

Mendocino County

Russian River Flood Control & Water Conservation Improvement District

PO Box 2104, Ukiah, CA 95482 707.462.5278 Website: RRFC.net DistrictManager@rrfc.net

A G E N D A

Board of Trustees – Regular Meeting of Monday, March 4, 2024 at 5:30 pm

IN PERSON: 304 North State Street, Ukiah at District office

1. Call to Order and Roll Call
2. Approval of Agenda *Urgent items added may be discussed immediately. Time suggestions to the right of item title.*
3. Public Expression- See End of Agenda for Information on Public Expression

ITEMS FOR DISCUSSION AND POSSIBLE ACTION:

4. District Water Use in 2023 (5:35 PM)
Board will receive a preliminary report.
5. Mendocino County Inland Water & Power Commission (IWPC) (5:40 PM)
Board will receive an update from IWPC representatives, consider signing on to a letter to regional elected officials on Trans Basin Diversion engagement, and provide direction on estimated future water transfer requests.
6. Local Agency Formation Commission (LAFCo) (6:00 PM)
Board will consider appointing an Ad Hoc Committee to work with General Manager in preparing for the upcoming LAFCo Municipal Service Review and Sphere of Influence Update, including a potential annexation application.
7. Financial Statements & Independent Auditors’ Report for Fiscal Year 2022-2023 (6:15 PM)
Board will consider approval of the FY 22-23 audit.

REGULAR BUSINESS, INFORMATION, AND REPORT ITEMS (6:30 PM)

8. Water Supply Conditions Update
9. Consent Calendar
 - a) Acceptance of the February 2024 Financial Reports
 - b) Approval of February 5, 2024 Regular Board Meeting minutes
 - c) Approval of Policy Updating General Manager Performance Evaluation Process and revoking the recently approved update not yet memorialized in a policy.
 - d) Approval of Policy Enabling the Executive Director to Sign Contracts and Enter Into Agreements on the District’s Behalf.
10. Trustee & Committee Reports
11. General Manager Report & Correspondence
12. Direction on Future Agenda Items

ADJOURNMENT

ACTION ITEMS – All agenda items are potential action items unless otherwise noted.

PUBLIC EXPRESSION – The Board welcomes public participation in its Board meetings. Comments shall include any item not on the agenda that is within the subject matter jurisdiction and authority of the District. No action may be taken on any item not appearing on the agenda; however, the Board may direct such items to be placed on the agenda of a future meeting or may request additional information on any such item. The Board may limit testimony to three (3) minutes per person and not more than ten (10) minutes for a particular subject. All items on the agenda are considered action items unless otherwise noted. All times and the order of business are approximate and subject to change.

President
Christopher Watt

Vice President
Alfred White

Treasurer
John Bailey

Trustee
Tyler Rodrigue

Trustee
John Reardan

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

STAFF REPORT

**Agenda Item 4: 2023 Water Use
Monday, February 5, 2024**

The Strategic Plan relevant priorities are: **Security** through ensuring reliable, resilient, and available sources of water: data collection for improved river and reservoir operations; and **Use** of water in effective and beneficial ways as a public resource: maximum beneficial use of water under District water right license.

Background

The District holds water rights to the Russian River in Mendocino County and has established a process by which customers may purchase and put to beneficial use a specific amount of water from the District through the Uniform Water Sale & Purchase Agreement. Customers may also hold their own water rights to water from the Russian River.

The State Water Resources Control Board requires annual filing of water use on all water rights. The District therefore depends on Customers to provide an annual written report of water usage in a monthly timestep, identifying water diverted under District water rights or Customer water rights. The District collects data from diversion points and provides a worksheet. Column A is completed from datalogger downloads. Customers complete columns B and C:

2022-23 Water Year: Water Use Worksheet

Instructions: (1) Review Column A; (2) Complete Columns B and C of table(s); (3) Column B + C should equal Column A; (4) Sign, date, and return via email or mail by no later than **December 31, 2023**.

POD NAME:			
	A	B	C
Month	Total Gross Pumping in acre feet at Point of Diversion	AF Amount reporting under RRFC contract	AF amount reporting on your own water right(s), if applicable
October 2022			
November 2022			
December 2022			
January 2023			
February 2023			
March 2023			
April 2023			
May 2023			
June 2023			
July 2023			
August 2023			
September 2023			
Totals:			

(Continued...)

Water Use in Water Year 22-23

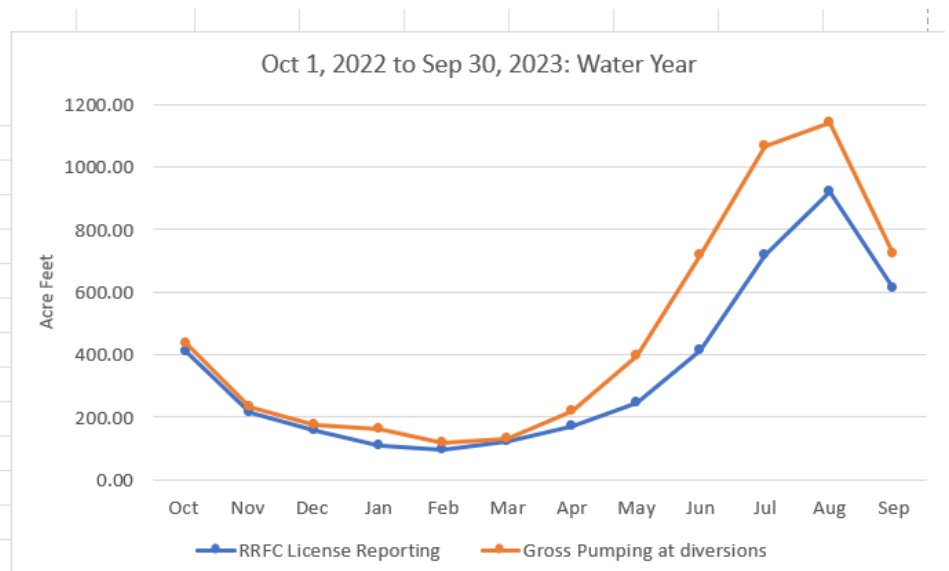
PLEASE NOTE: The State Water Resources Control Board has shifted the reporting period from calendar year to water year (Oct 1- Sept 30) The District contract period coincided with the reporting year which allowed for streamlined data collection and compliance. Staff is now consulting with legal counsel to shift the contract year to once again coincide with the State’s reporting year. The following data is based on the **water year** of October 1, 2022 to September 30, 2023, unless otherwise specified.

Time Period: Oct 1, 2022 to Sept 30, 2023	Acre Feet
Contracted (as of September 2023)	7,497.15
Contract water used	3,447.49
Surplus water used	741.24
Total Water Use Reported under District License:	4,188.73

Customer Diversions

As mentioned above, the District depends on Customers to identify how much of the water diverted is being reported under their RRFC contract or their own water right. The trend of RRFC reported water use therefore fluctuates greatly based on individual customer choices in reporting in any given year. Observing the gross pumping can provide an idea of potential diversion amounts.

	RRFC License Reporting	Gross Pumping at diversions
Oct	409.65	433.81
Nov	216.32	234.57
Dec	155.36	173.04
Jan	107.97	159.80
Feb	96.77	116.05
Mar	120.41	132.03
Apr	172.40	217.55
May	247.58	397.96
Jun	412.82	716.93
Jul	715.86	1064.52
Aug	920.96	1140.56
Sep	612.64	723.62
Total	4188.73	5510.43



(Continued...)

Customer Diversion Breakdown

There is a small amount of Retailer water used for agriculture and a small amount of non-retailer water used for non-agriculture. In the following, it assumed they offset one another.



Contract Water Use Reported by Water Retailers under District Contract:

Retailer contract water use for 2023 water year is not necessarily typical. Again, customers that have their own water rights may be in the position to choose how to report water use and this can vary year to year in order to secure water rights and District contract (“use it or lose it.”)

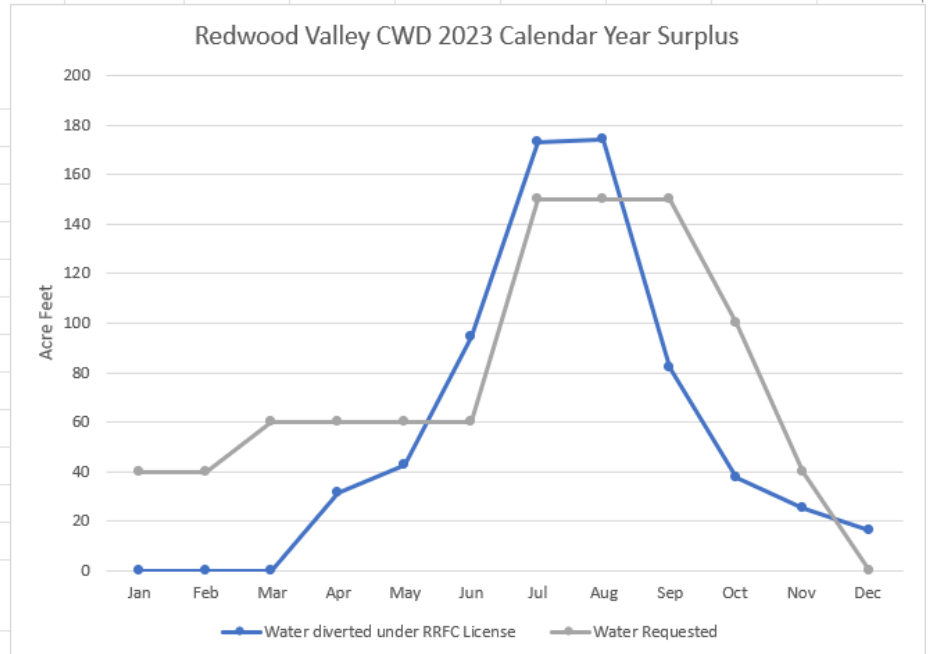
2022-2023 Water Year	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	June 2023	July 2023	Aug 2023	Sept 2023	RRFC Water Yr Use	Multiple POD Contract Totals	RRFC 2023 Contract Qty
Calpella CWD	0.14	0.14	0.14	1.51	1.91	0.43	0.49	0.16	1.63	4.62	8.22	5.98	25.37		85
Henry Station MWC	0.81	0.69	0.59	0.31	0.23	0.26	0.36	0.78	0.47	0.60	0.43	2.00	7.53		8
Hopland PUD	14.56	9.53	8.65	10.86	7.91	8.69	8.72	12.43	17.17	20.88	20.94	19.22	159.56		222
Millview CWD - All Use	83.28	57.80	54.05	57.27	52.92	55.87	48.14	68.92	87.67	87.65	77.25	71.41	802.23		1171.15
River Estates Mutual Water Co	2.08	1.49	1.30	0.00	0.86	0.97	1.16	1.63	2.27	3.12	3.10	2.48	20.46	25.99	26
River Estates Mutual Water Co	0.63	0.06	0.06	0.00	0.00	0.27	0.42	0.62	0.76	0.97	0.99	0.75	5.53		
Rogina Water Company	54.80							20.52	33.98	39.39	36.71	35.70	221.10		400
Willow CWD - All Use types	6.63								2.37	20.12	19.01	15.74	63.87		
Willow CWD - All Use types											0.01		0.01	593.00	593
Willow CWD - All Use types	49.37	34.27	31.87	30.99	28.13	31.86	37.47	51.65	63.86	62.50	61.05	46.10	529.12		
Total use Amt of Retailers:	212.3	104.0	96.7	100.9	92.0	98.4	96.8	156.7	210.2	239.9	227.7	199.4	1834.78	1834.78	2505.15
SURPLUS:															
Customers Surplus															0.00
Redwood Valley County Water District	50.80	38.85	53.74				31.60	42.72	94.48	173.04	174.10	81.91	741.24		
Total amount of Surplus	50.8	38.9	53.7	0.0	0.0	0.0	31.6	42.7	94.5	173.0	174.1	81.9	741.24		

(Continued...)

Surplus water use in 2023 Calendar Year

As of December 31, 2023, the District had 442.85 acre feet uncontracted and available as surplus. Customers made an additional 693 acre feet available for surplus use by Redwood Valley CWD, though demand for the **calendar year** required only 234.13 acre feet being transferred. Redwood Valley CWD originally requested up to 910 acre feet and only used 676.98 acre feet.

2023	Water diverted under RRFC License	Water Requested
Jan	0	40
Feb	0	40
Mar	0	60
Apr	31.60	60
May	42.72	60
Jun	94.48	60
Jul	173.04	150
Aug	174.10	150
Sep	81.91	150
Oct	37.54	100
Nov	25.46	40
Dec	16.13	0
Totals:	676.98	910



The Board is welcome to request further information.

* * * *

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

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

STAFF REPORT

**Agenda Item 5: Mendocino County Inland Water & Power Commission
Monday, March 4, 2024**

Background:

The Mendocino County Inland Water and Power Commission (IWPC) is a joint powers authority serving as stewards of the Russian and Eel River watersheds, safeguarding the water that plays such a vital role to the region's economic development, environmental quality, and general well-being of those who use this water. IWPC is deeply involved in protecting the future of the trans basin diversion (currently known as the Potter Valley Project) that provides water to hundreds of thousands of people from Mendocino County through Marin County—supporting agriculture, wildlife, and many local communities.

