote:

Ayes: 5 (Koball, Bailey, Reardan, Rodrigue, Watt)

60 **6. Revised Uniform Water Supply & Purchase Agreement and Amendment**

61  
62 GM Salomone presented the item and received comments and questions.

63  
64 Trustee Reardan moved to approve the proposed Amendment to the Uniform Water Sale & Purchase Agreement, the proposed updated Uniform Water Sale & Purchase Agreement, and to direct staff to update all Uniform Water Sale & Purchase Agreements with Customers. Treasurer Bailey seconded the motion. The motion was approved by the following vote:

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67  
68 Ayes: 5 (Koball, Bailey, Reardan, Rodrigue, Watt)

69  
70 **7. Workshop Draft of Fiscal Year 2025-2026 Budget**

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72 Treasurer Bailey summarized that rates are being raised from \$61.00 per acre foot to \$66.00 per acre foot and the District will have a balanced budget of revenue and expenses. In past years, the Board raised rates more significantly to cover budget deficits including specification of the project costs and a plan to use some reserves if needed. This year, there is no identified portion of the rate increase for projects but instead, project costs are built into the budget. The Board continues its effort to buffer large rate increases with the use of reserves, if needed. There is uncertainty in future costs with the trans basin diversion from the Eel River to the Russian River and the Army Corp of Engineers feasibility study on Coyote Valley Dam modernizations, both through the Mendocino County Inland Water & Power Commission joint powers agency.

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81  
82 President Watt noted that income from surplus water sales is not budgeted and therefore actual revenues have been higher than projected revenues in many years. However, this year all available water is contracted so the projected revenue is higher. He also noted that project expenses in the past several years did not require significant depletion of reserves and reserves have in fact grown. It was noted that the District can set rates annually because water is sold under contract, unlike retailers.

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88 Trustee Koball asked for talking points on the rate increase. GM Salomone noted the budget worksheet and monthly financial reports break out the ongoing costs and the overall budget for each project. Trustee Koball asked for one or two lines of explanation in future staff reports on all topics to assist Trustees in communicating with the public.

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93 **8. Redwood Valley County Water District Application for Uniform Water Supply & Purchase Agreement**

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96 GM Salomone presented the staff report noting there is an overlap area between the Redwood Valley County Water District (RVCWD) and RRFC. Legal Counsel confirmed RVCWD is eligible for a Uniform Water Supply & Purchase Agreement (“Agreement”) to serve this overlap area. While RVCWD has asked for 400 acre feet, only 328.85 acre feet are currently available for contract. There are no District policies that inhibit issuing the Agreement, nor are there any restrictions on the District’s water rights or Local Agency Formation Commission (LAFCo) restrictions.

(Continued...)

Trustees noted that the District has not put its full annual water right allocation of 7,040 acre feet to use in recent history. Annual reporting indicates closer to half of the amount is put to use. If the Board approves the Agreement for the remaining uncontracted supply, there will be no additional water available for customers to increase their contract quantities however, no reason to hold some water back as uncontracted was identified. President Watt reiterated that the District does not put its full water right allocation to use and hasn't for a decade. Illustrated by the inability to put the contracted water to use is that there is contracted water in excess to that which customers are using, even in drought years. This makes less water available to those who might need it causing an imbalance. The Board will need to explore this over time. He noted that RVCWD seems to be asking for more water in the Agreement than will be put to use in the area served and acknowledged that there is a pending annexation of the remainder of RVCWD which would put the water to use. He cautioned the practice of allocating water in Agreements that will likely not be used. Treasure Bailey noted that on an individual basis, it makes sense to buffer the amount of contracted water but on a system wide basis, it does not and there are obstacles to allocating based on use, soil type, etc. It was agreed that this issue will return for discussion and further refinement. Board consensus was that the RVCWD Agreement is an opportunity to provide more water security to Redwood Valley and to put the RRFC's water to beneficial use.

Public comment was offered by Redwood Valley County Water District Chair Adama Gaska and Board Member Bree Klotter.

Trustee Reardan moved to approve the Redwood Valley County Water District application for a Uniform Water Supply & Purchase Agreement for 328.85 acre feet and direct Staff to proceed developing Agreement. Treasurer Bailey seconded the motion. The motion was approved by the following vote:

Ayes: 5 (Koball, Bailey, Reardan, Rodrigue, Watt)

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

### **9. Water Supply Conditions Update**

GM presented the report. Board consensus was in support of filing a motion to intervene on the 2025 Minimum Instream Temporary Flow Amendment Request.

