

June 15, 2018
Sacramento, California

The Board of Trustees of the American River Flood Control District met in regular session in its office at 185 Commerce Circle, Sacramento, CA at 11:00 a.m. on Friday, June 15, 2018. In attendance were Trustee Holloway, Trustee Redway, Trustee Johns and Trustee Shah. Trustee Pavão was absent. Trustee Holloway presided. Also present from the District were General Manager (GM) Tim Kerr, Superintendent Ross Kawamura, Legal Counsel David Aladjem, Legal Counsel Julia Jenness and Office Manager Malane Chapman. Two members of the public were present.

Item No. 1 Public Comments on Non-Agenda Items: There were no comments on non-agenda items from members of the public.

Item No. 2 Approval of Consent Agenda Items: On a motion by Trustee Johns seconded by Trustee Redway, the Board unanimously approved Items 2a) Minutes of Regular Meeting on May 11, 2018, 2b) Approval of Report of Investment Transactions April 2018 (City Pool, LAIF, River City) and Treasurer's Certification, 2c) District Financial Reports: Statement of Operations (May 2018) and Cash Flow Report, 2d) Finance Committee Recommendation: Annual Review of Credit Card Policy, Reserve Fund Policy and Investment Policy and 2e) Correspondence: None.

Item No. 3 Accounts Payable and General Fund Expenses (May 2018): Trustee Redway requested clarification regarding payment to Home Depot. On a motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved payments on the Schedule of Accounts Payable (May 2018) of \$78,475.36 and General Fund Expenses of \$66,338.79 (total aggregate sum \$144,814.15).

Item No. 4 WSP Scope of Work – Assessment Services: Following explanations by staff and on a motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved this item with the condition that Staff work with WSP to get an end product report for both ARFCD and SAFCA.

Item No. 5 District Approach to Urban Camps on Levees: Following explanations by staff and on a motion by Trustee Johns seconded by Trustee Shah, the Board unanimously approved to provide funding in the budget for contracting on urban camp cleanup and directed staff to continue to work out the details of a Memorandum of Understanding (MoU) with other flood control stakeholders.

Item No. 6 Finance Committee Recommendations: a) District Budget FY 2018-19 and b) District 5-year Budget Projection: On a motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved the item. This item was heard out of order.

Item No. 7 Resolution 2018-05: Transfer of Funds from District Operations Fund to Retiree Health Benefit Reserve Funds: On a motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved the transfer of \$536,456 from District

Operations Fund into the Retiree Health Benefits Reserved Fund. This item was heard out of order.

At 11:46 a.m. the Trustees met in closed session with District Counsel Jenness and District Counsel Aladjem.

Item No. 8 Closed Session: Conference with Legal Counsel – Personnel: Government Code 54957 – FY 2018-19 Salary and Benefit Adjustments for District Staff: No reportable action was taken.

Item No. 9 Closed Session: Conference with Legal Counsel – Personnel: Government Code 54957 – General Manager’s Annual Performance Evaluation: No reportable action was taken.

The Trustees returned to open session at 12:55 p.m. On a motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved a 3.3% merit increase, continuation of 457 contributions and longevity bonus for General Manager Kerr. On a subsequent motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved a 5% retroactive merit increase for employee E. Diaz for FY 2017-18, a 5% merit increase for employees Chapman and Kawamura, a 3% merit increase for employee Robles, a 3.3% cost-of-living adjustment (COLA) for District Staff (exclusive of the General Manager), continuation of 457 contributions and longevity bonuses as described in the employee handbook.

Item No. 10 Board Adoption of District Pay Ranges: On a motion by Trustee Shah seconded by Trustee Johns, the Board unanimously approved the District Pay Ranges for all District positions.

Item 11 Administrative Staff Reports:

a) *General Manager Tim Kerr reported on the following:*

- General Manager’s May Meeting Summary: CA Central Valley Flood Protection Board Coordination Committee meeting was discussed;
- La Riviera Staging Area: New fencing has been installed;
- Deferred Maintenance Project Update;
- Hydrologic Conditions: Folsom Lake is 94% full, with an outflow of 3,618 cfs and the gauge at the I Street Bridge shows 6 1/2 feet above sea level;
- Next Board Meeting: July 13, 2018.

b) *Legal Counsel David Aladjem reported that Legal Counsel Shapiro is still working on the OMRR&R.*

c) *Office Manager Malane Chapman had nothing further to report.*

Item No. 12 Operations and Maintenance Staff Reports:

a) *Superintendent Ross Kawamura reported on:*

- Crew activities including mowing, slope repair and equipment repair.

Item No. 13 Questions and Comments by Trustees: There were no questions or comments by Trustees.

Item No. 14 Adjourn: There being no further business requiring action by the Board, the meeting was adjourned by Trustee Holloway at 1:21 p.m.

Attest:

Secretary

President

DRAFT

**American River Flood Control District
Staff Report**

Investment Transactions Summary; May 2018

LAIF:

- There were no transactions in this account during the month of May.

City Pool A

- Accrued Interest Receivable for the month of May was \$13,018.94.
- As of May 31, 2018, the balance of Interest Receivable in this account was \$116,183.21.

Interest Receivable is accrued and transferred to the Cash Balance at the discretion of the City.

River City Bank:

- Total amount of Accounts Payable cleared during the month of May was \$130,637.95.
- On May 18, 2018 a deposit was received from Sacramento County for the FY 2017-18 Assessment in the amount of \$498,751.68.
- On May 31, 2018 a monthly interest payment was deposited in the amount of \$87.66.

**American River Flood Control District
Investment Transaction Report
May 2018**

Item 2b

Balance and Transactions

Account		LAIF	City Pool A	River City Bank
Beginning Balance	5/1/18	\$442,830.44	\$7,267,268.07	\$864,753.67
Transactions				
River City Bank Deposit	5/18/18			498,736.68
City Pool A Interest	5/31/18		13,018.94	
River City Bank Interest	5/31/18			87.66
Accounts Payable (cleared)				(130,637.95)
Ending Balance:	5/31/18	\$442,830.44	\$7,267,268.07	\$1,232,940.06

**City Pool A Interest is accrued and deposited in the account at the discretion of the City.

Interest

Date:	June 2017	July 2017	Aug 2017	Sep 2017
LAIF	0.98	1.05	1.08	1.11
City Pool A	1.55	1.50	1.61	1.70
River City Bank	0.20	0.08	0.08	0.08
Date:	Oct 2017	Nov 2017	Dec 2017	Jan 2018
LAIF	1.14	1.17	1.24	1.35
City Pool A	1.66	1.46	1.71	1.65
River City Bank	0.08	0.08	0.08	0.08
Date:	Feb 2018	Mar 2018	Apr 2018	May 2018
LAIF	1.41	1.52	1.66	1.73
City Pool A	2.01	1.71	1.97	2.08
River City Bank	0.08	0.08	0.08	0.1

**American River
Flood Control
District**

AMERICAN RIVER FLOOD CONTROL DISTRICT

MONTHLY REVIEW – MAY 2018

STRATEGY

The ARFCD funds are invested in the City of Sacramento’s Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City’s investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City’s investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

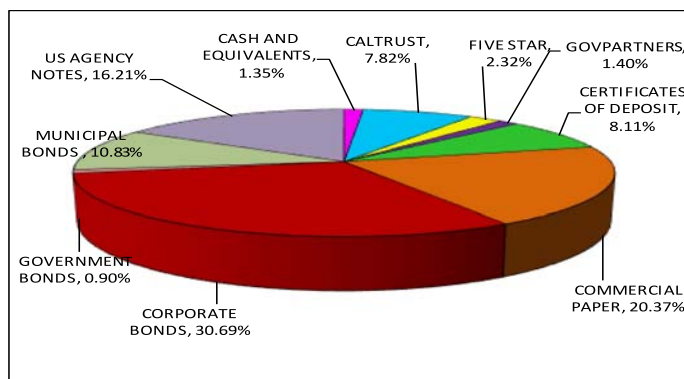
PORTFOLIO STATISTICS

Portfolio’s Beginning Balance	7,370,432
Contributions	0
Withdrawals	0
Interest Earned	13,019
Month-End Market Value	7,383,451