IWPC members include the County of Mendocino, City of Ukiah, Redwood Valley County Water District, Potter Valley Irrigation District, and Mendocino County Russian River Flood Control and Water Conservation Improvement District.

At the February IWPC meeting, increasing the outreach and education regarding the future of the trans basin diversion was discussed. The **attached** letter was drafted to be used as outreach to legislative leaders such as members of Congress, Senators, and Assemblymembers.

Additionally, the **attached** handout titled Preserving Water Supply is Necessary for the Future of the Greater Ukiah Valley was shared to help guide outreach.

Discussion

The Board will receive an update from IWPC representatives on future water supply through the trans basin diversion, consider signing on to the joint letter to legislators, and consider the outreach handout.

Recommended Action:

- Move to approve the District signing on to the joint letter to legislators.

Attachments

1. Proposed joint letter to legislators.
2. Preserving Water Supply is Necessary for the Future of the Greater Ukiah Valley handout

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

Logos

Dear xx,

We wanted to bring to your attention the urgent discussions underway regarding PG&E's plan to decommission the Potter Valley Project and how our organizations are working to ensure the interests of the Greater Ukiah Valley are represented in future infrastructure and water supply management plans. For nearly 120 years water has been diverted from the Eel River into the Russian River – this diversion has been an essential part of positioning the Greater Ukiah Valley to grow. It has allowed us to plant farms and raise crops, found businesses, build schools, and create communities – but the Potter Valley Project decommissioning puts that future in jeopardy.

We know that change is on the horizon, and a new plan is needed to preserve a sustainable water supply for the Greater Ukiah Valley. As such, we strongly support the proposal to develop a New Eel-Russian Facility, which will allow water diversions to continue to occur from the Eel River to the Russian River during wet months when flows are high enough to support salmon and steelhead trout. This facility will provide a sustainable approach to water management while supporting recovery efforts for habitat and fish populations. But recently PG&E indicated it does not intend to include the NERF in its plan. That would cause serious harm to the region and ignore their responsibility to craft a balanced plan that addresses environmental, social, and economic considerations.

The stakes are high for Ukiah's future – there is a broad coalition of stakeholders committed to the region's water security. Without an adequate and sustainable water supply, the future of the Greater Ukiah Valley will be driven by a scarcity reminiscent of the extreme drought in 2021. If diversions end, the water supply for 650,000 people would be threatened throughout Mendocino, Marin, and Sonoma Counties. Compounding years of water scarcity would impoverish our economy and degrade our quality of life. That's why the Greater Ukiah Valley needs to be a strong and vocal participant in shaping the future water supply plan. Our entire way of life – our community, the local economy, and the region's agricultural output – **DEPENDS** on our ability to continue to divert water from the Eel River.

We have provided input on PG&E's Initial Draft Plan and will continue to engage in the coming months as they develop the Final Draft Plan to surrender the Potter Valley Project. **We need your help in advocating to PG&E, the Federal Energy Regulatory Commission (FERC), the National Marine Fisheries Service (NMFS), and State agencies such as the State Water Board and Department of Fish and Wildlife that the New Eel-Russian Facility is an essential part of the decommissioning plan to protect the region's future economic and social health.**

We have enclosed a coalition letter sent to PG&E, and a copy of their Initial Draft Plan. It is important that the elected officials throughout the Greater Ukiah Valley advocate strongly for a future plan to preserve water supply and protect the environment in a just and equitable way. Before the Final Draft Plan is issued in June, we need to demonstrate momentum in support of the New Eel-Russian Facility as the best solution for PG&E to meet its responsibility to protect and preserve this community.

Ukiah's future depends on ensuring a resilient, responsible, and enduring water supply. Can we meet to discuss what is needed from the PG&E decommissioning process for Potter Valley, and how you can help shape our collective future?

Thank you for your consideration,

(joint letter)

Preserving Water Supply is Necessary for the Future of the Greater Ukiah Valley ***PG&E's Decommissioning of the Potter Valley Project Requires a*** ***New Approach for Water Diversions***

Recently PG&E stated they are not planning to include the New Eel-Russian Facility (NERF) in their Potter Valley decommissioning plan. However, it is essential that the NERF is included to provide the most efficient and sustainable solution to long term water supply management. PG&E and FERC have a responsibility to this region to ensure that the decommissioning process balances environmental, social, and economic considerations – the NERF is the best way to fulfill that responsibility.

- **To preserve this community, we must preserve a sustainable water supply:** For nearly 120 years water has been diverted from the Eel River into the Russian River – this diversion has been an essential part of positioning the Greater Ukiah Valley to grow. It has allowed us to plant farms and raise crops, found businesses, build schools, and create communities. **To preserve this community, we must preserve a sustainable water supply** – but the Potter Valley Project decommissioning puts that future in jeopardy.
- **A new plan is needed to adapt to the changing infrastructure:** The Potter Valley Project is being decommissioned by PG&E and change is happening – but **if diversions end, the water supply for 650,000 people would be threatened** throughout Mendocino, Marin, and Sonoma Counties. We need to take action ensure long term water supplies for the Russian River water basin.
- **The New Eel-Russian Facility would be built and operated consistent with modern environmental protections:** With the New Eel-Russian Facility, water diversions would occur during wet months when flows are high enough to support salmon and steelhead trout in the Eel, while still contributing water to the Russian River supply. This provides a more sustainable approach to water management and supports recovery efforts for habitat and fish populations.
- **The Greater Ukiah Valley must be part of the effort to design the New Eel-Russian Facility:** The New Eel-Russian Facility will require regional cooperation for management and governance. There will be a newly created joint powers authority to govern and finance the project. The **Greater Ukiah Valley must ensure its interests are reflected in the facility and water management plans** to protect our future economic and social health.
- **The stakes are high for Ukiah's future:** There is a broad coalition of diverse stakeholders committed to the region's future water security. Without an adequate and sustainable water supply, the future of the Greater Ukiah Valley will be driven by a scarcity reminiscent of the extreme drought in 2021. Compounding years of water scarcity would impoverish our **economy and degrade our quality of life. Ukiah's future depends on ensuring a resilient, responsible, and enduring water supply.**
- **We must engage or we will be left behind:** The Potter Valley decommissioning process has been analyzed for more than five years, and the **New Eel-Russian Facility proposal presents a future plan to preserve water supply and protect the environment in a just and equitable way.** As PG&E completes its draft plan over the coming months to surrender the Potter Valley Project, the entire Greater Ukiah Valley needs to be a strong and vocal participant. **Our entire way of life – our community, the local economy, and the region's agricultural output – DEPENDS on our ability to continue to divert water from the Eel River.**

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

STAFF REPORT

**Agenda Item 6: Mendocino County Local Agency Formation Commission
Monday, March 4, 2024**

The Strategic Plan relevant priority is **Use**, ensuring effective and beneficial use of water as a public resource. Goal 1, Tactic 1.2: Consider boundary changes to coincide with next LAFCo MSR and SOI Update.

Background:

The Local Agency Formation Commission (LAFCo) was created by State law in 1963 to oversee the logical and orderly formation and development of local government agencies including cities and special districts. Each of the 58 counties in California has a LAFCo Commission. The objectives of LAFCo are to **encourage** the orderly formation of local government agencies and promote the efficient provision of public services, **preserve** agricultural land and open-space resources, and **promote** orderly growth and discourage urban sprawl.

LAFCo has the authority to establish and reorganize cities and special districts, change their boundaries and authorized services, allow the extension of public services, perform municipal service reviews, and establish spheres of influence. Some of LAFCo's duties include regulating boundary changes through annexations or detachments and forming, consolidating, or dissolving local agencies.

A Municipal Service Review (MSR) is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area.

A Sphere of Influence (SOI) is a plan for the probable physical boundary and service area of a local agency or municipality. The SOI Update includes written statements or determinations with respect to mandated areas of evaluation and provide the basis for LAFCo to consider the appropriateness of establishing or modifying a service provider's sphere of influence.

The District's last MSR and SOI Update was approved by LAFCo in 2017 and is scheduled to be reviewed again in the Fiscal Year 2024-2025. District cooperation is essential in the efficient and informative update of the MSR and SOI.

Discussion

The Board will consider Strategic Plan goal to maximize beneficial use of water under the Districts Water Right license through boundary changes to coincide with the next LAFCo MSR and SOI update.

Recommended Action:

- Appoint Trustees to an Ad Hoc Committee to work with General Manager in preparing for the upcoming LAFCo Municipal Service Review and Sphere of Influence Update, including a potential annexation application.

Link to the current District MSR and SOI Update:

<https://www.mendolafco.org/files/0aa9ad73f/2017%2C+5-1+Adopted+Update+RRFC+MSR-SOI.pdf>

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

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

STAFF REPORT

**Agenda Item 7: Financial Statements & Independent Auditors' Report for Fiscal Year 2022-2023
Monday, March 4, 2024**

The Strategic Plan relevant priority is **Administration** through sound and sustainable management of District finances.

Discussion

The Board is invited to provide comments and questions on the Draft Financial Statements & Independent Auditor's Report for Fiscal Year 2022-2023. The Board may approve the draft and direct GM to finalize or provide further direction to the GM and consider approval at a future meeting.

Recommended Action:

- (1) Direct General Manager to communicate with Auditor any questions and comments on the Draft Financial Statements & Independent Auditor's Report for Fiscal Year 2022-2023 and present updated Draft Report to the Board at a future meeting for approval;

Or

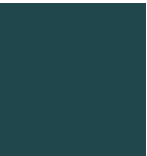

- (2) Move to approve the Draft Financial Statements & Independent Auditor's Report for Fiscal Year 2022-2023 and direct General Manager to sign the management representation letter and other documents necessary for finalization.

Attachments:

- o Draft Financial Statements & Independent Auditor's Report for Fiscal Year 2022-2023

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



**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2023
(With Comparative Amounts as of June 30, 2022)**

NIGRO & NIGRO^{PC}

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

For the Fiscal Year Ended June 30, 2023

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Mendocino County Russian River Flood Control & Water Conservation Improvement District
Ukiah, California

Opinion

We have audited the accompanying financial statements of the Mendocino County Russian River Flood Control & Water Conservation Improvement District (District), which comprise the balance sheet as of June 30, 2023, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Walnut Creek, California
January 15, 2024

Management's Discussion and Analysis

MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2023

Management's Discussion and Analysis (MD&A) offers readers of Mendocino County Russian River Flood Control & Water Conservation Improvement District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2023. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to-prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position decreased 4.54% or \$50,021 from \$1,101,237 to \$1,051,216
- The District's total operating and non-operating revenues increased 4.95% or \$21,928 from \$442,658 to \$464,586, primarily from the increase in water sales.
- The District's total expenses increased 21.67% or \$91,664 from \$422,943 to \$514,607, primarily due to a \$89,085 increase in employee benefits.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial stability of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate net position and credit worthiness. The other required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments for the fiscal period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did funds come from, what was funds used for, and what was the change in funds balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

These two statements report the District's net position and changes to it. The District's net position is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, non-financial factors such as changes in economic conditions, population growth, zoning and the regulatory landscape needs to be taken into consideration when measuring the District's financial health.

Condensed Balance Sheets

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Assets:			
Current assets	\$ 1,084,988	\$ 1,083,245	\$ 1,743
Capital assets, net	47,426	61,121	(13,695)
Total assets	<u>1,132,414</u>	<u>1,144,366</u>	<u>(11,952)</u>
Deferred outflows of resources	<u>46,819</u>	<u>23,868</u>	<u>22,951</u>
Total assets and deferred outflows of resources	<u>\$ 1,179,233</u>	<u>\$ 1,168,234</u>	<u>\$ 10,999</u>
Liabilities:			
Current liabilities	\$ 53,880	\$ 43,013	\$ 10,867
Non-current liabilities	71,872	19,662	52,210
Total liabilities	<u>125,752</u>	<u>62,675</u>	<u>63,077</u>
Deferred inflows of resources	<u>2,265</u>	<u>4,322</u>	<u>(2,057)</u>
Net position:			
Investment in capital assets	47,426	61,121	(13,695)
Unrestricted	1,003,790	1,040,116	(36,326)
Total net position	<u>1,051,216</u>	<u>1,101,237</u>	<u>(50,021)</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 1,179,233</u>	<u>\$ 1,168,234</u>	<u>\$ 10,999</u>

As noted earlier, net position may serve over time as a useful indicator of an agency's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$1,051,216 as of June 30, 2023.

A portion of the District's net position (5% as of June 30, 2023) reflects the District's investment in capital assets (net of accumulated depreciation). The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal year 2023, the District showed a positive balance in its unrestricted net position of \$1,003,790.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Operating revenues	\$ 374,233	\$ 350,454	\$ 23,779
Operating expenses	<u>(395,968)</u>	<u>(278,887)</u>	<u>(117,081)</u>
Operating income before depreciation	(21,735)	71,567	(93,302)
Depreciation expense	<u>(20,939)</u>	<u>(21,960)</u>	<u>1,021</u>
Operating income	(42,674)	49,607	(92,281)
Non-operating revenues(expenses), net	<u>(7,347)</u>	<u>(29,892)</u>	<u>22,545</u>
Change in net position	(50,021)	19,715	(69,736)
Net position:			
Beginning of year	<u>1,101,237</u>	<u>1,081,522</u>	<u>19,715</u>
End of year	<u>\$ 1,051,216</u>	<u>\$ 1,101,237</u>	<u>\$ (50,021)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years.