### **10. Consent Calendar**

- a) Acceptance of the April 2025 Financial Reports
- b) Approval of April 7, 2025 Regular Board Meeting minutes
- c) Approval of April 22, 2025 Special Board Meeting minutes
- d) Approval of Mendocino County Inland Water & Power Commission invoice for \$84,000

Vice President Rodrigue moved to approve the Consent Calendar. Treasurer Bailey seconded the motion. The motion was approved by the following vote:

Ayes: 5 (Koball, Bailey, Reardan, Rodrigue, Watt)

### **11. Trustee & Committee Reports**

*LAFCo MSR/SOI & Annexation Ad Hoc:* GM Salomone noted the MSR/SOI update was approved by LAFCo at it's May meeting and provided an update on behalf of the Ad Hoc Committee on the annexation.

*Change Petition Ad Hoc:* GM Salomone provided an update on behalf of the Ad Hoc Committee.

*Treasurer Bailey* shared conversations with the public regarding the future of the Potter Valley Project in which he provided updates and encouraged participation in public agency meetings.

(Continued...)

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**12. General Manager Report & Correspondence**

GM presented the report and provided an update on the possibility of a temporary transfer being developed for 2025. This would transfer RRFC water to other water rights in exchange for payment of that water. The District received this request very recently and GM will consult with Legal Counsel on the process, timing, and cost. An agenda item will be brought to the Board in June.

The GM was asked if and how the proposed City of Ukiah annexation of the entire Willow Water District service area and part of the Millview Water District service area would impact RRFC. GM Salomone responded that the only foreseeable impact to RRFC would be contractual; the Ukiah Valley Water Authority and/or the City of Ukiah may request contract transfers or consolidations of the water retailer contracts.

**13. Direction on Future Agenda Items**

Final fiscal year 2025-2026 budget, temporary transfer for 2025.

**ADJOURNMENT**

Trustee Reardan moved to adjourn the meeting at 7:15 PM. Vice President Rodrigue seconded the motion.

The motion was approved by the following vote:

Ayes: 5 (Koball, Bailey, Reardan, Rodrigue, Watt)

***APPROVED by Board of Trustees on June 2, 2025***

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President of the Board of Trustees

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Secretary of the Board of Trustees

**President**

*Christopher Watt*

**Vice President**

*Tyler Rodrigue*

**Treasurer**

*John Bailey*

**Trustee**

*John Reardan*

**Trustee**

*Dave Koball*



## United States Department of the Interior

U.S. GEOLOGICAL SURVEY  
California Water Science Center  
6000 J Street  
Sacramento, CA 95819

May 27, 2025

Elizabeth Salomone  
General Manager  
Mendocino Co. RRFC&WCID  
PO Box 2104  
Ukiah, CA 95482

Dear Elizabeth Salomone:

Enclosed is our standard joint-funding agreement 26ZGJFA01000008 between the U.S. Geological Survey California Water Science Center and Mendocino Co. RRFC&WCID for negotiated deliverables (see attached), during the period October 1, 2025 through September 30, 2026 in the amount of \$32,160 from your agency. U.S. Geological Survey contributions for this agreement are \$0 for a combined total of \$32,160. Please sign and return one fully-executed original to Nayely Nieto-Reyes at [nnieto-reyes@usgs.gov](mailto:nnieto-reyes@usgs.gov) or mail to the address above.

Federal law requires that we have a signed agreement before we start or continue work. Please return the signed agreement by **October 1, 2025**. If, for any reason, the agreement cannot be signed and returned by the date shown above, please contact Andrew Watson at (707) 468-4042 or email [afwatson@usgs.gov](mailto:afwatson@usgs.gov) to make alternative arrangements.

This is a fixed cost agreement to be billed quarterly via Down Payment Request (automated Form DI-1040). Please allow 30-days from the end of the billing period for issuance of the bill. If you experience any problems with your invoice(s), please contact Nayely Nieto-Reyes at phone number (619) 225-6114 or [nnieto-reyes@usgs.gov](mailto:nnieto-reyes@usgs.gov).

The results of all work performed under this agreement will be available for publication by the U.S. Geological Survey. We look forward to continuing this and future cooperative efforts in these mutually beneficial water resources studies.

Sincerely,

Anke Mueller-Solger  
Director, USGS California

Water Science Center

Enclosure  
26ZGJFA01000008 (2)

U.S. Department of the Interior  
U.S. Geological Survey  
Joint Funding Agreement  
FOR  
Water Resource Investigations

Fixed Cost Agreement YES[ X ] NO[ ]

THIS AGREEMENT is entered into as of October 1, 2025, by the U.S. GEOLOGICAL SURVEY, California Water Science Center, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the Mendocino Co. RRFC&WCID party of the second part.