PERFORMANCE

Earned Interest Yield for the Month	2.08%
Laif Rate of Return (book value)	1.73%
90 Day T-Bill	1.83%
Federal Funds	1.69%

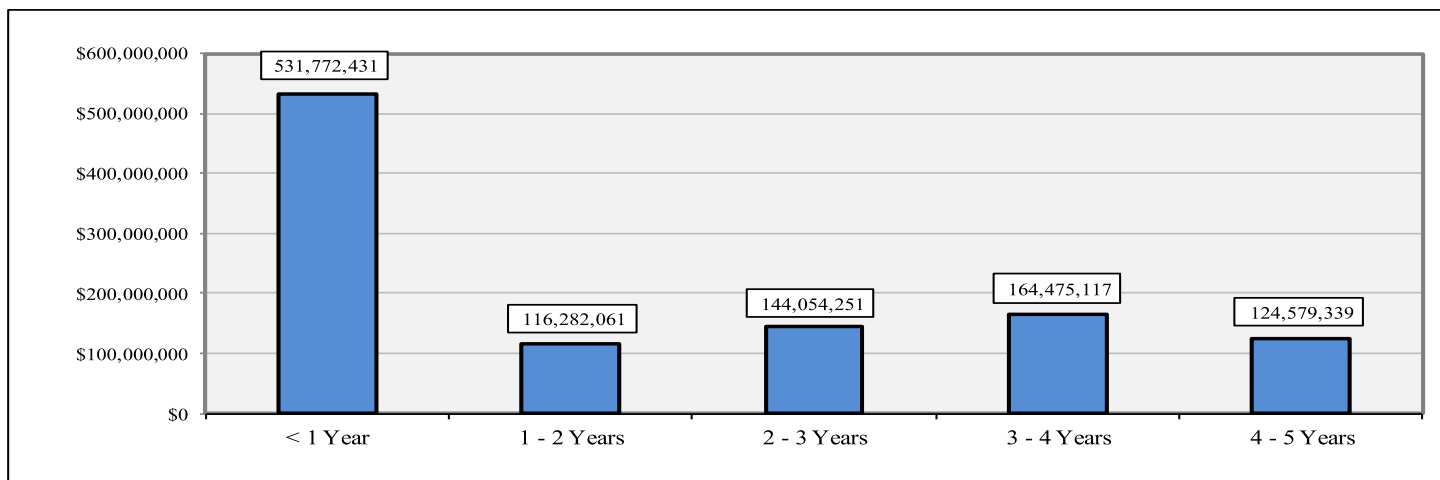
POOL A BY ASSET CLASS



POOL A MATURITY SCHEDULE

Maturity	Market Value	%
< 1 Year	531,772,431	49.19%
1 - 2 Years	116,282,061	10.76%
2 - 3 Years	144,054,251	13.32%
3 - 4 Years	164,475,117	15.21%
4 - 5 Years	124,579,339	11.52%
Total	1,081,163,199	100.00%

Investment Description	Portfolio at Cost	Yield at Month End
CASH AND EQUIVALENTS	1.35%	1.12%
CALTRUST	7.82%	1.89%
FIVE STAR	2.32%	1.75%
GOVPARTNERS	1.40%	1.69%
CERTIFICATES OF DEPOSIT	8.11%	2.14%
COMMERCIAL PAPER	20.37%	1.99%
CORPORATE BONDS	30.69%	2.21%
GOVERNMENT BONDS	0.90%	1.90%
MUNICIPAL BONDS	10.83%	1.99%
US AGENCY NOTES	16.21%	2.03%



City of Sacramento
 CASH LEDGER
American River Flood Control District
From 05-01-18 To 05-31-18

Item 2b

All Cash Accounts

Trade Date	Settle Date	Tran Code	Quantity	Security	Amount	Cash Balance
Pool A Interest Receivable						
05-01-18				Beginning Balance		103,164.27
05-31-18	05-31-18	in		Pool A Cash	13,018.94	116,183.21
				May 2018 estimated Pool A interest	13,018.94	
05-31-18				Ending Balance		116,183.21
Pool A Cash						
05-01-18				Beginning Balance		7,267,268.07
05-31-18				Ending Balance		7,267,268.07

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp

June 04, 2018

AMERICAN RIVER FLOOD CONTROL DISTRICT

DISTRICT ENGINEER/MANAGER
165 COMMERCE CIRCLE, SUITE D
SACRAMENTO, CA 95815

PMIA Average Monthly Yields

Account Number:
90-34-002

Tran Type Definitions

May 2018 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	442,830.44
Total Withdrawal:	0.00	Ending Balance:	442,830.44



River City Bank

WWW.RIVERCITYBANK.COM
PO Box 15247, Sacramento, CA 95851-0247
Return Service Requested

Item 2b



Last statement: April 30, 2018
This statement: May 31, 2018
Total days in statement period: 31

AMERICAN RIVER FLOOD CONTROL DISTRICT
C/O ROBERT MERRITT, CPA
4000 MAGNOLIA HILLS DR
EL DORADO HILLS CA 95762-6561

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0811100952
(0)

Direct inquiries to:
916-567-2836

Public Fund Interest Checking

Account number	0811100952	Beginning balance	\$864,753.67
Low balance	\$818,174.85	Total additions	498,825.46
Average balance	\$1,043,177.96	Total subtractions	130,639.07
Avg collected balance	\$1,043,177	Ending balance	\$1,232,940.06

DEBITS

Date	Description	Subtractions
05-01	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	2,216.91
05-02	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	179.70
05-04	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	9,252.01
05-07	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	150.00
05-09	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	2.95
05-10	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	1,743.75
05-14	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	25.55

AMERICAN RIVER FLOOD CONTROL DISTRICT
May 31, 2018

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Date	Description	Subtractions
05-15	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	26,754.40
05-16	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	6,254.67
05-21	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	3,446.63
05-22	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	42,050.45
05-23	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	1,504.38
05-24	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	1,358.06
05-29	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	946.23
05-30	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	68.23
05-31	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0736	34,685.15

CREDITS

Date	Description	Additions
05-03	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0736	1.12
05-18	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0736	498,736.68
05-31	' Interest Credit	87.66

DAILY BALANCES

Date	Amount	Date	Amount	Date	Amount
04-30	864,753.67	05-09	852,953.22	05-21	1,313,464.90
05-01	862,536.76	05-10	851,209.47	05-22	1,271,414.45
05-02	862,357.06	05-14	851,183.92	05-23	1,269,910.07
05-03	862,358.18	05-15	824,429.52	05-24	1,268,552.01
05-04	853,106.17	05-16	818,174.85	05-29	1,267,605.78
05-07	852,956.17	05-18	1,316,911.53	05-30	1,267,537.55

AMERICAN RIVER FLOOD CONTROL DISTRICT
 May 31, 2018

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 0811100952

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
05-31	1,232,940.06				

INTEREST INFORMATION

Annual percentage yield earned	0.10%
Interest-bearing days	31
Average balance for APY	\$1,043,177.96
Interest earned	\$87.66

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00



River City Bank

WWW.RIVERCITYBANK.COM

PO Box 15247, Sacramento, CA 95851-0247

Return Service Requested

Item 2b



Last statement: April 30, 2018
This statement: May 31, 2018
Total days in statement period: 31

AMERICAN RIVER FLOOD CONTROL DISTRICT
C/O ROBERT MERRITT, CPA
4000 MAGNOLIA HILLS DR
EL DORADO HILLS CA 95762-6561

Page 1
0811090736
(41)

Direct inquiries to:
916-567-2836

Public Fund Interest Checking

Account number	0811090736	Beginning balance	\$-1.12
Enclosures	41	Total additions	629,391.87
Low balance	\$0.00	Total subtractions	629,391.59
Average balance	\$0.00	Ending balance	\$-.84
Avg collected balance	\$0		