A closer examination of the sources of changes in net position reveals that:

The District's net position decreased 4.54% or \$50,021 from \$1,101,237 to \$1,051,216.

The following tables present detailed breakdowns of the information presented in the condensed summary.

Total Revenues

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water sales	\$ 374,233	\$ 350,454	\$ 23,779
Total operating revenues	<u>374,233</u>	<u>350,454</u>	<u>23,779</u>
Non-operating:			
Property taxes	62,376	58,950	3,426
Shared costs reimbursment	17,658	37,601	(19,943)
Investment earnings	<u>10,319</u>	<u>(4,347)</u>	<u>14,666</u>
Total non-operating	<u>90,353</u>	<u>92,204</u>	<u>(1,851)</u>
Total revenues	<u>\$ 464,586</u>	<u>\$ 442,658</u>	<u>\$ 21,928</u>

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues (continued)

The District's total operating and non-operating revenues increased 4.95% or \$21,928 from \$442,658 to \$464,586 primarily from the increase in water sales.

Total Expenses

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Salaries and wages	\$ 150,300	\$ 140,583	\$ 9,717
Employee benefits	71,324	(17,761)	89,085
Facilities and operations	8,761	9,121	(360)
General and administrative	155,031	138,413	16,618
Insurance	10,552	8,531	2,021
Total operating expenses	<u>395,968</u>	<u>278,887</u>	<u>117,081</u>
Depreciation expense	20,939	21,960	(1,021)
Non-operating expenses:			
USGS JFA payments	28,950	28,346	604
IWPC JPA payments	68,750	93,750	(25,000)
Total non-operating	<u>97,700</u>	<u>122,096</u>	<u>(24,396)</u>
Total expenses	<u>\$ 514,607</u>	<u>\$ 422,943</u>	<u>\$ 91,664</u>

The District's total expenses increased 21.67% or \$91,664 from \$422,943 to \$514,607, primarily due to a \$89,085 increase in employee benefits.

Capital Assets

The following provides a summary comparison of the District's capital assets at year end.

	<u>Balance June 30, 2023</u>	<u>Balance June 30, 2022</u>
Capital assets:		
Depreciable assets	\$ 147,784	\$ 140,540
Accumulated depreciation	(100,358)	(79,419)
Total capital assets, net	<u>\$ 47,426</u>	<u>\$ 61,121</u>

At the end of fiscal year 2023, the District's investment in capital assets amounted to \$47,426 (net of accumulated depreciation). The District's investment in capital assets includes land, transmission and distribution systems, tanks, pumps, buildings, equipment, vehicles and construction-in-process. See Note 3 for further capital asset information.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT

This financial report is designed to provide the District's customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Contact the District's General Manager at (707) 462-5278 with any questions.

Basic Financial Statements

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Balance Sheets

June 30, 2023 (With Comparative Information as of June 30, 2022)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,007,699	\$ 1,068,717
Accrued interest receivable	3,923	919
Accounts receivable	45,863	9,494
Property taxes receivable	<u>27,503</u>	<u>4,115</u>
Total current assets	<u>1,084,988</u>	<u>1,083,245</u>
Non-current assets:		
Capital assets – being depreciated, net (Note 3)	<u>47,426</u>	<u>61,121</u>
Total non-current assets	<u>47,426</u>	<u>61,121</u>
Total assets	<u>1,132,414</u>	<u>1,144,366</u>
Deferred outflows of resources:		
Deferred amounts related to net pension liability (Note 5)	<u>46,819</u>	<u>23,868</u>
Total deferred outflows of resources	<u>46,819</u>	<u>23,868</u>
Total assets and deferred outflows of resources	<u>\$ 1,179,233</u>	<u>\$ 1,168,234</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 41,390	\$ 28,244
Long-term liabilities – due within one year:		
Compensated absences (Note 4)	<u>12,490</u>	<u>14,769</u>
Total current liabilities	<u>53,880</u>	<u>43,013</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 4)	12,491	14,769
Net pension liability (Note 5)	<u>59,381</u>	<u>4,893</u>
Total non-current liabilities	<u>71,872</u>	<u>19,662</u>
Total liabilities	<u>125,752</u>	<u>62,675</u>
Deferred inflows of resources:		
Deferred amounts related to net pension liability (Note 5)	<u>2,265</u>	<u>4,322</u>
Total deferred inflows of resources	<u>2,265</u>	<u>4,322</u>
Net position:		
Investment in capital assets	47,426	61,121
Unrestricted	<u>1,003,790</u>	<u>1,040,116</u>
Total net position	<u>1,051,216</u>	<u>1,101,237</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,179,233</u>	<u>\$ 1,168,234</u>

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2023

(With Comparative Information for the Fiscal Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Water sales	\$ 374,233	\$ 350,454
Total operating revenues	<u>374,233</u>	<u>350,454</u>
Operating expenses:		
Salaries and wages	150,300	140,583
Employee benefits	71,324	(17,761)
Facilities and operations	8,761	9,121
General and administrative	155,031	138,413
Insurance	10,552	8,531
Total operating expenses	<u>395,968</u>	<u>278,887</u>
Operating income(loss) before depreciation	(21,735)	71,567
Depreciation expense	(20,939)	(21,960)
Operating income(loss)	<u>(42,674)</u>	<u>49,607</u>
Non-operating revenues(expenses):		
Property taxes	62,376	58,950
Shared costs reimbursment	17,658	37,601
Investment earnings(loss)	10,319	(4,347)
USGS JFA payments	(28,950)	(28,346)
IWPC JPA payments	(68,750)	(93,750)
Total non-operating revenue(expense), net	<u>(7,347)</u>	<u>(29,892)</u>
Change in net position	(50,021)	19,715
Net position:		
Beginning of year	1,101,237	1,081,522
End of year	<u>\$ 1,051,216</u>	<u>\$ 1,101,237</u>

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Statements of Cash Flows

For the Fiscal Year Ended June 30, 2023

(With Comparative Information for the Fiscal Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 337,864	\$ 345,472
Cash paid to employees for salaries and wages	(196,701)	(149,659)
Cash paid to vendors and suppliers for materials and services	<u>(161,198)</u>	<u>(159,780)</u>
Net cash provided by (used in) operating activities	<u>(20,035)</u>	<u>36,033</u>
Cash flows from non-capital financing activities:		
Shared costs reimbursement	17,658	37,601
JFA and JPA payments	(97,700)	(122,096)
Proceeds from property taxes	<u>38,988</u>	<u>58,790</u>
Net cash used in non-capital financing activities	<u>(41,054)</u>	<u>(25,705)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	<u>(7,244)</u>	<u>(3,174)</u>
Net cash used in capital and related financing activities	<u>(7,244)</u>	<u>(3,174)</u>
Cash flows from investing activities:		
Investment earnings	<u>7,315</u>	<u>(4,866)</u>
Net cash provided by (used in) investing activities	<u>7,315</u>	<u>(4,866)</u>
Net increase(decrease) in cash and cash equivalents	(61,018)	2,288
Cash and cash equivalents:		
Beginning of year	<u>1,068,717</u>	<u>1,066,429</u>
End of year	<u><u>\$ 1,007,699</u></u>	<u><u>\$ 1,068,717</u></u>

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Statements of Cash Flows (continued)

For the Fiscal Year Ended June 30, 2023

(With Comparative Information for the Fiscal Year Ended June 30, 2022)

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:		
Operating income(loss)	\$ (42,674)	\$ 49,607
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:		
Depreciation	20,939	21,960
Change in assets - (increase)decrease:		
Accounts receivable, net	(36,369)	(4,982)
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net pension liability	(22,951)	866
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	13,146	(3,715)
Net pension liability	54,488	(45,170)
Compensated Absences	(4,557)	13,616
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to net pension liability	(2,057)	3,851
Total adjustments	<u>22,639</u>	<u>(13,574)</u>
Net cash provided by (used in) operating activities	<u>\$ (20,035)</u>	<u>\$ 36,033</u>

Notes to the Financial Statements

MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

On January 30, 1956 in their resolution No. 1983, the board of supervisors of Mendocino County declaring the results of a special election upon the proposition of a formation of an Improvement District within the Mendocino County Flood Control and Water Conservation District, to be known as the “Mendocino County Flood Control and Water Conservation Improvement District” (the District), and the incurring of the bonded indebtedness in the principal amount of \$650,000 and for the election of the first trustees of said District, and declaring and ordering the formation of said District. It is governed by a Statutory Authority G.L. 1949 Chapter 995.

The District was established by the County of Mendocino via statutory formation process set forth by Act 4830. Proceeds of the 1957 bond issue in the amount of \$650,000 were used to help finance the construction of Coyote Dam. In exchange for the fund proceeds, the District recovered rights to a portion of the water storage capacity held in Coyote Dam.

The district mission is to steward water resources for the benefit of the people and environment of Mendocino County.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization’s governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, where the intent of the District is that the costs of providing goods and services (including depreciation expense) on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operating activities of the District. The District reports the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operating activities of the District. All other expenses are reported as non-operating expenses.

MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the balance sheet and statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Investments recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

2. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of contribution. It is the District's policy to capitalize assets costing over \$2,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Depreciation lives of meters and equipment are seven years.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

4. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources until then. Also, the statement of net position reports a separate section for deferred inflows of resources. This element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources until that time.

5. Compensated Absences

The District's employee benefits provide for accumulation of vacation and sick leave. Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination.

6. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS's website. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2020 to June 30, 2022

7. Net Position

Net position is classified into two components: investment in capital assets and unrestricted. These classifications are defined as follows:

- **Investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "investment in capital assets".

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

Cash and cash equivalents were classified on the balance sheet as follows:

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash and cash equivalents	<u>\$ 1,007,699</u>	<u>\$ 1,068,717</u>
Total cash and cash equivalents	<u>\$ 1,007,699</u>	<u>\$ 1,068,717</u>

Cash and cash equivalents as of June 30th consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Demand deposits held with financial institutions	\$ 515,676	\$ 576,711
Local Agency Investment Fund (LAIF)	<u>492,023</u>	<u>489,718</u>
Total cash and cash equivalents	<u>\$ 1,007,699</u>	<u>\$ 1,066,429</u>

MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2023, the carrying amount of the District's demand deposits was \$515,676 and the financial institution's balance was \$518,722. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the District held \$492,023 in LAIF.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 3 – CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

Changes in capital asset amounts for the fiscal year ended June 30, 2023, were as follows:

Description	Balance July 1, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Depreciable assets:				
Equipment and vehicles	\$ 140,540	\$ 7,244	\$ -	\$ 147,784
Total depreciable assets	<u>140,540</u>	<u>7,244</u>	<u>-</u>	<u>147,784</u>
Accumulated depreciation:				
Equipment and vehicles	(79,419)	(20,939)	-	(100,358)
Total accumulated depreciation	<u>(79,419)</u>	<u>(20,939)</u>	<u>-</u>	<u>(100,358)</u>
Total depreciable assets, net	<u>61,121</u>	<u>(13,695)</u>	<u>-</u>	<u>47,426</u>
Total capital assets, net	<u>\$ 61,121</u>	<u>\$ (13,695)</u>	<u>\$ -</u>	<u>\$ 47,426</u>

NOTE 4 – COMPENSATED ABSENCES

Changes in compensated absences amounts for the fiscal year ended June 30, 2023, was as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
\$ 29,538	\$ 14,538	\$ (19,095)	\$ 24,981	\$ 12,490	\$ 12,491

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 5 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2023</u>
Pension related deferred outflows	\$ 46,819
Net pension liability	59,381
Pension related deferred inflows	2,265

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	<u>Miscellaneous Plans</u>	
	<u>Classic</u>	<u>PEPRA</u>
	<u>Tier 1</u>	<u>Tier 2</u>
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.8% to 2%	1.0% to 2.0%
Required member contribution rates	7.000%	6.750%
Required employer contribution rates – FY 2022	10.340%	7.590%

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 5 – PENSION PLAN (continued)

B. General Information about the Pension Plan (continued)

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2022 (Measurement Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	-	1	1
Transferred and terminated members	1	1	2
Retired members and beneficiaries	-	-	-
Total plan members	1	2	3

All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees’ Retirement Law.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 5 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2023, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 5,835	\$ 10,232	\$ 16,067
Contributions – members	-	8,816	8,816
	<u>\$ 5,835</u>	<u>\$ 19,048</u>	<u>\$ 24,883</u>

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2022:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	\$ 355,370	\$ 350,477	\$ 4,893
Balance as of June 30, 2022 (Measurement Date)	\$ 418,273	\$ 358,892	\$ 59,381
Change in Plan Net Pension Liability	<u>\$ 62,903</u>	<u>\$ 8,415</u>	<u>\$ 54,488</u>

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 5 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The District’s proportionate share percentage of the net pension liability for the June 30, 2022, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2023	June 30, 2022	
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Percentage of Risk Pool Net Pension Liability	0.001269%	0.000258%	0.001011%
Percentage of Plan (PERF C) Net Pension Liability	0.000514%	0.000090%	0.000424%

For the year ended June 30, 2023, the District recognized pension expense/(credit) of \$45,547. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 16,067	\$ -
Difference between actual and proportionate share of employer contributions	971	(1,467)
Adjustment due to differences in proportions	11,627	-
Differences between expected and actual experience	1,192	(798)
Differences between projected and actual earnings on pension plan investments	10,877	-
Changes in assumptions	6,085	-
Total Deferred Outflows/(Inflows) of Resources	\$ 46,819	\$ (2,265)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 5 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

An amount of \$16,067 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2024	\$ 9,772
2025	7,883
2026	4,179
2027	6,653
Total	<u>\$ 28,487</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020, total pension liability. The June 30, 2022, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 5 – PENSION PLAN (continued)

both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

<u>Investment Type¹</u>	<u>New Strategic Allocation</u>	<u>Real Return^{1,2}</u>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<u>100.0%</u>	

¹ An expected inflation of 2.30% used for this period..