1. The parties hereto agree that subject to the availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation for negotiated deliverables (see attached), herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50, and 43 USC 50b.

2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) include In-Kind-Services in the amount of \$0.00

- (a) \$0 by the party of the first part during the period October 1, 2025 to September 30, 2026
- (b) \$32,160 by the party of the second part during the period October 1, 2025 to September 30, 2026
- (c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of: \$0  
Description of the USGS regional/national program:
- (d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
- (e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.

4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.

5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.

6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

8. The maps, records or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program, and if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at cost, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records or reports published by either party shall contain a statement of the cooperative relations between the parties. The Parties acknowledge that scientific information and data developed as a result of the Scope of Work (SOW) are subject to applicable USGS review, approval, and release requirements, which are available on the USGS Fundamental Science Practices website (<https://www.usgs.gov/office-of-science-quality-and-integrity/fundamental-science-practices>).

Water Resource Investigations

9. Billing for this agreement will be rendered quarterly. Invoices not paid within 60 days from the billing date will bear Interest, Penalties, and Administrative cost at the annual rate pursuant the Debt Collection Act of 1982, (codified at 31 U.S.C. § 3717) established by the U.S. Treasury.

USGS Technical Point of Contact

Name: Andrew Watson  
Supervisory Hydrologic Technician  
Address: 2550 No. State Street Suite 1  
Ukiah, CA 95482  
Telephone: (707) 468-4042  
Fax: (707) 468-4022  
Email: afwatson@usgs.gov

Customer Technical Point of Contact

Name: Elizabeth Salomone  
General Manager  
Address: PO Box 2104  
Ukiah, CA 95482  
Telephone: (707) 462-5278  
Fax: (n/a)  
Email: DistrictManager@rrfc.net

USGS Billing Point of Contact

Name: Nayely Nieto-Reyes  
Accounting Technician  
Address: 4165 Spruance Road Suite 200  
San Diego, CA 92101-0821  
Telephone: (619) 225-6114  
Fax: (n/a)  
Email: nnieto-reyes@usgs.gov

Customer Billing Point of Contact

Name: Elizabeth Salomone  
General Manager  
Address: PO Box 2104  
Ukiah, CA 95482  
Telephone: (707) 462-5278  
Fax: (n/a)  
Email: DistrictManager@rrfc.net

U.S. Geological Survey  
United States  
Department of Interior

Mendocino Co. RRFC&WCID

Signature

Signatures

By \_\_\_\_\_ Date: 5/27/2025  
Name: Anke Mueller-Solger  
Title: Director, USGS California Water Science Center

By \_\_\_\_\_ Date: \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_ Date: \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_ Date: \_\_\_\_\_  
Name:  
Title:

## Mendocino Co. RRFC&WCID

Attachment for 26ZGJFA01000008  
2025-10-01 to 2026-09-30

### SURFACE WATER

SITE NUMBER	DESCRIPTION	CODE	NO. UNITS	DIFF FACTOR	USGS FUNDS	CUST. CASH	OTHER FUNDS	TOTAL COST
11462080	RUSSIAN R NR TALMAGE CA Full Range Streamflow Station	QCONT	1	1		\$14,610		
				<b>SW Total:</b>				<b>\$14,610</b>
11467553	NF GUALALA R AB SF GUALALA R NR GUALALA CA Partial range streamflow O&M	QPART	1	1		\$17,550		
				<b>SW Total:</b>				<b>\$17,550</b>
				<b>SW Grand Total:</b>		<b>\$32,160</b>		<b>\$32,160</b>

### SUMMARY FOR

TYPE	USGS FUNDS	CUST. CASH	OTHER FUNDS	TOTAL COST
SURFACE WATER (SW)		\$32,160		\$32,160
<b>GRAND TOTAL</b>		<b>\$32,160</b>		<b>\$32,160</b>



May 1, 2025

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, 2025.

### **Audit Scope and Objectives**

We will audit the business-type activities and each major fund of the District, as of June 30, 2025 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

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 (SSARSS) 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 SSARSS:

- 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.

### **Scheduling**

Scheduling of the Audit Final-Fieldwork Dates will be based on an agreeable timetable with the District. We ask that the District prepare a completed and finalized Trial Balance and General Ledger in Excel form as of the June 30, 2025 date with all Balance Sheet accounts properly reconciled in Excel or PDF form and uploaded into the Suralink Portal System by the date scheduled. Failure to complete all the above noted items by the date scheduled will result in a \$1,000 extra fee charge and postponement of the audit to a later date. A 30-day notice before the initial scheduled Audit Final-Fieldwork date is required to change the date and avoid the extra \$1,000 fee. However, if a December or January date is chosen for the re-scheduled Audit Final-Fieldwork date, the \$1,000 fee will still apply to cover Overtime costs incurred during those months and will only guarantee the audit will be completed by January 31, 2026.