CHECKS

Number	Date	Amount	Number	Date	Amount
6361	05-01	215.79	6421	05-23	65.57
6364 *	05-01	2,000.00	6422	05-22	2,918.30
6379 *	05-02	179.70	6423	05-21	416.03
6389 *	05-04	58.85	6424	05-21	2,431.50
6402 *	05-10	1,743.75	6425	05-22	35.00
6403	05-14	25.55	6426	05-23	23.82
6404	05-23	82.01	6427	05-16	137.88
6405	05-22	26,639.81	6428	05-22	1,350.00
6408 *	05-23	711.27	6429	05-22	587.30
6409	05-21	107.74	6430	05-24	257.64
6410	05-21	350.00	6431	05-29	543.42
6411	05-22	1,568.00	6432	05-22	817.71
6413 *	05-21	28.13	6433	05-23	621.71
6414	05-30	68.23	6434	05-22	829.69
6415	05-22	92.00	6435	05-29	200.00
6416	05-21	113.23	6436	05-24	1,100.42
6417	05-22	2,214.00	6437	05-22	445.92
6418	05-29	202.81	6438	05-22	211.46
6419	05-22	2,498.25	6439	05-22	384.99
6420	05-22	1,458.02			

* Skip in check sequence

AMERICAN RIVER FLOOD CONTROL DISTRICT
May 31, 2018

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0811090736

DEBITS

Date	Description	Subtractions
05-03	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0952	1.12
05-04	' ACH Withdrawal CALPERS 3100 100000015225290	979.24
05-04	' ACH Withdrawal CALPERS 1900 100000015283363	2,248.96
05-04	' ACH Withdrawal CALPERS 3100 100000015225254	2,738.59
05-04	' ACH Withdrawal CALPERS 1900 100000015280779	3,226.37
05-07	' ACH Withdrawal HEALTHEQUITY INC HealthEqui 180507	150.00
05-09	' ACH Withdrawal HEALTHEQUITY INC HealthEqui 180509	2.95
05-15	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 180515 946000047	428.90
05-15	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 180515 946000047	26,325.50
05-16	' ACH Withdrawal HEALTHEQUITY INC HealthEqui 180516	150.00
05-16	' ACH Withdrawal CALPERS 3100 100000015259594	979.24
05-16	' ACH Withdrawal CALPERS 1900 100000015300746	2,248.96
05-16	' ACH Withdrawal CALPERS 3100 100000015259546	2,738.59
05-18	Incoming Wire Fee 201805180033426 COUNTY OF SACRAMENSACRAMENTO CA 958 PROPERTY TAX DISTR	15.00
05-18	' Automatic Transfer TRANSFER TO DEPOSIT SYSTEM ACCOUNT XXXXXX0952	498,736.68
05-31	' ACH Withdrawal HEALTHEQUITY INC HealthEqui 180531	150.00
05-31	' ACH Withdrawal CALPERS 3100 100000015259613	1,068.26
05-31	' ACH Withdrawal CALPERS 3100 100000015259566	2,890.51
05-31	' ACH Withdrawal CALPERS 1900 100000015311280	2,282.95

AMERICAN RIVER FLOOD CONTROL DISTRICT
May 31, 2018

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0811090736

Date	Description	Subtractions
05-31	' ACH Withdrawal INTUIT PAYROLL S QUICKBOOKS 180531 946000047	28,293.43
05-31	' Service Charge ADDITIONAL DEBITS	0.84

CREDITS

Date	Description	Additions
05-01	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	2,216.91
05-02	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	179.70
05-03	' Credit Memo REV EXCESSIVE DEBIT FEE	1.12
05-04	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	9,252.01
05-07	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	150.00
05-09	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	2.95
05-10	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	1,743.75
05-14	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	25.55
05-15	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	26,754.40
05-16	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	6,254.67
05-18	Incoming Wire 201805180033426 COUNTY OF SACRAMENSACRAMENTO CA 958 PROPERTY TAX DISTR	498,751.68
05-21	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	3,446.63
05-22	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	42,050.45

AMERICAN RIVER FLOOD CONTROL DISTRICT
May 31, 2018

Date	Description	Additions
05-23	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	1,504.38
05-24	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	1,358.06
05-29	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	946.23
05-30	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	68.23
05-31	' Automatic Transfer TRANSFER FROM DEPOSIT SYSTEM ACCOUNT XXXXXX0952	34,685.15

DAILY BALANCES

Date	Amount	Date	Amount	Date	Amount
04-30	-1.12	05-10	0.00	05-23	0.00
05-01	0.00	05-14	0.00	05-24	0.00
05-02	0.00	05-15	0.00	05-29	0.00
05-03	0.00	05-16	0.00	05-30	0.00
05-04	0.00	05-18	0.00	05-31	-0.84
05-07	0.00	05-21	0.00		
05-09	0.00	05-22	0.00		

INTEREST INFORMATION

Annual percentage yield earned	0.00%
Interest-bearing days	31
Average balance for APY	\$0.00
Interest earned	\$0.00

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00

CERTIFICATION

The American River Flood Control District's investment portfolio [] is [is not] in compliance with the District's Financial Management Investments Plan.

The District's investment portfolio is not in compliance in the following respects:

A cash flow analysis confirms that the District [is] [is not] expected to be able to meet its expenditure requirements for the next six months.

The District's cash is insufficient to meet obligations for the next six months as a result of the following:

Attached hereto are the most recent statements of accounts of the following District accounts:

- LAIF Account, State Treasurer's Office **Dated May 2018**
- Investment Pool A Account, City of Sacramento **Dated May 2018**
- District Checking Account, River City Bank **Dated May 2018**
- District Repurchase Account, River City Bank **Dated May 2018**

Certified by: _____ Date: _____
Cyril Shah, District Treasurer

American River Flood Control District
Statement of Operations
July 1, 2017 to June 30, 2018 (Twelve Months Ending of Fiscal Year 2017-2018)
For Internal Use Only

	Year to Date July 1, 2017 to June 30, 2018	Budget	Percent of Budget
Revenues			
Benefit assessment	\$ 1,287,126	\$ 1,385,000	92.93%
Consolidated capital assessment	-	650,000	0.00%
Interest	122,678	75,000	163.57%
O & M agreements	-	225,000	0.00%
Miscellaneous	3,658	3,500	104.51%
Total Revenues	<u>1,413,462</u>	<u>2,338,500</u>	60.44%
M & O Expenses			
Salaries and wages	624,687	664,645	93.99%
Payroll tax expense	46,020	53,172	86.55%
Pension expense	118,276	124,602	94.92%
Compensation insurance	19,835	33,232	59.69%
Medical/dental/vision	168,671	189,474	89.02%
Fuel/oil reimbursement	21,593	30,000	71.98%
Equipment rental	28,347	6,500	436.11%
Equipment repairs/parts	36,760	40,000	91.90%
Equipment purchases (< \$5,000)	-	5,000	0.00%
Shop supplies	16,326	12,000	136.05%
Levee maint. (supp. & material)	6,735	17,000	39.62%
Levee maint. chemicals	14,858	20,000	74.29%
Levee maint. services	59,226	34,000	174.19%
Rodent abatement (supplies & materials)	7,996	10,000	79.96%
Employee uniforms	1,834	5,000	36.68%
Staff training	5,466	15,000	36.44%
Miscellaneous	712	2,000	35.60%
Small tools & equipment	1,561	3,000	52.03%
Emergency preparedness program	6,907	20,000	34.54%
Engineering services	15,372	8,000	192.15%
Encroachment remediation	-	15,000	0.00%
Total M & O Expenses	<u>1,201,182</u>	<u>1,307,625</u>	91.86%
Administration Expenses			
Board of trustees compensation	6,030	7,900	76.33%
Trustee expenses	1,365	1,750	78.00%
Accounting services	13,310	15,000	88.73%
Legal services (general)	19,128	50,000	38.26%
Utilities	29,459	25,000	117.84%
Telephone	16,106	12,500	128.85%
Retiree benefits	136,126	135,270	100.63%
Office equipment/furniture	-	10,000	0.00%
Office supplies	916	2,000	45.80%
Auto allowance	7,085	7,100	99.79%
Parking reimbursement	96	150	64.00%
General office expense	9,747	13,000	74.98%
Technology and software	6,094	17,000	35.85%
Dues and associations	21,124	25,000	84.50%
Property and liability insurance	6,318	30,000	21.06%
Conference/workshop/seminar	-	1,500	0.00%
Public relations/information	22,962	35,000	65.61%
Miscellaneous	8,189	5,000	163.78%
Employee morale/wellness	1,047	1,500	69.80%
Investment fees	7,282	13,000	56.02%
Community services	1,000	1,500	66.67%
Bookkeeping services	8,269	12,000	68.91%
Property taxes	1,660	3,000	55.33%
Building maintenance	3,923	17,000	23.08%
County Dtech fees for DLMS	37,904	60,477	62.68%
County assessment fees	1,061	21,000	5.05%
Interest expense	496	-	Not budgeted
Total Administration Expenses	<u>366,697</u>	<u>522,647</u>	70.16%
Special Projects Expenses			
Engineering studies/survey studies	-	15,000	0.00%
Levee standards compliance	11,173	100,000	11.17%
Small capital projects	8,610	50,000	17.22%
Total Special Project Expenses	<u>19,783</u>	<u>165,000</u>	11.99%
Capital Outlay			
Equipment purchases (over \$5,000)	76,108	50,000	152.22%
Total Capital Outlay	<u>76,108</u>	<u>50,000</u>	
Capital Outlay: District Headquarters Build-Out			
Building improvements/maintenance	-	20,000	0.00%
La Riviera improvements/maintenance	2,848	30,000	9.49%
	<u>2,848</u>	<u>50,000</u>	