² Figures are based on the 2021 Asset Liability Management study.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 5 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current Discount	Discount Rate +
	1% 5.90%	Rate 6.90%	1% 7.90%
CalPERS – Miscellaneous Plan	\$ 116,399	\$ 59,381	\$ 12,469

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2023, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 6 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in an IRS Code Section 457 Deferred Compensation Program. The purpose of this program is to provide deferred compensation for public employees that elect to participate in the program. Eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little involvement and does not perform the investing function for this program, the assets and related liabilities are not shown on the accompanying financial statements.

NOTE 7 – JOINT POWERS AUTHORITY (JPA) AND JOINT FUNDING AGREEMENT (JFA)

The Inland Water & Power Commission (IWPC) was formed as a Joint Powers Authority (JPA) to educate and advocate for the water resources in our region. The JPA is not a component unit of the District. \$93,750 was paid to the IWPC during the fiscal year for the Potter Valley Project relicensing planning agreement feasibility study, and other ongoing expenses for legal counsel and consultants. The District is expensing these costs as they are incurred.

The District has a Joint Funding Agreement (JFA) with the United State Department of the Interior- Geological Survey (USGS), for cooperative water resources investigation in Mendocino County. The JFA dated November 1, 2020 and was accepted by the District on January 5, 2020. Total JFA costs for the fiscal year were \$28,950 under this agreement, a portion of which is reimbursed by the North Gualala Water Company.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

Notes to Financial Statements

June 30, 2023

NOTE 8 – RISK MANAGEMENT POOL

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

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess coverage. Further information about the SDRMA is as follows:

A. Entity	SDRMA	
B. Purpose	To pool member contributions and realize the	
C. Participants	As of June 30, 2023 – 499 member agencies	
D. Governing board	Seven representatives employed by members	
E. District payments for FY 2023:		
Property/Liability policy	\$6,085	
F. Condensed financial information	June 30, 2023	
Statement of net position:		June 30, 2023
Total assets		\$ 146,574,993
Deferred outflows		<u>1,664,198</u>
Total liabilities		<u>76,343,471</u>
Deferred inflows		<u>374,517</u>
Net position		<u>\$ 71,521,203</u>
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 100,884,445
Total expenses		<u>(96,706,371)</u>
Change in net position		4,178,074
Beginning – net position		<u>66,343,129</u>
Ending – net position		<u>\$ 70,521,203</u>
G. Member agencies share of year-end financial position	Not Calculated	

MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – RISK MANAGEMENT POOL (continued)

At June 30, 2023, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$2,500,000, combined single limit at \$2,500,000 per occurrence. The District purchased additional excess coverage layers: \$10,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$2,500,000 per loss includes public employee dishonesty, forgery, or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$500 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Public officials' personal liability up to \$2,500,000 each occurrence, with an annual aggregate per each elected/appointed official to which this coverage applies, subject to the terms.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 10 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 15, 2024 the date which the financial statements were available to be issued.

Required Supplementary Information

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**

*Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2023*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.000382%	\$ 26,412	\$ 118,928	22.21%	79.88%
June 30, 2015	0.000382%	24,335	120,093	20.26%	84.79%
June 30, 2016	0.000382%	33,095	105,000	31.52%	82.72%
June 30, 2017	0.000403%	40,010	105,000	38.10%	80.17%
June 30, 2018	0.000407%	39,263	117,500	33.42%	83.28%
June 30, 2019	0.000436%	44,697	105,000	42.57%	84.17%
June 30, 2020	0.000460%	50,063	105,000	47.68%	83.87%
June 30, 2021	0.000090%	4,893	109,167	4.48%	98.62%
June 30, 2022	0.000514%	59,381	117,081	50.72%	85.80%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown.

**MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL &
WATER CONSERVATION IMPROVEMENT DISTRICT**
*Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2023*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 13,740	\$ (13,740)	\$ -	\$ 120,093	11.44%
June 30, 2016	7,201	(7,201)	-	105,000	6.86%
June 30, 2017	8,045	(8,045)	-	105,000	7.66%
June 30, 2018	9,191	(9,191)	-	117,500	7.82%
June 30, 2019	9,608	(9,608)	-	105,000	9.15%
June 30, 2020	13,111	(13,111)	-	105,000	12.49%
June 30, 2021	15,218	(15,218)	-	109,167	13.94%
June 30, 2022	16,606	(16,606)	-	117,081	14.18%
June 30, 2023	16,067	(16,067)	-	119,859	13.40%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2.0%@60), 52 years (2.0%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year; therefore, only nine years are shown.

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Mendocino County Russian River Flood Control & Water Conservation Improvement District
Ukiah, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mendocino County Russian River Flood Control & Water Conservation Improvement District (District), which comprise the balance sheet as of June 30, 2023, the related statement of revenues, expenses and changes in net position and statement of cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walnut Creek, California
January 15, 2024

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

STAFF REPORT

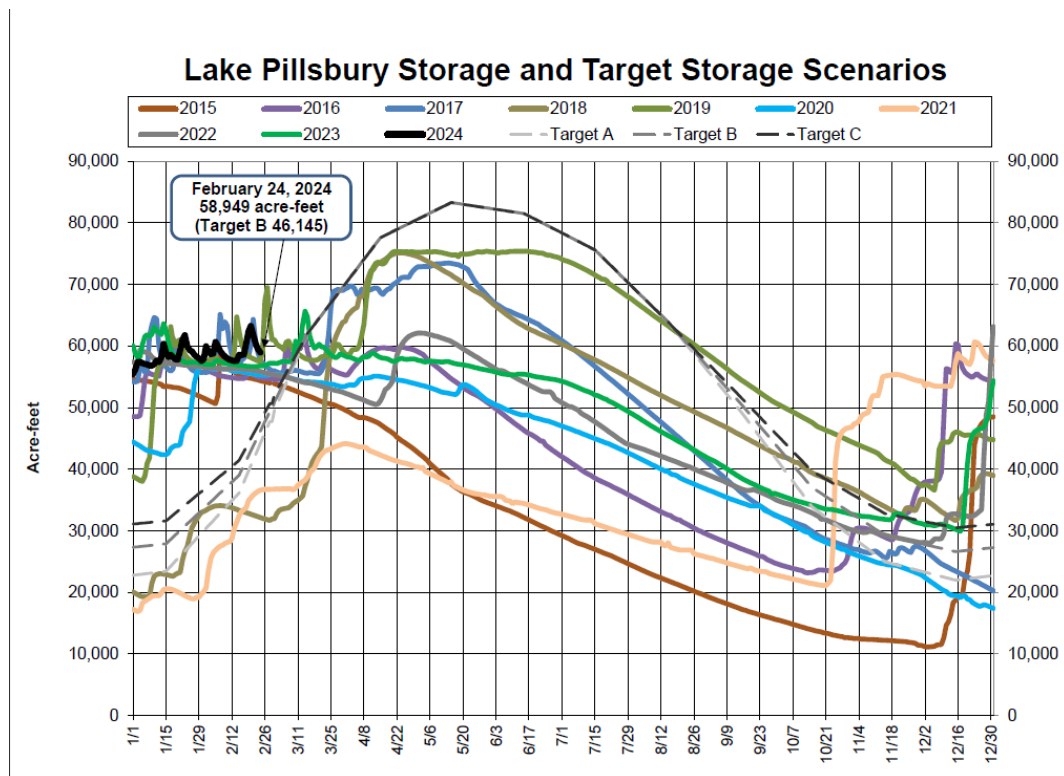
**Agenda Item 8: Water Supply Conditions
Monday, March 4, 2024**

The Strategic Plan relevant priorities are: **Security** through ensuring reliable, resilient, and available sources of water; **Advocacy** in support of equitable water resource stewardship; and **Use** of water in effective and beneficial ways as a public resource, all in alignment with the District’s Mission to steward water resources for the benefit of people and the environment.

Operations of the Trans-Basin Diversion Through PG&E Owned “Potter Valley Project”

On February 21, 2024, PG&E submitted the 2024 Flow Variance Request Due to Restricted Storage Capacity to the Federal Energy Regulatory Commission (FERC.) On February 29, 2024, FERC issued a notice for public comment before considering approval of the request. A summary is below and further highlights from the document can be found on our website: <https://rrfc.specialdistrict.org/updates>

SUMMARY: East Branch Russian River flows will be 25 cfs and then adjusted between 5 and 25 cfs based on PG&E and agency determination when daily average reservoir release water temperatures exceed 15°C (typically in early June). After September 30, EBRR will be held at 25 cfs for the remainder of the variance. Reductions to EBRR flow releases may also occur if the Lake Pillsbury storage forecast indicates facility safety concerns due to low storage levels (12,000 AF).

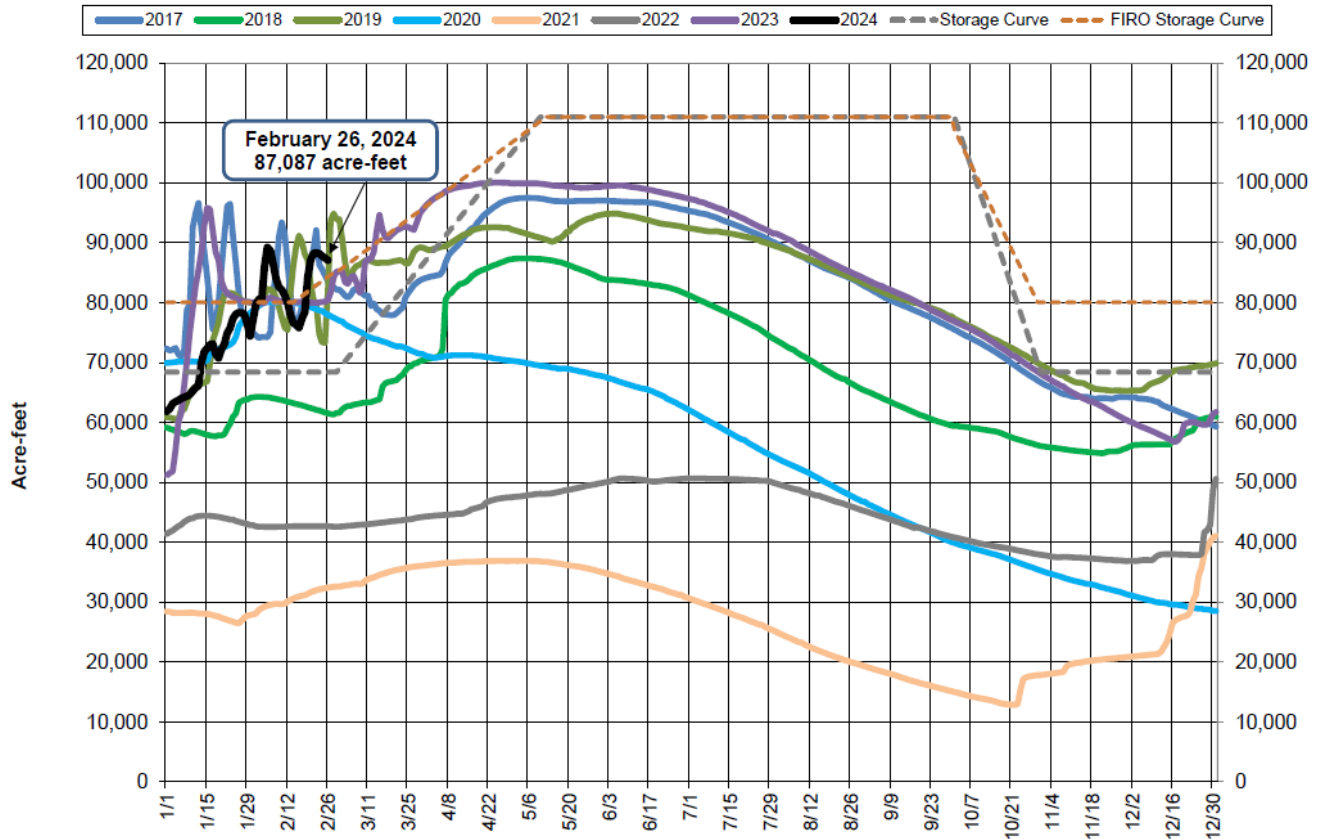


(Continued...)