## 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: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Resolution #25-02**  
of the  
**Mendocino County Russian River Flood Control  
& Water Conservation Improvement District**

**Adopting the  
Revised Uniform Water Supply & Purchase Agreement  
and the  
Amendment to the Uniform Water Sale & Purchase Agreement**

**WHEREAS**, the Mendocino County Russian River Flood Control & Water Conservation Improvement District ("**District**") is an improvement district organized and operating pursuant to the provisions of Chapter 54 of the Water Agency Acts entitled the Mendocino County Water Agency Act ("**Act**"). Pursuant to Sections 101 and 102 of the Act, the District has all the rights, duties, powers, liabilities, purposes, privileges, and immunities conferred and specified by the Act on the Mendocino County Water Agency. Chapter 54 §3(s) of the Act provides that the District, as an improvement district within the Mendocino County Water Agency, has the power "to divert, produce, store, transmit, distribute, and sell or otherwise furnish surface waters and ground waters or beneficial uses within or without the Agency"; and

**WHEREAS**, the District has been granted the right to divert east fork Russian River Water, redivert water released from storage in Lake Mendocino, and withdraw water from storage in Lake Mendocino in a total amount not to exceed 7,940 acre feet per year pursuant to License 13898 issued by the California State Water Resources Control Board; and

**WHEREAS**, the District has adopted Ordinance 25-01 Establishing Regulations and Rules for Water Sales which provides a method by which Customers who wish to purchase a specific amount of District Water may file an application with the District to purchase such water and, upon approval of the application by the District, enter into a Uniform Water Supply & Purchase Agreement which provides the terms under which District Water is sold and used.

**WHEREAS**, the District Board of Trustees has determined that it is in the best interest of the District to update the Uniform Water Supply & Purchase Agreement ("Agreement") contemplated by Ordinance 25-01; and

**WHEREAS**, no expansion of water service will occur under the revised Agreement, as the District will continue to provide water in the same manner to lands within the boundaries of the District, as the District has served water by contract for many years, and the by this action is approving an updated form of its contract for water service; and

**WHEREAS**, the District currently serves customers under a Uniform Water Supply & Purchase Agreement, and approval of the revised Agreement will continue existing water service within the District's designated places of use with the use of an Amendment to the Uniform Water Sale & Purchase Agreement; and

**WHEREAS**, the Board of Trustees heard and fully considered all oral and written public comment and General Manager's report on the revised Uniform Water Sale and Purchase Agreement at a Regular Board Meeting on April 7, 2025 and May 5, 2025 to solicit public comments on the Agreement.

**NOW, THEREFORE, BE IT RESOLVED** that the District Board of Trustees hereby approves the following:

1. The facts set forth in the recitals above and in the documents referenced therein are true and correct, and the Board so finds and determines.
2. The Amendment to the Uniform Water Sale & Purchase Agreement and revised Uniform Water Sale & Purchase Agreement are hereby approved.
3. The General Manager is hereby authorized to execute to the Amendment to the Uniform Water Sale & Purchase Agreement between the District and customers.
4. The revised Uniform Water Sale & Purchase Agreement will be used for all new contracts for water service between the District and its customers.
5. Approval of the revised Uniform Water Sale & Purchase Agreement is categorically exempt from further proceedings under CEQA pursuant to Guidelines §15301, because it merely provides for continued operation of an existing facility. Approval of the Revised Agreement will not create any effects on the environment that make categorical exemptions inapplicable pursuant to CEQA Guidelines §15300.2.
6. This Resolution shall revoke, supersede and replace Resolutions 04-04 Adopting Uniform Water Sales Agreement and 14-04 Adopting Uniform Waer Supply & Purchase Agreement.

ADOPTED 2nd of June, 2025 by the Board of Trustees of the Mendocino County Russian River Flood Control & Water Conservation Improvement District, by the following vote:

Christopher Watt	Yes/ No / Abstain / Absent
Tyler Rodrigue	Yes/ No / Abstain / Absent
John Bailey	Yes/ No / Abstain / Absent
John Reardan	Yes/ No / Abstain / Absent
Dave Koball	Yes/ No / Abstain / Absent

Signed: \_\_\_\_\_ Date \_\_\_\_\_  
Christopher Watt, Board of Trustees President

Attest: \_\_\_\_\_ Date \_\_\_\_\_  
Elizabeth Salomone, General Manager