Note: Amounts above are not audited

The above information is current through the last day of the previous month's bank activity.

Data has been verified by the bookkeeper and physical copies of checks have not been reviewed or received and some checks may not have cleared the bank account.

AMERICAN RIVER FLOOD CONTROL DISTRICT
Cash Flow Report
July 2017 through June 2018

Special Projects Expenses	Jul 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	TOTAL
702 - Engineering/Survey Studies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
703 - Encroachment Remediation &	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
704 - Vegetation Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
705 - Small Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
707 - Levee Standards Compliance	0.00	7,593.18	0.00	1,118.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,711.98
Total Special Projects	0.00	7,593.18	0.00	1,118.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,711.98

Capital Outlay: Flood Control	Jul 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	TOTAL
700 - Bank Protection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
701 - Maggie Creek	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
706 - Property Acquisition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
709 - Equipment Purchase (> \$500)	0.00	0.00	0.00	0.00	10,105.20	1,068.25	0.00	0.00	0.00	0.00	0.00	0.00	11,173.45
Total Capital Outlay: Flood Control	0.00	0.00	0.00	0.00	10,105.20	1,068.25	0.00	0.00	0.00	0.00	0.00	0.00	11,173.45

Income	Jul 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	TOTAL
120 - Benefit Assessment	0.00	40,376.68	0.00	0.00	0.00	32,307.85	788,621.15	0.00	0.00	0.00	498,736.68	0.00	1,360,042.36
122 - SAFCA CAD4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
123 - Interest	1,807.07	48.24	36.23	2,091.19	17.48	37.10	2,004.30	72.50	71.91	1,703.52	87.66	0.00	7,977.20
124 - O&M Agreements	0.00	0.00	0.00	0.00	0.00	245,528.40	0.00	0.00	0.00	0.00	0.00	0.00	245,528.40
126 - Miscellaneous Income	0.00	0.00	0.00	3,657.50	0.00	0.00	0.00	0.00	0.00	23,093.22	0.00	0.00	26,750.72
Total Income	1,807.07	40,424.92	36.23	5,748.69	17.48	277,873.35	790,625.45	72.50	71.91	24,796.74	498,824.34	0.00	1,640,298.68

Fund Balance

District Operations Fund	Jul 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18
Beginning Balance	2,294,495.71	1,165,418.06	1,066,072.33	941,575.27	786,344.90	636,052.50	756,781.95	1,430,545.18	1,302,927.42	1,175,502.26	1,068,583.89	1,442,555.59
Income	1,807.07	40,424.92	36.23	5,748.69	17.48	277,873.35	790,625.45	72.50	71.91	24,796.74	498,824.34	0.00
Expenses	1,130,884.72	139,770.65	124,533.29	160,979.06	150,309.88	157,143.90	116,862.22	127,690.26	127,497.07	131,715.11	124,852.64	124,226.98
Ending Balance	1,165,418.06	1,066,072.33	941,575.27	786,344.90	636,052.50	756,781.95	1,430,545.18	1,302,927.42	1,175,502.26	1,068,583.89	1,442,555.59	1,318,328.61

Capital Outlay Reserve Fund	Jul 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18
Beginning Balance	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00	1,065,000.00

Retiree Health Benefit Reserve Fund	Jul 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18
Beginning Balance	1,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00
Income	1,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00	2,443,558.00

Flood Emergency Response Reserve Fund	Jul 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18
Beginning Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00

Emergency Repair Reserve Fund	Jul 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18
Beginning Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Balance	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00

Total Balance	7,673,976.06	7,574,630.33	7,450,133.27	7,294,902.90	7,144,610.50	7,265,339.95	7,939,103.18	7,811,485.42	7,684,060.26	7,577,141.89	7,951,113.59	7,826,886.61
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550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

June 2, 2018

Board of Directors
American River Flood Control District
165 Commerce Circle, Suite D
Sacramento, California 95815

We are pleased to confirm our understanding of the services we are to provide for American River Flood Control District (District) for the year ended June 30, 2018. We will audit the financial statements of the governmental activities and the aggregate remaining fund information, which comprise the District's basic financial statements as of and for the year June 30, 2018. Accounting standard generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budget and Actual Comparison
3. Schedule of District's Proportionate Share of the Net Pension Liability and Schedule of Contributions to the Pension Plan
4. Schedule of Changes in Net other Postemployment Benefits Liability and Related Ratios
5. Schedule of Contributions – OPEB
6. Schedule of Investment Returns - OPEB

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and will include tests of accounting records, and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis of matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits or are unable to form or have not formed opinions, we may decline to express an opinion or to issue a report as a result of this engagement.

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

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be

required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District and the respective changes in financial position and cash flows, where applicable, in conformity with the U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us, including any significant vendor relationships in which the vendor has the responsibility for program compliance. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud, or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud, or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting

principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the periods covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain other assets and liabilities by

correspondence with selected funding sources and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will request certain written representations from you about the financial statements and related matters.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of the design of the entity and its environment, including internal control, sufficient to assess the results of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will communicate to management and those charged with governance on internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration and Other

Ingrid Sheipline is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign the report.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service

provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will request certain written representations from management about the financial statements and related matters. Because of the importance of oral and written management representations to an effective audit, the District releases and indemnifies Richardson & Company, LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any active negligence on the part of the District.

The audit documentation for this engagement is the property of Richardson & Company, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the California State Board of Accountancy or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. The firm will also make available its workpapers and respond to all reasonable inquiries of successor auditors and others to review workpapers of the District, upon the District's written request or consent. If requested, access to such audit documentation will be provided under the supervision of Richardson & Company, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. All professional and administrative services and expenses relating to such access will be charged as an additional expense to the District at the rates listed in the Professional Fees section of this letter. The workpapers for this or any engagement for you will be retained for a minimum of seven years after the date the auditor's report is issued, or longer if required by generally accepted auditing standards.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our workpapers or our personnel to respond to inquiries or serve as witnesses with respect to this or any engagement for you, you will, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, in responding to such a request. If such a request is made, and unless we are obligated by law or legal process to the contrary, we will inform you prior to providing such access.