Lake Mendocino and the Mainstem Upper Russian River

Lake Mendocino storage level was 87,087 acre feet (af) on February 26, 2024, up from 74,590 af on January 22, 2024. On December 27th, 2023, the State Water Resources Control Board issued the Order approving Sonoma Water’s Temporary Urgency Change Petition (filed 10/12/2023) on water-right Permits 12947A, 12949, 12950, and 16596 (Applications 12919A, 15736, 15737, and 19351) to modify the hydrologic index used to set minimum instream flows in the Upper Russian River, Lower Russian River, and Dry Creek. Under the Order, the water supply conditions in the Russian River are established based on storage thresholds in Lake Mendocino instead of cumulative inflow into Lake Pillsbury. For additional information visit Sonoma Water’s TUCP webpage: www.sonomawater.org/tucp.

Lake Mendocino Storage



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

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

STAFF REPORT

**Agenda Item 9a: February 2024 Financial Report
March 4, 2024**

Revenue

January 2024 Additional revenue not shown on previous report: \$680 in water sales

February 2024: \$93,293.70

- \$800 in application fees for ownership changes
- \$92,493.70 in contract water sales.

Ordinary Expenses

January 2024: Additional expenses not shown on previous report: \$359.24 credit card statement for general expenses and training.

February 2024: \$60,725.71

- \$30,000 Ukiah Valley Groundwater Sustainability Agency – preapproved addtl payment
- \$1,684.53 general legal counsel
- \$1,806.25 water rights engineering
- \$4,140 ACWA Annual membership
- \$3,625.00 Board member Stipends
- Engineering and legal counsel across several projects

Other

- Financial reports subject to change after corrections and adjustments by Accountant and Auditor.
- Reconciliations for checking and savings are up to date as of the end of January 2024.
- Additional reports or information available upon request.

Recommendation:

Move to accept and file the financial reports for February 2024.

Attachments:

1. Income & Expense Report – February 2024 only
2. Income & Expense / Budget Vs Actual Report – Fiscal Year to date
3. Profit & Loss Previous Year Comparison Report
4. Balance Sheet Previous Year Comparison Report
5. Monthly Payment Detail Report– February 2024
6. Contracted Water Worksheet

Income & Expense / Budget vs. Actual

February 2024

	<u>Feb 24</u>
Ordinary Income/Expense	
Income	
4001 · Contract Water Sales	92,493.70
4010 · Water Application Fee	800.00
4080 · Interest-LAIF	<u>0.00</u>
Total Income	93,293.70
Expense	
Payroll Expenses	13,206.39
Water Supply Expenses	
5020 · Water Rights	
5023 · WR Engineering	<u>1,806.25</u>
Total 5020 · Water Rights	1,806.25
5030 · Projects	
5034 · Addt'l Water Rights	
5034.02 · Engineering	<u>57.50</u>
Total 5034 · Addt'l Water Rights	57.50
5035 · RR Water Forum	
5035.02 · RR Water Forum-Engineering	<u>230.00</u>
Total 5035 · RR Water Forum	230.00
5036 · License Change Petition	
5036.01 · Chg Pet- Legal Counsel	551.82
5036.02 · Chg Pet - Engineering	3,839.00
5036.03 · Chg Pet - Mapping	<u>262.50</u>
Total 5036 · License Change Petition	4,653.32
5038 · Demand Mgmt	
5038.02 · Demand Mgmt - Engineering	<u>1,265.00</u>
Total 5038 · Demand Mgmt	1,265.00
5039 · Trans Basin Diversion	
5039.01 · TBD - Legal Counsel	1,025.10
5039.02 · TBD- Engineering	<u>1,745.00</u>
Total 5039 · Trans Basin Diversion	2,770.10
Total 5030 · Projects	<u>8,975.92</u>
5050 · JPAs	
5052 · GSA	<u>30,000.00</u>
Total 5050 · JPAs	<u>30,000.00</u>
Total Water Supply Expenses	40,782.17
General & Administrative Exp	
5100 · Consulting	
5101 · Accounting	380.10
5105 · Legal-General	<u>1,684.53</u>
Total 5100 · Consulting	2,064.63
5120 · Vehicle	0.00
5130 · Insurance	
5132 · Insurance, Workers Comp	<u>0.00</u>
Total 5130 · Insurance	0.00
5150 · Memberships	4,140.00
5160 · Office Operating Expenses	257.52
5180 · Stipends, Meetings	<u>275.00</u>
Total General & Administrative Exp	<u>6,737.15</u>
Total Expense	<u>60,725.71</u>
Net Ordinary Income	<u>32,567.99</u>
Net Income	<u>32,567.99</u>

Mendocino County Russian River Flood Control District

Income & Expense / Budget vs. Actual

Cash Basis

July 2023 through June 2024

	Jul '23 - Jun 24	Budget
Ordinary Income/Expense		
Income		
4001 · Contract Water Sales	310,362.28	509,806.00
4010 · Water Application Fee	800.00	
4050 · Property Taxes	57,077.50	55,000.00
4080 · Interest-LAIF	9,644.70	3,000.00
4081 · Interest-SBMC	54.96	100.00
4100 · Other Income	268.00	
Total Income	378,207.44	567,906.00
Expense		
Payroll Expenses	111,632.26	272,100.00
Water Supply Expenses		
5020 · Water Rights		
5021 · Annual Fees	15,144.89	18,000.00
5022 · Legal Counsel	2,030.06	1,500.00
5023 · WR Engineering	1,806.25	1,500.00
5024 · Meter Maintenance	0.00	1,000.00
5025 · Meter & Data Mgmt Program	8,401.72	6,000.00
Total 5020 · Water Rights	27,382.92	28,000.00
5030 · Projects		
5031 · Grants/Funding Analysis-general	6,325.00	
5034 · Addt'l Water Rights		
5034.02 · Engineering	57.50	
Total 5034 · Addt'l Water Rights	57.50	
5035 · RR Water Forum		
5035.01 · RR Water Forum-Legal	1,840.08	
5035.02 · RR Water Forum-Engineering	230.00	
Total 5035 · RR Water Forum	2,070.08	
5036 · License Change Petition		
5036.01 · Chg Pet- Legal Counsel	3,688.77	
5036.02 · Chg Pet - Engineering	3,839.00	
5036.03 · Chg Pet - Mapping	262.50	
Total 5036 · License Change Petition	7,790.27	

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

Cash Basis

July 2023 through June 2024

	<u>Jul '23 - Jun 24</u>	<u>Budget</u>
5037 · LAFCo Applications		
5037.01 · LAFCo Apps - Legal Counsel	125.46	
Total 5037 · LAFCo Applications	125.46	
5038 · Demand Mgmt		
5038.02 · Demand Mgmt - Engineering	1,265.00	
5038.03 · Demand Mgmt -Funding Analysis	681.25	
5038.04 · Demand Mgmt-Grant Writing	11,628.75	
Total 5038 · Demand Mgmt	13,575.00	
5039 · Trans Basin Diversion		
5039.01 · TBD - Legal Counsel	18,490.60	
5039.02 · TBD- Engineering	1,745.00	
Total 5039 · Trans Basin Diversion	20,235.60	
5030 · Projects - Other	0.00	250,000.00
Total 5030 · Projects	50,178.91	250,000.00
5040 · USGS, streamflow gage	7,237.50	16,000.00
5050 · JPAs		
5051 · IWPC	3,300.00	3,300.00
5052 · GSA	98,750.00	100,000.00
Total 5050 · JPAs	102,050.00	103,300.00
Total Water Supply Expenses	186,849.33	397,300.00
General & Administrative Exp		
5100 · Consulting		
5101 · Accounting	4,570.61	6,000.00
5102 · Audit	8,000.00	10,000.00
5103 · Engineering- General	17,570.50	
5105 · Legal-General	6,011.55	20,000.00
5109 · Human Resources	536.25	3,000.00
5110 · Strategic Planning	0.00	3,000.00
Total 5100 · Consulting	36,688.91	42,000.00
5120 · Vehicle	2,710.86	2,000.00
5130 · Insurance	6,451.54	7,800.00
5140 · LAFCO Apportionment Fee	1,100.37	2,000.00

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

Cash Basis

July 2023 through June 2024

	Jul '23 - Jun 24	Budget
5150 · Memberships	6,019.00	6,000.00
5160 · Office Operating Expenses	4,430.93	7,000.00
5161 · Rent, Utilities	3,375.00	5,000.00
5170 · Training & Conferences	2,745.60	6,000.00
5180 · Stipends, Meetings	5,465.25	13,500.00
5190 · Property Tax Admin Fees	0.00	1,000.00
Total General & Administrative Exp	<u>68,987.46</u>	<u>92,300.00</u>
Total Expense	<u>367,469.05</u>	<u>761,700.00</u>
Net Ordinary Income	10,738.39	-193,794.00
Other Income/Expense		
Other Expense		
5700 · Use of Wtr Reliability Reserve	46,700.00	
5710 · Use of Capital Reserves	10,903.97	
Total Other Expense	<u>57,603.97</u>	
Net Other Income	<u>-57,603.97</u>	0.00
Net Income	<u><u>-46,865.58</u></u>	<u><u>-193,794.00</u></u>

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

Cash Basis

July 2023 through June 2024

	Jul '23 - Jun 24	Jul '22 - Jun 23	\$ Change	% Change
Ordinary Income/Expense				
Income				
4001 · Contract Water Sales	310,362.28	335,827.05	-25,464.77	-7.6%
4002 · Surplus Water Sales	0.00	3,536.69	-3,536.69	-100.0%
4010 · Water Application Fee	800.00	1,600.00	-800.00	-50.0%
4050 · Property Taxes	57,077.50	62,375.87	-5,298.37	-8.5%
4080 · Interest-LAIF	9,644.70	11,520.35	-1,875.65	-16.3%
4081 · Interest-SBMC	54.96	55.38	-0.42	-0.8%
4100 · Other Income	268.00	257.95	10.05	3.9%
4130 · Unrealized Gain(Loss) Invstment	0.00	-1,257.20	1,257.20	100.0%
Total Income	378,207.44	413,916.09	-35,708.65	-8.6%
Expense				
Payroll Expenses	111,632.26	192,108.21	-80,475.95	-41.9%
Water Supply Expenses				
5020 · Water Rights				
5021 · Annual Fees	15,144.89	16,886.72	-1,741.83	-10.3%
5022 · Legal Counsel	2,030.06	0.00	2,030.06	100.0%
5023 · WR Engineering	1,806.25	0.00	1,806.25	100.0%
5024 · Meter Maintenance	0.00	367.61	-367.61	-100.0%
5025 · Meter & Data Mgmt Program	8,401.72	3,893.46	4,508.26	115.8%
Total 5020 · Water Rights	27,382.92	21,147.79	6,235.13	29.5%
5030 · Projects				
5031 · Grants/Funding Analysis-general	6,325.00	3,861.25	2,463.75	63.8%
5032 · Outreach & Education	0.00	92.20	-92.20	-100.0%
5034 · Addt'l Water Rights				
5034.02 · Engineering	57.50	3,737.00	-3,679.50	-98.5%
Total 5034 · Addt'l Water Rights	57.50	3,737.00	-3,679.50	-98.5%
5035 · RR Water Forum				
5035.01 · RR Water Forum-Legal	1,840.08	0.00	1,840.08	100.0%
5035.02 · RR Water Forum-Engineering	230.00	0.00	230.00	100.0%
Total 5035 · RR Water Forum	2,070.08	0.00	2,070.08	100.0%
5036 · License Change Petition				
5036.01 · Chg Pet- Legal Counsel	3,688.77	0.00	3,688.77	100.0%
5036.02 · Chg Pet - Engineering	3,839.00	0.00	3,839.00	100.0%
5036.03 · Chg Pet - Mapping	262.50	0.00	262.50	100.0%
Total 5036 · License Change Petition	7,790.27	0.00	7,790.27	100.0%
5037 · LAFCo Applications				
5037.01 · LAFCo Apps - Legal Counsel	125.46	0.00	125.46	100.0%
Total 5037 · LAFCo Applications	125.46	0.00	125.46	100.0%
5038 · Demand Mgmt				
5038.02 · Demand Mgmt - Engineering	1,265.00	0.00	1,265.00	100.0%
5038.03 · Demand Mgmt -Funding Analysis	681.25	0.00	681.25	100.0%
5038.04 · Demand Mgmt-Grant Writing	11,628.75	0.00	11,628.75	100.0%