If the District intends to publish or otherwise reproduce in any document our report on the District's financial statements, or otherwise make reference to our Firm in a document that contains other information in addition to the audited financial statements (e.g., in a debt offering circular for example), the District agrees that prior to making any such use of our report, or reference to our Firm, management will provide us with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of our report, or the reference to our Firm, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our report in any such document would constitute the reissuance of our report and any request by the District to reissue our report or to consent to its inclusion or

incorporation by reference in an offering or other document will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request to make use of our report, or reference to our Firm; fees for such services would be based upon the rates for additional services as described in the Professional Fees section.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, if applicable, you understand that electronic sites are a means to distributed information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Our Firm, as well as all other accounting firms with a significant audit practice, participates in a “peer review” program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our current peer review report accompanies this letter.

Professional Fees

Our fee for audit services for the year ended June 30, 2018 will be \$11,850. We will also provide assistance with performing the calculations to allocate the CalPERS pension amounts to the District and prepare the information for the footnote disclosures. We estimate that our fee for this services would not exceed \$800. In addition, we will provide assistance in developing the journal entry to record the OPEB liability and prepare the footnote disclosure to comply with GASB 75. We estimate the fee for this service would not exceed \$900.

These fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit and include out-of-pocket expenses for items including clerical support, computer charges, supplies, telephone charges, printing and travel. There will be no additional charges to the District related to these items. Our fee is all inclusive and represents a not to exceed amount.

These estimates do not take into consideration changes in the scope of the audit due to changes in accounting or auditing pronouncements and standards, laws or regulations, the loss of key accounting personnel, material weaknesses in the internal control environment, or significant changes in the scope of the District’s operations. We will discuss a new fee estimate with the District if such an event occurs.

American River Flood Control District
 June 2, 2018
 Page 8 of 9

Additional Services: The fee for additional services provided under this engagement letter or otherwise requested by the District, if any, will be based on a rate per hour by staff classification as follows:

Classification	Rate Per Hour
Principal/Audit Director	\$ 160
Senior Manager	130
Managers	120
Supervisors	110
Seniors	100
Semi-Senior	90
Staff	80
Administrative/Clerical	50

If any provision in this letter is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

In the event of any dispute between the parties, the parties agree first to submit any such dispute to mediation before a mutually agreeable retired judge or attorney with at least five years of experience as a mediator, with the parties to share equally in the costs of such mediation. If the mediation does not resolve the dispute and the dispute relates to unpaid fees only, then the parties agree to submit such fee dispute to binding arbitration before a mutually agreeable arbitrator of at least five years' experience and in accordance with the provisions of Code of Civil Procedure 1280 to 1294.2. In all other disputes where mediation fails, either party may file an action in the Sacramento County Superior Court. The prevailing party in any such action will be entitled to its reasonable attorney's and expert witness fees and litigation costs.

* * * * *

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

RICHARDSON & COMPANY, LLP



Ingrid M. Sheipline, CPA
 Managing Partner

Response:

This letter correctly sets forth the understanding of the District.

By: _____

Title: _____

Date: _____



First Financial Bank Building
400 Pine Street, Ste. 600, Abilene, TX 79601
325.672.4000 / 800.588.2525 / f: 325.672.7049
www.dkepa.com

System Review Report

July 15, 2015

To the Partners of
Richardson & Company, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** (the firm) in effect for the year ended March 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Richardson & Company, LLP** has received a peer review rating of *pass*.

Davis Kinard & Co, PC

Certified Public Accountants

American River Flood Control District

Converting River City Bank Repurchase Account x0952 to Public Funds Money Market Account

Staff Report

Discussion:

- As of June 30, 2018, the River City Bank Repurchase “Sweep” account is earning 0.10%
- River City Bank presented two options
 - Remove “Sweep” function, convert account to Public Funds Money Market account and receive 1.51%
 - Complete option above and take out LAIF, transferring funds to River City Bank’s Cash Sweep program

Recommendation:

- Staff recommends option 1, converting account to Public Funds Money Market account.

Malane Chapman

From: John Duarte <john.duarte@rivercitybank.com>
Sent: Wednesday, June 27, 2018 11:31 AM
To: Malane Chapman
Subject: RE:
Attachments: Public Fund Money Market.pdf

No answer!! ☹

I wanted to discuss the options for receiving a higher rate of return. I'll outline it in this message and then we can chat over the phone at your convenience.

Great news!!

Option #1

Remove the sweep function, convert the reserve account x0952 to a Public Funds Money Market account and receive an interest rate of 1.51% (rate form attached). This does not require any action on your part, just a confirmation that you would like this completed.

Option #2

We can complete Option #1 **AND** take out LAIF, transferring the funds to RCB's Insured Cash Sweep program, which will have a rate of 1.70% (approved by Steve Fleming), and the funds are 100% insured and liquid.

Let's discuss further to ensure all questions and concerns are resolved.

Respectfully,
John Duarte

John Duarte

Premier Relationship Manager, AVP, NMLS# 893599
916-567-2698 Ph | 925-457-5640 Cell | 916-567-2782 Fx
2485 Natomas Park Dr
Ste 100 | Sacramento, CA 95833
john.duarte@rivercitybank.com



rivercitybank.com



[We're Hiring](#)



This message contains confidential information and is intended only for Malane@arfed.org. If you are not Malane@arfed.org you should not disseminate, distribute or copy this e-mail. Please notify john.duarte@rivercitybank.com immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. John Duarte therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.



Public Fund Money Market

Product Information and Disclosure

Accurate as of: 6/18/2018

Your interest rate may change. At our discretion, we may change the interest rate on your account at any time.

Tier	Interest Rate
\$5,000 and Over	1.510%

Basic Terms and Conditions	
Minimum Deposit to Open Account	\$5,000
Maintenance Fee	\$10 per statement cycle
How to Avoid the Maintenance Fee	\$0 maintenance fee when you maintain an average daily balance of \$5,000.00 during each statement cycle. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.
Interest Compounding and Crediting Frequency	Interest will be compounded every day. Interest will be credited to your account every month.
Effect of Closing an Account	If you close your account before interest is credited, you will not receive the accrued interest.
Minimum Balance to Obtain the Disclosed Interest Rate	\$5,000.00 minimum daily balance
Balance Computation Method	We use the daily balance method to calculate interest on your account. This method applies a daily periodic rate to the principal in the account each day.
Accrual of Interest on Noncash Deposits	Interest begins to accrue on the business day we receive credit for the deposit of noncash items (for example, checks).
Transaction Limitations	\$15 Excessive Withdrawal Fee will be charged for each preauthorized/automatic withdrawal or transfer to another account or third party in excess of 6 per calendar month. This limit does not apply to withdrawals or transfers made in person at a branch or ATM.
Refer to the Deposit Account Agreement, and Schedule of Miscellaneous Fees and Service Charges for additional information.	

Member FDIC

(916) 567-2899 or 1 (800) 564-7144 www.RiverCityBank.com

License #722434
SBC #: 23419
DIR# 100000912



10235 Systems Pkwy Ste B
Sacramento CA 95827
(916) 386-6003 sales@idc-sac.com

Company:
American River Flood Control D
185 Commerce Circle.
Sacramento CA 95815

Location:
185 COMMERCE CIRCLE.
Sacramento CA 95815

Proposal #: 14725
Date: 06/27/2018

Attn: Ross
Phone: 916-708-7017
Email: ross@arscd.org

Proposed By:
Robert A Vanbuskirk

Proposal

Remove old door and dispose of @ customer's discretion

Furnish and install (4) Janus International Brand roll-up doors units 6, 7, 9 & 10, model 2500. Includes: continuous 26 gauge galvanized steel sheet curtain, helical torsion spring, counterbalance assembly, 3/16" steel angle mounting brackets, roll formed 12 gauge galvanized 4" deep steel guides, 2" x 1 1/2" steel bottom angle weather-stripping, one coat of siliconized polyester paint finish: (choice of 20 colors from Janus color chart, if no color is chosen White will be provided), electric motor operation, and 15 month warranty.

Furnish and install (5) Liftmaster manufactured commercial grade electric operators, units # 4, 6, 7, 9 & 10, model H751L5. Operator includes: 115 volt, single phase, 3/4 horsepower, thermally protected motor, 24 volt step-down control circuitry, positive brake, adjustable clutch, driven limits, manual chain and disconnect for use in event of power loss, (1) 3 button control station, wired constant contact to close, (1) Liftmaster retro-reflective photo eyes (CPS-RPEN4), and 2 year warranty.

All high & low voltage wire and conduit by others.
No foot traffic during install of any kind.
Area must be clear to allow scissor lifts in and around the door opening's.
Additional charges for down time or after hours work.

TOTAL DUE UPON COMPLETION: \$18,652.62

SPECIAL ORDERED MATERIALS REQUIRE A 50% DEPOSIT AND REMAINING BALANCE IS DUE UPON COMPLETION

Price is valid for 30 days, subject to field verification.

Total price includes: Furnish, furnish and deliver, or furnish and install, as specified, material and tax.
(1) one-year warranty unless otherwise stated above, (90 days on repair work)

Totals exclude: engineering, drawings, permits, fees or wiring unless otherwise noted

IDC is a merit shop; this bid is not based upon prevailing wages, unless otherwise specified.

Additional Insured: If Industrial Door is requested to name owner as additional insured on its GL policy an additional \$125.00 will be added to above quote. If a blanket certificate is accepted then there will be no charge.

Service charges: "the undersigned agrees to pay a service charge at the rate of 1.5% per month on all overdue balance after 30 days
Assignment: Should it become necessary to assign overdue balances to a collection agency or attorney for action, all subsequent collection charges and legal fees shall be paid by the undersigned.

Authorized by: _____ Date: _____

American River Flood Control District

Use of Cooperative Purchase Agreements from Sourcewell, Formally Known as National Joint Powers Alliance (NJPA)

Staff Report

Discussion:

State law requires that any purchase costing over \$25,000 must be made through a public bidding process. This ensures that public funds are spent on items at the best available price. In the past, the District has acquired large equipment through solicitation of public bids and also through a cooperative purchasing program ran by the State of California.

The State of California cooperative purchasing program, known as the CA Multiple Award Schedule, is a publicly bid and awarded list of vendors with items at the best available price. Items can be purchased off this list from the listed vendors with the assurance that it is the lowest price for that item.

The District recently learned a national cooperative purchasing group known as Sourcewell. Many California agencies, Cities, and Reclamation Districts are currently using Sourcewell to comply with public bidding requirements for their purchasing.

A recent staff report to the Sacramento City Council stated the benefits of cooperative purchasing agreements as:

“In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement method increases pricing competitiveness and lowers capital costs through volume buying. When comparing the administrative costs of procurement, staff considers product research, source selection, specifications, advertising, staff reports, awarding, protest, and administration of the contract. It is often more cost-effective to eliminate the cost and time spent on these administrative processes and purchase items and services through a cooperative purchasing program.

The City has used both regional and national cooperative purchase agreements to complement its own contracting initiatives. Cooperative purchasing enables City departments to evaluate a broader range of contracting opportunities and to share resources with other jurisdictions. Cooperative purchasing also leverages internal and external resources to maximize cost savings opportunities for the City.”¹

Recommendation:

The General Manager recommends that the Board of Trustees approve the use of Sourcewell to obtain lowest cost pricing and to satisfy our requirement for public bidding.

1. Garcia, Stevens, City of Sacramento, 11/17/15

California Legal References

State Agencies:

Cal. Pub. Con. Code § 10298 (2017). Consolidation of needs of multiple state agencies; assistance to local governments

(a) The director may consolidate the needs of multiple state agencies for goods, information technology, and services, and, pursuant to the procedures established in Chapter 3 (commencing with Section 12100), establish contracts, master agreements, multiple award schedules, cooperative agreements, including agreements with entities outside the state, and other types of agreements that leverage the state's buying power, for acquisitions authorized under Chapter 2 (commencing with Section 10290), Chapter 3 (commencing with Section 12100), and Chapter 3.6 (commencing with Section 12125). State and local agencies may contract with suppliers awarded those contracts without further competitive bidding.

Local Governments:

Cal. Gov. Code § 6502 (2017). Authority for agreement; out-of-state agencies

If authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, including, but not limited to, the authority to levy a fee, assessment, or tax, even though one or more of the contracting agencies may be located outside this state.

It shall not be necessary that any power common to the contracting parties be exercisable by each such contracting party with respect to the geographical area in which such power is to be jointly exercised. For purposes of this section, two or more public agencies having the power to conduct agricultural, livestock, industrial, cultural, or other fairs or exhibitions shall be deemed to have common power with respect to any such fair or exhibition conducted by any one or more of such public agencies or by an entity created pursuant to a joint powers agreement entered into by such public agencies.

School Districts:

Cal. Pub. Con. Code § 20118 (2017). Authorization of public corporation or agency to make leases or purchases; warrants; costs of corporation or agency

Notwithstanding Sections 20111 and 20112, the governing board of any school district, without advertising for bids, if the board has determined it to be in the best interests of the district, may authorize by contract, lease, requisition, or purchase order, any public corporation or agency, including any county, city, town, or district, to lease data-processing equipment, purchase materials, supplies, equipment, automotive vehicles, tractors, and other personal property for the district in the manner in which the public corporation or agency is authorized by law to make the leases or purchases from a vendor. Upon receipt of the personal property, if the property complies with the specifications set forth in the contract, lease, requisition, or purchase order, the school district may draw a warrant in favor of the public corporation or agency for the amount of the approved invoice, including the reasonable costs to the public corporation or agency for furnishing the services incidental to the lease or purchase of the personal property, or the school district may make payment directly to the vendor. Alternatively, if there is an existing contract between a public corporation or agency and a vendor for the lease or purchase of the personal property, a school district may authorize the lease or purchase of personal property directly from the vendor by contract, lease, requisition, or purchase order and make payment to the vendor under the same terms that are available to

the public corporation or agency under the contract.

About Sourcewell:

Sourcewell is a service cooperative created by the Minnesota legislature as a local unit of government. Minn. Const. art. XII, sec. 3. As a public corporation and agency, Sourcewell is governed by local elected municipal officials and school board members. Minn. Stat. § 123A.21 Subd. 4 (2017). Under its enabling statute, Sourcewell is explicitly authorized to provide cooperative purchasing services to eligible members. Id. at Subd. 7(23).

Sourcewell follows the competitive contracting law process to solicit, evaluate and award cooperative purchasing contracts for goods and services. Sourcewell cooperative purchasing contracts are made available through the joint exercise of powers law to member agencies. Minn. Stat. § 471.59 (2017). Membership in Sourcewell is available for all eligible state and local governments, education, higher education and nonprofit entities across North America. § 123A.21 at Subd. 3.

The information found on the Sourcewell website are provided for educational and informational purposes only. This information contained on the website, including any printed material derived from this website, is not legal advice and no attorney-client or other contractual relationship is formed by access to this information. Information here may be out of date, obsolete, or otherwise inaccurate. Please consult with a qualified attorney regarding any questions.

202 12th Street NE | P.O. Box 219 | Staples, MN 56479

888-894-1930 | www.sourcewell-mn.gov

American River Flood Control District

La Riviera Easement Deed

Staff Report

Discussion:

The La Riviera parcel was obtained by the District in 2016 to serve as an emergency staging area and temporary storage lot. The parcel is adjacent to the levee and is conveniently located off Howe Avenue and Highway 50. Upon conferring with the City of Sacramento Planning Department to inquire about non-standard fencing around the parcel, the District learned that the City did not agree that the zoning for the parcel allowed for staging and storage. City staff did indicate that if the parcel was controlled by the State of California, it would not be subject to the City zoning code.