	Jul '23 - Jun 24	Jul '22 - Jun 23	\$ Change	% Change
Total 5038 · Demand Mgmt	13,575.00	0.00	13,575.00	100.0%
5039 · Trans Basin Diversion				
5039.01 · TBD - Legal Counsel	18,490.60	0.00	18,490.60	100.0%
5039.02 · TBD- Engineering	1,745.00	0.00	1,745.00	100.0%
Total 5039 · Trans Basin Diversion	20,235.60	0.00	20,235.60	100.0%
Total 5030 · Projects	50,178.91	7,690.45	42,488.46	552.5%
5040 · USGS, streamflow gage	7,237.50	13,150.00	-5,912.50	-45.0%
5050 · JPAs				
5051 · IWPC	3,300.00	0.00	3,300.00	100.0%
5052 · GSA	98,750.00	68,750.00	30,000.00	43.6%
Total 5050 · JPAs	102,050.00	68,750.00	33,300.00	48.4%
Total Water Supply Expenses	186,849.33	110,738.24	76,111.09	68.7%
General & Administrative Exp				
5100 · Consulting				
5101 · Accounting	4,570.61	25,904.45	-21,333.84	-82.4%
5102 · Audit	8,000.00	19,000.00	-11,000.00	-57.9%
5103 · Engineering- General	17,570.50	0.00	17,570.50	100.0%
5105 · Legal-General	6,011.55	24,843.63	-18,832.08	-75.8%
5107 · Public Relations-general	0.00	150.00	-150.00	-100.0%
5109 · Human Resources	536.25	12,805.00	-12,268.75	-95.8%
5110 · Strategic Planning	0.00	2,150.00	-2,150.00	-100.0%
Total 5100 · Consulting	36,688.91	84,853.08	-48,164.17	-56.8%
5120 · Vehicle	2,710.86	1,243.42	1,467.44	118.0%
5130 · Insurance	6,451.54	10,551.55	-4,100.01	-38.9%
5140 · LAFCO Apportionment Fee	1,100.37	1,268.73	-168.36	-13.3%
5150 · Memberships	6,019.00	5,930.00	89.00	1.5%
5160 · Office Operating Expenses	4,430.93	8,164.30	-3,733.37	-45.7%
5161 · Rent, Utilities	3,375.00	4,500.00	-1,125.00	-25.0%
5170 · Training & Conferences	2,745.60	5,297.45	-2,551.85	-48.2%
5180 · Stipends, Meetings	5,465.25	5,200.00	265.25	5.1%
5190 · Property Tax Admin Fees	0.00	992.34	-992.34	-100.0%
5200 · Election	0.00	331.74	-331.74	-100.0%
5299 · Miscellaneous Expense (Revenue)	0.00	27.38	-27.38	-100.0%
Total General & Administrative Exp	68,987.46	128,359.99	-59,372.53	-46.3%
Total Expense	367,469.05	431,206.44	-63,737.39	-14.8%
Net Ordinary Income	10,738.39	-17,290.35	28,028.74	162.1%
Other Income/Expense				
Other Expense				
5010 · GASB68 Pension Liability Change	0.00	29,480.00	-29,480.00	-100.0%
5700 · Use of Wtr Reliability Reserve	46,700.00	0.00	46,700.00	100.0%
5710 · Use of Capital Reserves	10,903.97	0.00	10,903.97	100.0%

	<u>Jul '23 - Jun 24</u>	<u>Jul '22 - Jun 23</u>	<u>\$ Change</u>	<u>% Change</u>
5900 · Depreciation Expense	<u>0.00</u>	<u>20,939.50</u>	<u>-20,939.50</u>	<u>-100.0%</u>
Total Other Expense	<u>57,603.97</u>	<u>50,419.50</u>	<u>7,184.47</u>	<u>14.3%</u>
Net Other Income	<u>-57,603.97</u>	<u>-50,419.50</u>	<u>-7,184.47</u>	<u>-14.3%</u>
Net Income	<u><u>-46,865.58</u></u>	<u><u>-67,709.85</u></u>	<u><u>20,844.27</u></u>	<u><u>30.8%</u></u>

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

Cash Basis

As of June 30, 2024

	Jun 30, 24	Jun 30, 23	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · SBMC Checking	250,172.68	265,565.19	-15,392.51	-5.8%
1001 · SBMC Savings				
1001.02 · Savings Water Reliability Fund	100,140.23	200,110.49	-99,970.26	-50.0%
1001.01 · General Savings	100,000.00	50,000.00	50,000.00	100.0%
1001 · SBMC Savings - Other	25.22	0.00	25.22	100.0%
Total 1001 · SBMC Savings	200,165.45	250,110.49	-49,945.04	-20.0%
1010 · LAIF				
1011 · Capital Reserve	73,670.00	56,000.00	17,670.00	31.6%
1012 · Emergency Reserve	37,500.00	28,000.00	9,500.00	33.9%
1013 · Operating Reserve	255,850.00	210,000.00	45,850.00	21.8%
1014 · Water Reliability Reserve	146,149.83	205,602.55	-59,452.72	-28.9%
Total 1010 · LAIF	513,169.83	499,602.55	13,567.28	2.7%
1019 · LAIF - Fair Market Value	-7,579.72	-7,579.72	0.00	0.0%
Total Checking/Savings	955,928.24	1,007,698.51	-51,770.27	-5.1%
Other Current Assets				
1210 · Interest Receivable	0.00	3,922.58	-3,922.58	-100.0%
1220 · Taxes Receivable	21,563.91	27,503.37	-5,939.46	-21.6%
Total Other Current Assets	21,563.91	31,425.95	-9,862.04	-31.4%
Total Current Assets	977,492.15	1,039,124.46	-61,632.31	-5.9%
Fixed Assets				
1401 · Meters & Vehicles	147,783.80	147,783.80	0.00	0.0%
1499 · Accumulated Depreciation	-100,358.05	-100,358.05	0.00	0.0%
Total Fixed Assets	47,425.75	47,425.75	0.00	0.0%
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%
TOTAL ASSETS	1,071,736.90	1,133,369.21	-61,632.31	-5.4%
LIABILITIES & EQUITY				

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

Cash Basis

As of June 30, 2024

	<u>Jun 30, 24</u>	<u>Jun 30, 23</u>	<u>\$ Change</u>	<u>% Change</u>
Liabilities				
Current Liabilities				
Other Current Liabilities				
2010 · Accrued Expenses	0.00	7,787.50	-7,787.50	-100.0%
2020 · Accrued Payroll	0.00	6,572.27	-6,572.27	-100.0%
2030 · Vacation Accrual	24,980.77	24,980.77	0.00	0.0%
2050 · Payroll Liabilities	0.00	406.96	-406.96	-100.0%
Total Other Current Liabilities	<u>24,980.77</u>	<u>39,747.50</u>	<u>-14,766.73</u>	<u>-37.2%</u>
Total Current Liabilities	<u>24,980.77</u>	<u>39,747.50</u>	<u>-14,766.73</u>	<u>-37.2%</u>
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	<u>86,626.77</u>	<u>101,393.50</u>	<u>-14,766.73</u>	<u>-14.6%</u>
Equity				
3000 · Opening Bal Equity	541,116.95	541,116.95	0.00	0.0%
3001 · Retained Earnings	490,858.76	558,568.61	-67,709.85	-12.1%
Net Income	-46,865.58	-67,709.85	20,844.27	30.8%
Total Equity	<u>985,110.13</u>	<u>1,031,975.71</u>	<u>-46,865.58</u>	<u>-4.5%</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,071,736.90</u></u>	<u><u>1,133,369.21</u></u>	<u><u>-61,632.31</u></u>	<u><u>-5.4%</u></u>

Mendocino County Russian River Flood Control District

Monthly Payment Detail

Cash Basis

As of February 29, 2024

Date	Name	Memo	Paid Amount
1000 · SBMC Checking			
02/09/2024	Cardmember Service	Credit card 12/13 to 1/11/24	-43.02
02/13/2024	Employment Development Dept.	Late payment from Q2 2023	-40.84
02/14/2024	Team Mobile	Monthly cell phone service	-208.50
02/16/2024	Eide Bailly	Accounting, Dec 2023 service Dates	-380.10
02/16/2024	ACWA	2024 Agency Dues	-4,140.00
02/16/2024	Balance Hydrologics	Various- billing through 6/30/23	-9,205.25
02/16/2024	Herum/Crabtree/Suntag	legal counsel services, Jan 2024 service dates	-3,261.45
02/16/2024	Intuit	Monthly Payroll Subscription	-6.00
02/16/2024	John Bailey	Board Meeting Stipend July-Dec 2023	-275.00
02/16/2024	UVB Groundwater Sustainabilty...	Add'l Member contribution for FY 2023-24	-30,000.00
02/21/2024	Intuit	VOID: void - misprint	0.00
Total 1000 · SBMC Checking			-47,560.16
TOTAL			-47,560.16

Project Water Worksheet as of February 28, 2024

Current 2024 totals
in Acre Feet

Project Water Licensed to MC RRFC & WCID:		7940																
Contracted Non-Retail Suppliers:	(reduced by 30 from 2023)	4972																
Contracted Retail Suppliers:		2305.15																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;">Calpella CWD</td><td style="width: 50%; text-align: center;">85</td></tr> <tr><td>Henry Station Mutual Water Co</td><td style="text-align: center;">8</td></tr> <tr><td>Hopland PUD</td><td style="text-align: center;">222</td></tr> <tr><td>Millview CWD - All Use</td><td style="text-align: center;">1171.15</td></tr> <tr><td>Rogina Water</td><td style="text-align: center;">200</td></tr> <tr><td>River Estates Mutual Water Company</td><td style="text-align: center;">26</td></tr> <tr><td>Willow CWD - All Use</td><td style="text-align: center;">593</td></tr> <tr style="background-color: #e0e0e0;"><td>Contracted Retail Suppliers Total:</td><td style="text-align: center;">2305.15</td></tr> </table>	Calpella CWD	85	Henry Station Mutual Water Co	8	Hopland PUD	222	Millview CWD - All Use	1171.15	Rogina Water	200	River Estates Mutual Water Company	26	Willow CWD - All Use	593	Contracted Retail Suppliers Total:	2305.15	(reduced fr 2023)
Calpella CWD	85																	
Henry Station Mutual Water Co	8																	
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Millview CWD - All Use	1171.15																	
Rogina Water	200																	
River Estates Mutual Water Company	26																	
Willow CWD - All Use	593																	
Contracted Retail Suppliers Total:	2305.15																	
Contracted Total:		7277.15																
Current Uncontracted Water Supply for 2024:		662.85																

Redwood Valley County Water District 2024 Surplus Use Totals:

Month	Water Requested, in acre feet	Water diverted, in acre feet	Remaining AF Available in 2024 only
Jan 2024	projections not yet established	13.89	undetermined
Feb 2024			
Mar 2024			
Apr 2024			
May 2024			
June 2024			
July 2024			
Aug 2024			
Sept 2024			
Oct 2024			
Nov 2024			
Dec 2024			
Totals:		13.89	-13.89

Surplus water OFFERED FOR TRANSFER from customers in 2024:	0.00
Surplus water ACTUALLY TRANSFERED from customers in 2024:	0

Total available Surplus for Redwood Valley in 2024: 0

5 **DRAFT MINUTES**

6 **Regular Meeting of February 5, 2024**
7 **At District Office: 304 N. State Street, Ukiah, CA 95482**

8 **1. Roll Call**

9 President Watt called the meeting to order at 5:32 PM.

10
11 Trustees Present: Christopher Watt, President
12 Alfred White, Vice President
13 John Reardan, Trustee
14 Tyler Rodrigue, Trustee
15 John Bailey, Treasurer (apologies sent)
16 Staff: Elizabeth Salomone, General Manager
17

18 **2. Approval of Agenda**

19 Trustee Reardan moved to approve the agenda with the postponement of Item 4: District Water Use in 2023
20 to a future meeting. Vice President White seconded the motion. The motion was approved by the following
21 vote:

22 Ayes: 5 (Reardan, Rodrigue, Bailey, White, Watt)
23

24 **3. Public Expression** -No one indicated interest in speaking.
25

26 **ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

27 **4. District Water Use in 2023**

28 This item was postponed to a future meeting.

29 **5. Alternative Compliance Plan for the Water Measurement and Reporting Regulation**

30 GM Salomone presented the item. Comments and questions were offered by Trustees.
31

32 Trustee Reardan moved to approve the SB88 Alternative Compliance Plan for the Water Measurement and
33 Reporting Regulation Update as outlined in the Balance Hydrologics letter and direct GM Salomone to
34 submit. Vice President White seconded the motion. The motion was approved by the following vote:

35 Ayes: 5 (Reardan, Rodrigue, Bailey, White, Watt)
36

37 The Board directed GM Salomone and the Board Advisor for Engineering to act in a timely manner to address
38 malfunctioning meters and return to the Board for ratification at the next Board meeting following the action.
39

40 The Board received an update on potential funding by the State Water Resources Control Board for upgrading
41 water measurement and reporting processes.
42

43 **6. UPDATED Fiscal Year 2022-2023 Year End Reports**

44 Trustee Reardan moved to approve the Updated Fiscal Year 2022-2023 Year End Reports. Vice President
45 White seconded the motion. The motion was approved by the following vote:

46 Ayes: 5 (Reardan, Rodrigue, Bailey, White, Watt)
47

(Continued...)

48
49 **7. Ukiah Valley Groundwater Sustainability Agency**

50 Vice President White moved to approve the payment for an early contribution of \$30,000 in this fiscal year
51 and deducted from FY 2026-2027. Treasurer Bailey seconded the motion. The motion was approved by the
52 following vote:

53 Ayes: 5 (Reardan, Rodrigue, Bailey, White, Watt)

54
55 **REGULAR BUSINESS, INFORMATION, AND REPORT ITEMS**

56
57 **8. Water Supply Conditions Update**

58 No comments or questions offered.

59
60 **9. Consent Calendar**

- 61 a) Acceptance of the December 2023 & January 2024 Financial Reports
- 62 b) Approval of December 11, 2023 Regular Board Meeting minutes

63
64 Vice President White moved to approve the consent calendar. Trustee Reardan seconded the motion. The
65 motion was approved by the following vote:

66 Ayes: 5 (Reardan, Rodrigue, Bailey, White, Watt)

67
68 **10. Trustee & Committee Reports**

69 *Trustee Reardan* provided an update on the Mendocino County Inland Water & Power Commission and formation
70 of the joint power authority called Eel Russian Project Authority.