District staff discussed the use of the parcel with staff from the CA Central Valley Flood Protection Board. CVFPB staff agreed the parcel would be a significant benefit to the O&M of the urban flood control system. The District and CVFPB worked to transfer rights on the parcel to the CVFPB. The plan is to grant the State the same rights on this parcel that they have over the levees. This would effectively merge the La Riviera parcel with the State-Federal levee system.

The District hired a surveyor to survey the parcel and update the legal description of the parcel per State standards. The survey was completed and recorded with the County of Sacramento. The State reviewed the legal description and provided the Easement Deed for signature by the District.

Considerations:

District Legal Counsel Matt Ellis reviewed the Easement Deed and approved it for signature with the following cautions for the Board:

1. The Easement is broad enough that it effectively conveys the entire value of the parcel to the State
2. The City may still want to exert authority over the parcel because the District is still the fee owner

The GM believes that merging this parcel with the flood control system would allow the District to operate and maintain the parcel in the same manner as the levees. The District has not had conflict with the City regarding our O&M practices to date.

Recommendation:

The General Manager recommends that the Board of Trustees delegate authority to the President to sign the Easement Deed.

RECORDING REQUESTED BY
WHEN RECORDED MAIL TO:

DEPARTMENT OF WATER RESOURCES

Division of Engineering
Real Estate Branch
1416 9th Street, Room 425
Sacramento, CA 95814

SPACE ABOVE THE LINE FOR RECORDER'S USE
079-0020-011-0000

EASEMENT DEED
(CORPORATION)

Project American River "La Riviera Drive"

Parcel No. 13874

American River Flood Control District, a Municipal corporation, organized and existing under and by virtue of the laws of the State of California, does hereby grant, convey, and dedicate to the SACRAMENTO AND SAN JOAQUIN DRAINAGE DISTRICT, acting by and through THE CENTRAL VALLEY FLOOD PROTECTION BOARD of the State of California, a public agency, exclusive perpetual rights of way and easements in the hereinafter described real property situated in the County of Sacramento, State of California, for any present or future flood control project to:

1. Construct, reconstruct, enlarge, fence, plant with trees, shrubs, and other vegetation, preserve and retain all vegetative growth desirable for project purposes, repair and use flood control works, which shall include, but not be limited to, access, haul, and patrol roads, levees, ditches, embankments, channels, berms, fences, and appurtenant structures, and operate and maintain said flood control works in conformity with the Code of Federal Regulations, Corps of Engineers' Standard Operation and Maintenance Manual, and State of California Standards.
2. Clear and remove from said flood control works any or all natural or artificial obstructions, improvements, trees, and vegetation necessary for construction, operation, maintenance, repair, reconstruction, and emergence flood fight.
3. Flow waters and materials and by said flow erode.
4. Place or deposit earth, debris, sediment or other material.
5. Excavate and remove earth, debris, sediment, or other material, including that placed or deposited as above.
6. Locate or relocate roads and public utility facilities by Grantee or others.
7. Restrict the rights of the Grantor, his successors and assigns, without limitations, to explore, extract, remove, drill, mine, or operate through the surface or upper 100 feet of the subsurface in exercise of the grantor's interest in any minerals, including oil and gas.
8. Restrict any use by others which may interfere with any of the uses listed herein or any use necessary or incidental thereto.

State of California
The Resources Agency
Department of Water Resources
THE CENTRAL VALLEY FLOOD PROTECTION BOARD

Parcel No. 13874

Grantor, for himself, his successors and assigns, hereby waives any claims for any and all damages which will accrue to the remaining property of grantor by reason of its severance from that portion granted herein and the construction of the improvement in the manner presently proposed.

IN WITNESS WHEREOF, said corporation has caused its corporate name to be hereunto subscribed and its corporate seal to be affixed hereto, this _____ day of _____, 20_____ .

President

[CORPORATE SEAL]

Secretary

STATE OF CALIFORNIA }

SS

County of _____

On _____, 20 ____ , before me, _____

personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

[SEAL]

NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA

(CERTIFICATE OF ACCEPTANCE, GOVERNMENT CODE, SECTION 27281)

This is To Certify, That the real property or interests therein described in the within deed to the SACRAMENTO AND SAN JOAQUIN DRAINAGE DISTRICT, acting by and through The Central Valley Flood Protection Board of the State of California, a public agency, is hereby accepted on behalf of the grantee.

Dated _____, 20 _____ .

THE CENTRAL VALLEY FLOOD PROTECTION BOARD

By _____

(Title)

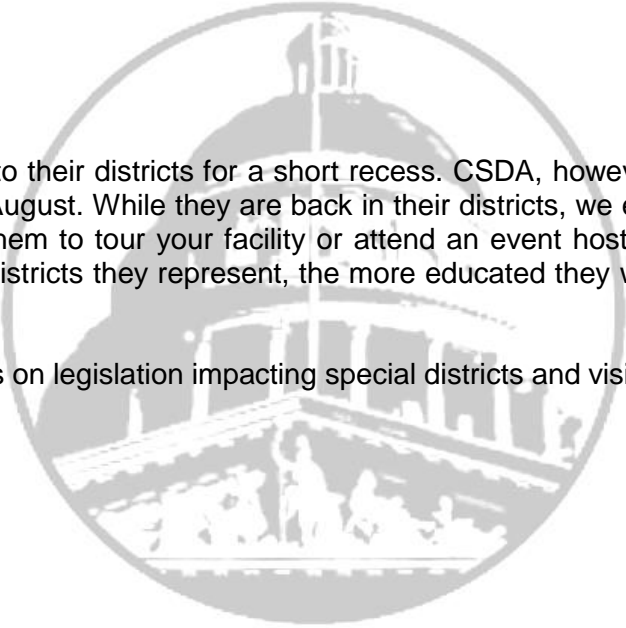
DEPARTMENT OF WATER RESOURCES



July 2018

In July, legislators go back to their districts for a short recess. CSDA, however, will be busy preparing for the upcoming deadlines in August. While they are back in their districts, we encourage you to reach out to your legislators and invite them to tour your facility or attend an event hosted by your district. The more legislators know about the districts they represent, the more educated they will be on state legislation that affects all special districts.

Read on for the latest details on legislation impacting special districts and visit csda.net/take-action to learn more.



Inside this edition of the Grassroots Action Brief:

- Local Taxes and Fees Initiative Withdrawn.....2
- Union Legislative Response to Janus Decision3
- Mandate Reimbursement Deadline Would Change Again.....4
- Bill Prevents Contractors from Indemnifying Special Districts from Liability on Large Projects.....5
- Supreme Court Decision Impacts Public Employee Unions.....6
- Promote the Student Video Contest!.....7
- Other Ways to Take Action (Learn, Engage, Give Feed Back, and Stay Informed)8

Contact a local CSDA representative near you!

Dane Wadlé
Colleen Haley
Steven Nascimento
Chris Palmer

Northern & Sierra Networks
Bay Area Network
Central Network
Coastal & Southern Network

danew@csda.net
colleenh@csda.net
stevenn@csda.net
chrisp@csda.net



➤ REVENUE, FINANCES, AND TAXATION

CSDA's long range policy priority on revenue, finances, and taxation is to ensure adequate funding for special districts' safe and reliable core local service delivery. Protect special districts' resources from the shift or diversion of revenues without the consent of the affected districts. Promote the financial independence of special districts and afford them access to revenue opportunities equal to that of other types of local agencies.

Local Taxes and Fees Initiative Withdrawn

The proposed initiative to put major restrictions on local agency revenue increases was withdrawn by the proponents on June 28, the final day to withdraw initiatives from the November ballot.

The "Tax Fairness, Transparency and Accountability Act of 2018" was a broadly written measure that would have affected all local agencies and their communities. It was largely funded by beverage companies, while CSDA joined a coalition of local government and labor advocates in opposition.