71
72 *Vice President White* provided information on the Ukiah Valley Groundwater Sustainability Agency Rate & Fee
73 Study and the proposed consolidation of the Ukiah Valley retail water suppliers.

74
75 **11. General Manager Report & Correspondence**

76 No comments or questions.

77
78 **12. Direction on Future Agenda Items**

79 None

80
81 **ADJOURNMENT**

82
83 Trustee Reardan moved to adjourn the meeting at 7:00 PM. Trustee Bailey seconded the motion. The motion
84 was approved by the following vote:

85 Ayes: 5 (Reardan, Rodrigue, Bailey, White, Watt)

86
87 ***APPROVED by Board of Trustees on March 4, 2024***

88
89
90
91 _____
92 President of the Board of Trustees

90
91 _____
92 Secretary of the Board of Trustees

93	93	93	93	93
94	94	94	94	94
95	95	95	95	95
96 President	96 Vice President	96 Treasurer	96 Trustee	96 Trustee
97 <i>Christopher Watt</i>	97 <i>Alfred White</i>	97 <i>John Bailey</i>	97 <i>Tyler Rodrigue</i>	97 <i>John Reardan</i>

Policy #24 ____

of the

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

**Regarding Revising Policy #15-03
On Personnel Policies and Forms Relating to General Manager**

WHEREAS, the Mendocino County Russian River Flood Control & Water Conservation Improvement District employs a General Manager of the District, subject to the terms and conditions of an Employment Agreement;

WHEREAS, the Employment Agreement states the Board of Trustees shall conduct performance evaluations and said annual evaluation will be based on the District's policies, and on previously agreed upon goals and objectives for Employee;

THEREFORE, it is the policy of the District Board of Trustees, from date of enactment until changed, amended, or cancelled to set forth the attached procedure for conducting the General Manager Performance Evaluation per the terms of the Employment Agreement and an exit interview shall be offered to the General Manager upon conclusion of employment with the District.

PASSED AND ADOPTED by the Board of Trustees of the Mendocino County Russian River Flood Control & Water Conservation Improvement District of the State of California on March 4, 2024 by the following vote:

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

Signed: _____
Christopher Watt, Board of Trustees President

Date

Attest: _____
Elizabeth Salomone, General Manager

Date

Attachment:

- General Manager Annual Performance Review Procedure

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

General Manager Annual Performance Review Procedure

The following is an outline for the Annual Evaluation of the Mendocino County Russian River Flood Control & Water Conservation Improvement District (District) General Manager.

Responsibility for conducting this evaluation lies with the Ad Hoc Committee, appointed annually by the Board of Trustees, with assistance from a Human Resources Consultant. The Ad Hoc Committee will oversee the evaluation process, summarize the evaluation, determine and recommend any changes in compensation to the Board, and deliver the evaluation to the General Manager. The evaluation period will be the calendar year and any compensation changes will go into effect January 1 of the year directly following the reviewed calendar year. (Note: this may require retroactive payment.)

The components of the evaluation are as follows:

1. **General Manager Self Evaluation:** The General Manager will complete the General Manager Self-Evaluation in December of each year.
2. **Strategic Plan Progress Report:** Each year, metrics will be established in the Strategic Plan by which the District's progress towards reaching its goals can be measured. A Strategic Plan Progress Report will be developed by the General Manager and included in the evaluation process as an attachment to the GM Self Evaluation. The metrics will be utilized in setting an annual bonus, if applicable.
3. **Trustee Survey:** An electronic survey tool will be used to conduct an evaluation based on core management competencies concerning the General Manager's performance. Survey participants will include the Board of Trustees. This survey will be outsourced from the District but coordinated by the Ad Hoc Committee and HR Consultant. It will be initiated in January following the end of the review year and distribution of the GM Self Evaluation.
4. **Board of Trustees Review:** With all materials compiled, the HR Consultant will lead a Public Employee Performance Evaluation Closed Session review with the Board of Trustees for final input.
5. **Written summary by Ad Hoc Committee:** In coordination with the HR Consultant, the Ad Hoc Committee will provide a written response, in the form of a performance evaluation, to the General Manager's self-evaluation and the Strategic Plan Progress Report.
6. **Final Evaluation Meeting:** With all materials compiled and reviewed, a meeting will be held with the General Manager, Ad Hoc Committee, and HR Consultant to discuss the materials and assessments, and negotiate any terms and conditions, as needed.

(Continued....)

The outcomes of the evaluation process will be:

1. Documented Evaluation report.
2. Establishing the General Manager's performance goals for the coming year.
3. Determination of Bonus Award for the prior year. The bonus is at the discretion of the Board of Trustees based on its assessment of the General Manager's achievement of goals set for the year and Strategic Plan Implementation.
4. Establishment and documentation of Bonus metrics and any salary changes for the coming year.
5. Review of the evaluation process for any modifications for the upcoming review year.

TIMELINE

Month	Activity	Action
December	Board appoints annual General Manager Evaluation Ad Hoc Committee members.	December Agenda Item
December	GM prepares Self Evaluation and Annual Strategic Plan Progress Report.	GM provides to HR Consultant
December	Ad Hoc Committee reviews evaluation process for any needed modifications and reviews HR Consultant contractual scope of work.	Email (meet if need) Consultant contract.
Early January	HR Consultant launches Trustee Survey with GM self evaluation on behalf of Ad Hoc Committee (due mid-January) and conducts compensation analysis, if requested.	Email to Trustees
Late January	HR Consultant meets with Ad Hoc Committee to review Trustee Survey results, discuss compiling into a summarized written evaluation, and discuss compensation changes and bonus recommendations.	Ad Hoc Meeting w/HR Consultant. Written response for Board review.
February	Board of Trustees Closed Session with HR Consultant to review Ad Hoc Committee report on evaluation and recommendations.	Special Meeting Agenda Item
February	Ad Hoc Committee and HR Consultant meets with GM to review Board feedback, bonus, goals set, and compensation changes, if any	Ad Hoc Committee, HR Consultant & GM meeting
February	Compensation changes go into effect retroactive to January 1 and bonus issued (if applicable.)	

Attachments:

- (1) GM Self Evaluation form
- (2) Trustee Survey

(Continued...)

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

**General Manager Performance Evaluation Survey
For the service period of January 1, ____ – December 31, ____**

Dear Trustee,

Your participation in this evaluation process is important. We appreciate your frank, thorough, and balanced perspective in sharing your evaluation of the General Manager's performance during the period of January 1, 20__, through December 31, 20__. Your responses will not be attributed to you specifically and will remain confidential when survey results are summarized and discussed with the General Manager in the evaluation process. Please have your responses completed and turned in by _____.

The goal of an evaluation is to evaluate professional performance, not the person.

Thank you in advance for your time and thoughtful responses.

Regards,

Ad Hoc Committee

Ranking: 1 Meets minimal expectations, 2 Meets some expectations, 3 Meets expectations, 4 Exceeds expectations, N/A Don't know or not applicable

Please provide a ranking number and rationale for the ranking in the comments box.

1. Strategic Planning

Understands big picture and aligns priorities with broader goals, measures outcomes, uses feedback to redirect as needed, evaluates alternatives, solutions-oriented, seeks alternatives and broad input; can see connections within complex issues. Ensures the planning process is effective and the strategic plan is communicated, monitored, and executed.

2. Financial Management

Financial results in the review period met or exceeded expectations. Provides accurate and complete financial reports and plans to the Board for their review, revision, and approval. Establishes and monitors annual budget with exception reporting to the Board.

(Continued...)

3. Leadership and Vision

Serves as the District's principal liaison with relevant governmental entities and directs District's leadership role in statewide and community level activities. Serves as an advocate within the community for District services and strategies.

Develops and maintains key relationships that support the mission and vision of the District. Sets a clear vision and direction for the District, aligned with the strategic plan. Demonstrates strong leadership and communication skills.

4. Community Relations and Communications

Represents and promotes the interests and the image of the District to the government at all levels, to the local community, constituents, customers, and the public at large.

Additional Questions

5. Where does the General Manager provide the most value to the District?
6. In what areas can the General Manager become more effective in operating the District and implementing the Strategic Plan? Please be specific.
7. **(Optional) Suggestions for performance goals in the next review period.**

(Continued...)

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

**General Manager Self-Evaluation
for
[insert name]
[insert evaluation period]**

Goal Accomplishments and Contributions

Please identify any achievements or contributions for the evaluation period. Note any major accomplishments you believe should be recognized and identify specific development goals for the coming year.

1. Progress:

How did you advance on goals identified for this reporting period? How has your job changed during the past year? What have been the most significant challenges for you during the past year?

2. Accomplishments:

What did you accomplish this year above and beyond what is reported in the Strategic Plan Progress report? What do you believe have been your most significant achievements during the past year? What professional development activities did you undertake?

3. Looking Forward:

What would you have liked to accomplish that you did not and why? What are your expectations for this job during the next year?

4. Performance Support:

Comment on the Board's effectiveness in providing guidance and giving feedback. Provide suggestions for improvement.

5. Next Term Goals:

Identify proposed performance goals for the next review period.

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

General Manager Annual Performance Review Procedure

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3. **Trustee Survey:** An electronic survey tool will be used to conduct an evaluation based on core management competencies concerning the General Manager's performance. Survey participants will include the Board of Trustees. This survey will be outsourced from the District but coordinated by the Ad Hoc Committee and HR Consultant. It will be initiated in January following the end of the review year and distribution of the GM Self Evaluation.
4. **Board of Trustees Review:** With all materials compiled, the HR Consultant will lead a Public Employee Performance Evaluation Closed Session review with the Board of Trustees for final input.
5. **Written summary by Ad Hoc Committee:** In coordination with the HR Consultant, the Ad Hoc Committee will provide a written response, *in the form of a performance evaluation*, to the General Manager's self-evaluation and the Strategic Plan Progress Report, ~~as well as the results of the Competency Survey.~~
6. **Final Evaluation Meeting:** With all materials compiled and reviewed, a meeting will be held with the General Manager, Ad Hoc Committee, and HR Consultant to discuss the materials and assessments, and negotiate any terms and conditions, as needed.

(Continued...)

The outcomes of the evaluation process will be:

1. Documented Evaluation report.
2. Establishing the General Manager's performance goals for the coming year.
3. Determination of Bonus Award for the prior year. The bonus is at the discretion of the Board of Trustees based on its assessment of the General Manager's achievement of goals set for the year and Strategic Plan Implementation.
4. Establishment and documentation of Bonus metrics and any salary changes for the coming year.
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December	Ad Hoc Committee reviews evaluation process for any needed modifications and reviews HR Consultant contractual scope of work.	Email (meet if need) Consultant contract.
Early January	HR Consultant launches Trustee Survey <u>with GM</u> self-evaluation on behalf of Ad Hoc Committee (due mid-January) and conducts compensation analysis, if requested.	Email to Trustees
Late January	HR Consultant meets with Ad Hoc Committee to review Trustee Survey results and General Manager self , <u>discuss compiling into a summarized written</u> evaluation, and to discuss compensation changes and bonus recommendations.	Ad Hoc Meeting <u>w/HR Consultant</u> . Written response to <u>GM for Board review</u> .
Late January	HR Consultant meets with GM to review written response and preliminary compensation proposal.	HR Consultant & GM meeting
Late January	HR Consultant provides feedback to Ad Hoc Committee on GM's feedback.	Email to Ad Hoc (Meeting if needed.)
Late January	(Additional meetings of HR Consultant with Ad Hoc and GM, if needed.)	Meetings TBD
February	Board of Trustees Closed Session with HR Consultant to receive <u>review</u> Ad Hoc Committee report on evaluation and recommendations.	Special Meeting Agenda Item
February	<u>Ad Hoc Committee and</u> HR Consultant meets with GM to review Board feedback and proposal , <u>bonus, goals set, and compensation changes, if any</u>	<u>Ad Hoc Committee</u> , HR Consultant & GM meeting
February	HR Consultant reports back to Ad Hoc and works with GM to finalize evaluation.	Email to Ad Hoc Email to GM

February	Compensation changes go into effect retroactive to January 1 and bonus issued (if applicable.)	
----------	--	--

Attachments:

- (1) GM Self Evaluation form
- (2) Trustee Survey

(Continued....)

(Pg 3 of 5, GM Eval Procedure)

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

**General Manager Performance Evaluation Survey
For the service period of January 1, ____ – December 31, ____**

Dear Trustee,

Your participation in this evaluation process is important. We appreciate your frank, thorough, and balanced perspective in sharing your evaluation of the General Manager’s performance during the period of January 1, 20__, through December 31, 20__. Your responses will not be attributed to you specifically and will remain confidential when survey results are summarized and discussed with the General Manager in the evaluation process. Please have your responses completed and turned in by _____.

The goal of an evaluation is to evaluate professional performance, not the person.

Thank you in advance for your time and thoughtful responses.

Regards,

Ad Hoc Committee

Ranking: 1 Meets minimal expectations, 2 Meets some expectations, 3 Meets expectations, 4 Exceeds expectations, N/A Don’t know or not applicable

Please provide a ranking number and rational for the ranking in the comments box.

1. Strategic Planning

Understands big picture and aligns priorities with broader goals, measures outcomes, uses feedback to redirect as needed, evaluates alternatives, solutions-oriented, seeks alternatives and broad input; can see connections within complex issues. Ensures the planning process is effective and the strategic plan is communicated, monitored, and executed.

~~2.—Operational Management~~

~~Develops, communicates, and leads the implementation of annual operating goals. Identifies challenges and obstacles and takes corrective action to achieve plans and goals.~~

~~3.2. Financial Management~~

Financial results in the review period met or exceeded expectations.
Provides accurate and complete financial reports and plans to the Board for their review, revision, and approval. Establishes and monitors annual budget with exception reporting to the Board.

(Continued....)

(Pg 4 of 5-, GM Eval Procedure)

4.3. Leadership and Vision

Serves as the District's principal liaison with relevant governmental entities and directs Districts leadership role in statewide and community level activities. Serves as an advocate within the community for District services and strategies.

Develops and maintains key relationships that support the mission and vision of the District.

Sets a clear vision and direction for the District, aligned with the strategic plan.

Demonstrates strong leadership and communication skills.

5. Governance

~~Works with the Board to establish and maintain the highest ethical standards for the District.
Provides clear and timely information to the Board to inform and support its decisions.~~

6.4. Community Relations and Communications

Represents and promotes the interests and the image of the District to the government at all levels, to the local community, constituents, customers, and the public at large.

7. Stewardship and Managing Resources

~~Demonstrates accountability and sound judgment in managing District resources openly and effectively. Demonstrates appropriate understanding of confidentiality, and adheres to policies, procedures, safety guidelines, and District values.~~

8. Problem Solving

~~Identifies problems, involves others in seeking solutions, conducts appropriate analyses, searches for best solutions; responds quickly to new challenges.~~

9. Decision Making

~~Makes clear, consistent, transparent decisions; acts with integrity in all decision-making; distinguishes relevant from irrelevant information and makes timely decisions.~~

10. Communication

~~Connects with peers, subordinates, and customers, actively listens, clearly and effectively shares information, demonstrates effective oral and written communication skills, negotiates effectively.~~

Additional Questions

11.5. _____ Where does the General Manager provide the most value to the District?

12.6. _____ In what areas can the General Manager become more effective in operating the District and implementing the Strategic Plan? Please be specific.

13.7. _____ (Optional) Suggestions for performance goals in the next review period.

(Continued....)

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

**General Manager Self-Evaluation
for
[insert name]
[insert evaluation period]**

Goal Accomplishments and Contributions

Please identify any achievements or contributions for the evaluation period. Note any major accomplishments you believe should be recognized and identify specific development goals for the coming year.

1. Progress:

How did you advance on goals identified for this reporting period? How has your job changed during the past year? What have been the most significant challenges for you during the past year?

2. Accomplishments:

What did you accomplish this year above and beyond what is reported in the Strategic Plan Progress report? What do you believe have been your most significant achievements during the past year? What professional development activities did you undertake?

3. Looking Forward:

What would you have liked to accomplish that you did not and why? What are your expectations for this job during the next year?

4. Performance Support:

Comment on the Board's effectiveness in providing guidance and giving feedback. Provide suggestions for improvement.

5. Next Term Goals:

Identify proposed performance goals for the next review period.

Policy #24-__

of the

Mendocino County Russian River Flood Control & Water Conservation Improvement District

Enabling the General Manager to Sign Contracts and Enter Into Agreements on the District's Behalf

WHEREAS, the General Manager of the Mendocino County Russian River Flood Control & Water Conservation Improvement District has been duly appointed by the Board of Trustees to carry out the executive functions of the District; and

WHEREAS, the executive functions of the agency include all employment decisions regarding staff other than the General Manager, decisions to enter into contracts to the benefit of the agency such as grant agreements and contracts for services to be performed by the District; as well as all agreements to allow for the smooth operation of the agency, such as leases, utilities, and purchases of goods and services pursuant to the current purchasing policy authorized by the Board of Trustees; and

WHEREAS, certain granting or funding agencies or organizations, or other individuals or entities, at times require a specific grant of authority from the board to the General Manager granting signature authority before entering into agreements with the District;

THEREFORE, it is the policy of the District Board of Trustees, from date of enactment until changed, amended, or cancelled, as follows:

The General Manager of the Mendocino County Russian River Flood Control & Water Conservation Improvement District is granted authority to sign and enter into agreements on behalf of the District that (1) request and receive grant funding or enter into "fee for service contracts" without incurring debt or the expenditure of any District funds otherwise requiring Board Approval, (2) are authorized by the General Manager under the District's purchasing policy, and/or (3) have otherwise been authorized by the Board of Trustees.

PASSED AND ADOPTED by the Board of Trustees of the Mendocino County Russian River Flood Control & Water Conservation Improvement District of the State of California on March 4, 2024 by the following vote:

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

Signed: _____

Christopher Watt, Board of Trustees President

Date

Attest: _____

Elizabeth Salomone, General Manager

Date

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

General Manager's Report for February 2024

Presented at Regular Meeting of Monday, March 4, 2024

Priority 1: Security ~ Ensure reliable, resilient, and available sources of water.

(1: Improved river & reservoir operations. 2: Fair & reliable inter-basin. 3: Expanded water sources. 4: Increased storage capacity)

1- River & Reservoir Operations: PG&E submitted the 2024 Flow Variance Request to FERC and a notice for public comment before considering approval of the request. See Agenda Item 8 for more information.

1-Water Sharing Program: The Working Group began the 2024 series of meetings. Consensus was not to finalize the program for 2024, mostly because it would be too challenging to convince potential participants of the need, especially the senior water right holders needed to provide water. All present supported moving forward to develop the adaptations needed for the future.

2-Eel Russian Project Authority (ERPA) and the Trans Basin Diversion Future: The ERPA Board met on January 31st and ERPA representatives met with PG&E the following day. PG&E shared it has reviewed the proposal provided by the Project Proponents determining there are aspects of the proposal which do not align with PG&E's goal of completing the decommissioning of the Potter Valley Project within the schedule approved by FERC. Therefore, the proponent's request to construct the new Eel-Russian facility under FERC's jurisdiction will not be included in PG&E's Final Draft Surrender Application and Decommissioning Plan. PG&E is encouraged to see broad stakeholder support of the proposal and supports completion of the new facility in a separate but parallel path to PG&E's decommissioning. To facilitate that path, PG&E will include those portions of the proposal that will not otherwise delay dam removal and will continue to engage with the proponents on a solution which addresses both parties' goals. ERPA representatives believe a path forward for continued diversions still exists and the work continues. PG&E stated it will support and facilitate that work where it can and remains committed to continue working together. North Coast U.S. Rep. Jared Huffman is not dismayed, emphasizing his commitment to a Two Basin Solution and that continued diversion is not dependent on partnership with PG&E. www.eelrussianauthority.org.

Priority 2: Collaboration ~ Work with partners to achieve aligned goals for a common benefit.

(1: Trusted relationships with community partners for regional water security. 2: Improved diversity, equity, and inclusion in the stewardship of water resources. 3: Expanded relationships with non-traditional partners and stakeholders in pursuit of enhanced Environmental Stewardship.)

1-Groundwater Sustainability Agency (GSA) Board Meeting (2/13/24): Rate & Fee Study consultants provided feedback on the public workshop. An extensive presentation and discussion were held on the proposed rate and fee process. This did not include the actual cost basis (budget) which will be addressed at the next Board meeting. Details can be found in the presentation on the GSA website & recording available on YouTube. The Board passed a policy on social media use by Board members.

1-Ukiah Valley Water Supplier Proposed Consolidation: This City of Ukiah, Redwood Valley Water District, and Millview Water District formed the Ukiah Valley Water Authority, a new joint powers authority to manage water throughout the Ukiah Valley.

3-Expanded Relationships: Upon invitation, GM presented at the Russian River Property Owners Annual Meeting in Sonoma County, made up primarily of Alexander Valley landowning farmers, and shared about the formation, governance, and operations of the District as well as fielding questions on short and long term water supply, water rights, and water rates.

(Continued...)

Priority 3: Advocacy ~ Influence outreach, education, funding, regulation, and legislation in support of equitable water resource stewardship.

(1: Improved public awareness and understanding of the importance of water issues. 2: State and Federal governmental policy and funding support for the region.)

2-Legislative Representation: A State Assembly candidate forum was held in Ukiah in February, hosted by Mendocino Women's Political Coalition (MWPC) who noted the recording will be available on its website. The first question to candidates was regarding the future of the trans basin diversion (Potter Valley Project.)

Priority 4: Use ~ Ensure effective and beneficial use of water as a public resource.

(1: Maximum beneficial use of water under District water right license. 2: Strategic use of water by customers.)

1-Change Petition: A pre-petition proposal was submitted to the State Water Resources Control Board, as requested. Mapping work and information gathering from customers continues.

1-District License: The Alternative Compliance Plan for the Water Measurement & Reporting Regulation, approved at the February Board meeting, was filed.

Priority 5: Administration ~ Foster sustainable leadership and management of agency resources.

(1: Capable and high quality executive leadership. 2: Engaged, diverse, and knowledgeable Board leadership. 3: Effective systems and human resources to execute the strategic plan. 4: Sound and sustainable management of District finances.)

1-Executive Leadership: GM attended the following meetings/webinars: (1) CA Natural Resource Agency webinar: **Saving Salmon: State Actions Needed to Recover Salmon Populations in California** (unpacking the just-released California Salmon Strategy for a Hotter, Drier Future: Restoring Aquatic Ecosystems in the Age of Climate Change.) (2) Groundwater Accounting Platform presentation. (3) Ethics AB 1234 Compliance Training. (4) ACWA SGMA Implementation Subcommittee, State Legislative Committee, Region 1 Board Annual Business Meeting. (5) Mendocino County Planning & Health Depts stakeholder meeting. (6) Form 700 - A Guide to SEI Disclosure webinar. (7) State Assembly candidate forum in Ukiah. (8) Groundwater Resources Association annual conference: The Future of Water. (9) 2024 CA Water Law Symposium.

1-Human Resources: The GM Evaluation Ad Hoc committee met with the new HR Consultant and the process is now underway.

3-Metering: The Resource Conservation District continues to assist the District in meter maintenance and data collection/management.

4-Finances: The 2022-2023 Financial Audit is considered in another agenda item.

Community Meetings

Local Agency Formation Commission (LAFCo) (2/5/24): Nothing to note.

Upper Russian River Water Agency (URRWA) (2/7/24): Willow GM Walker provided the Board with an update on the negotiations between the Eel River Project Authority (ERPA) and PG&E. Walker gave a report on the most recent proposed consolidation meeting, noting the individual Boards and City Council have yet to formally voted to participate in the consolidation path. The next step would be to form a new Joint Powers Authority with the negotiating members called Ukiah Valley Water Authority (UVWA) which would be run by the City of Ukiah. Some discussion was held regarding the Ukiah Valley Groundwater Sustainability Agency rate & fee study process.

(Continued...)

Mendocino County Inland Water & Power Commission (2/8/24): Engineering Consultant Tom Johnson gave a detailed presentation on the possible Eel River diversion infrastructure. Legal Counsel Scott Shapiro provided an update on the recent PG&E meeting. City Staff Sean White introduced Alison MacLeod, who presented on outreach, stressing a unified message, and a draft document outlining suggested actions. A motion was passed to support ongoing feasibility study support for the raising of Coyote Valley Dam.

Hopland PUD (2/8/24): No one from the District attended.

Willow Water District (2/12/24): The Board received an update on the local proposal to PG&E for the decommissioning plan. GM Walker mentioned meetings with the Farm Bureau and CLSI to determine how much water will be needed through the diversion in the future. The Board received a report on the proposed consolidation; a revised draft is being reviewed by the participating Boards. Redwood Valley and Millview are voting next week on approving the formation of the JPA with the City of Ukiah. Calpella and Willow are currently declining to join JPA.

Redwood Valley Water District (1/18/24): The Board approved joining the Ukiah Valley Water Authority JPA and appointed Adam Gaska and Tom Schoneman to serve on the Water Executive Committee. An anonymous approval formed an Ad Hoc Committee to explore annexation of Redwood Valley into the Flood Control District with Bree Klotter and Ken Todd being appointed. Consultants proposed an additional phase of groundwater drilling at the Masonite site under the awarded DWR grant funding. The Board received updates on PG&E decommissioning, the Eel Russian Project Authority, Groundwater Sustainability Agency Rate & Fee Study, and approved a joint information letter with Inland Water & Power Commission.

Millview Water District (2/20/24): The main order of business was the approval of execution of Joint Powers Agreement with Redwood Valley and the City of Ukiah for the Ukiah Valley Water Authority. The Board appointed Jerry Cardoza and Tim Price to represent Millview CWD on the Water Executive Committee pursuant to the Ukiah Valley Water Authority (UVWA) JPA. Redwood Valley is anticipated to join when they meet. Calpella and Willow have chosen not to join at this time. There is a mechanism for new members should that change. During the discussion, the question of how this might affect rates came up. Recognition was given to the fact that taking steps to upgrade and improve facilities to provide long term water security will not be free.

City of Ukiah (2/21/24): The Council approved joining the Ukiah Valley Water Authority JPA and appointed Doug Crane and Juan Orosco to serve on the Water Executive Committee. The Council received an update on climate initiatives.

Calpella Water District (2/21/24): A public hearing was held for the adoption of the rate study.

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