The Legislature held a joint hearing on June 13 to discuss the initiative and [CSDA provided remarks](#) at the public comment portion of the hearing to oppose the initiative. On June 25, [AB 1838](#) was amended as a vehicle for a compromise to the pending [ballot initiative](#). In a deal to get the initiative's proponent, the California Business Roundtable, to withdraw their initiative, the Legislature passed and Governor Jerry Brown signed AB 1838 on June 28. The compromise measure prohibits the imposition of taxes or fees on non-alcoholic carbonated beverages through the year 2030.

Governor Brown expressed in a [signing statement](#) that the initiative would have been "far reaching" and parts of it would have been an "abomination."

While CSDA took no formal position on AB 1838, the Association stood strongly in opposition to the "Tax Fairness, Transparency, and Accountability Act of 2018" and supported the withdrawal of the devastating initiative from the ballot. Had the initiative been placed on the November ballot and approved by voters, it would have severely restricted the ability to raise local and state taxes and fees. Specifically, the initiative would have:

- Increased the vote threshold for a local board to place a tax proposal on the ballot for voter consideration
- Prohibited any tax to be placed on the ballot unless it either specifically identified by binding and enforceable limitation how it could be spent, with any change requiring re-approval by the electorate, among other requirements.
- Amended Proposition 218 to require the impossible standard of predicting actual costs years into the future. Additionally, it created a new, additional requirement that all fees must be "reasonable", but provided no definition as to what reasonable means.
- Changed the agency's burden of proof from "preponderance of evidence" to "clear and convincing evidence" to prove compliance with the new fee requirements
- Precluded the annexation of new territory or consolidation of local agencies, unless the newly annexed or consolidated territory approved all existing taxes and fees of the annexing or consolidating agency by a two-thirds vote.
- Amended the State Constitution in a manner that conflicted with itself. At question was whether the severe new restrictions on local fees apply to property related fees and assessments within Article XIID of the State Constitution, as established by Proposition 218. Due to poor drafting, one part of the initiative included Article XIID charges as what the initiative calls "exempt charges". The initiative subjected all exempt charges to the severe new restrictions outlined above.

In the context of the rest of the initiative, it appeared that the inclusion of Article XIID charges within the definition of exempt charges was a drafting error at best. However, only years of litigation at taxpayer expense would have ultimately resolved this conflicting language had the measure remained on the November ballot and received approval by a majority of voters.



➤ HUMAN RESOURCES AND PERSONNEL

CSDA's long range policy priority on human resources and personnel is to promote policies related to hiring, management, and benefits and retirement that afford flexibility, contain costs, and enhance the ability to recruit and retain highly qualified, career-minded employees to public service. As public agency employers, support policies that foster productive relationships between management and employees, both represented and non-represented.

Union Legislative Response to Janus Decision

It was widely anticipated that the Supreme Court of the United States (SCOTUS) was going to rule in favor of the plaintiff in the Janus v. AFSCME case striking down union "agency shop fees" and requiring public employee unions to be opt-in rather than opt-out. For more information about Janus decision, refer to [Legal Advocacy section](#) on page 6 of this brief.

In an effort to preempt the decision and minimize financial losses for the unions and potential membership decline, various public employee unions have sponsored legislative proposals. Additionally, to speed up the Legislative process, the Legislature included a number of the union sponsored legislative proposals in a budget trailer bill that was signed into law mere hours after the SCOTUS decision was published.

Below are some of the union backed pieces of legislation aimed at stemming the impacts of the Janus decision. CSDA adopted an oppose position to each of the bills listed.

[AB 1937 \(Santiago\)](#) Automatic Payroll Deduction of Union Employees: Requires public agencies, upon request of unions representing their employees, to perform payroll deductions on behalf of the unions. The agencies may charge a one-time startup fee, and the unions would indemnify the agencies from any errors in the deductions.

Status: Senate Appropriations Committee

[AB 2970 \(Cooper\)](#) Confidentiality of Employee Orientations: Makes the date, time, and place of employee orientations confidential and does not allow them to be shared with anyone other than employees, the exclusive representative, or those contracted to provide services during an orientation.

Status: Senate Judiciary Committee

[AB 2017 \(Chiu\)](#) Deterring Potential Employees from Joining Unions: Amends existing law by also prohibiting public employers from deterring or discouraging prospective public employees from becoming or remaining members of an employee organization.

Status: Senate Appropriations Committee

[AB 3121 \(Kalra\)](#) Evidentiary Privileges: Expands the current evidentiary privilege against disclosure of communications to also include union agent-represented worker communications.

Status: Senate Floor

[SB 1085 \(Skinner\)](#) Public Employees Leave of Absence: Requires public agencies with union represented employees, to allow a reasonable number of public agency employee representatives of recognized unions reasonable time off without loss of compensation or other benefits when they are participating in employee representation activities.

Status: Assembly Appropriations Committee

[AB 2154 \(Bonta\)](#) Release Time: Rather than go through the MOU process at the local level, SEIU was sponsoring this bill that would have provided employee union representatives with paid release time to investigate potential or existing grievances, attend employee orientations, and testify before the governing body of the local agency.

Status: Dead

**Union Budget Bill: [SB 866](#) – Signed into law**

Includes the provisions from the following bills listed above: AB 1937, AB 2970, and AB 2017. Additionally, SB 866 includes a new provision related to mass communications - if an employee organization has been recognized or certified as an exclusive representative of employees in a bargaining unit, the public employer that elects to provide certain mass communications are required to meet and confer with the representative concerning the content of the communication. If the employer and the representative do not come to an agreement about the content of the communication, the bill requires the public employer distribute a communication of reasonable length provided by the exclusive representative along with the mass communication.

For more information about the union sponsored legislative proposals, contact CSDA Legislative Representative Dillon Gibbons at dillong@cdda.net. CSDA Business Affiliate Lozano Smith also created a “[Janus Toolkit](#)” for additional information about the Janus decision and how your district should address the decision and newly signed legislation.

➤ GOVERNANCE AND ACCOUNTABILITY

CSDA’s long range policy priority on governance and accountability is to enhance special districts’ ability to govern as independent, local government bodies in an open and accessible manner. Encourage best practices that avoid burdensome, costly, redundant, or one-size-fits all approaches. Protect meaningful public participation in local agency formations, dissolutions, and reorganizations, and ensure local services meet the unique needs, priorities, and preference of each community

Mandate Reimbursement Deadline Would Change Again

Last year, the Commission on State Mandates adopted changes to the submission deadline for test claims. Although adopted through the regulatory process, the changes made it much more difficult for local governments to meet the submission requirements. Under the new regulations that went into effect in April 2018, test claims must be filed within 365 days of incurring increased costs, regardless of where it lands in the fiscal year. Previously, the submission deadline was by June 30 of the fiscal year following the fiscal year in which increased costs were first incurred.

The previous filing period properly reflected an understanding of the local agency budgeting process and allowed districts enough time to gather the relevant information. The regulations as they now hinder a local government’s ability to adequately track associated costs and submit accurate claims. The Commission justified this regulatory change by stating the change was necessary to conform with the Government Code. However, the Government Code is silent on specific submission deadline dates; therefore, the Commission determined the law should be interpreted to have submission deadlines track with the calendar year.

In response to the regulatory change by the Commission, CSDA successfully submitted a legislative proposal included in the Senate Governance and Finance Committee’s omnibus bill, SB 1498, to change Government Code Section 17551 (c) to read “[l]ocal agency and school district test claims shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later. *For purposes of filing a test claim based on the date of incurring increased costs, “within 12 months” means by June 30 of the fiscal year following the fiscal year in which increased costs were first incurred by the test claimant.*”

SB 1498 has received unanimous support to this point in the Legislative process and is expected to be signed into law this year with an effective date of January 1, 2019. The change to the Government Code should result in the Commission updating their regulations again to have the claim test submission deadline track with the fiscal year instead of the calendar year to the benefit of all public agencies.



➤ INFRASTRUCTURE, INNOVATION, AND INVESTMENT

CSDA's long range policy principal regarding infrastructure, innovation, and investment is to encourage prudent planning for investment and maintenance of innovative long-term infrastructure. CSDA supports the development of fiscal tools and incentives to assist special districts in their efforts to meet California's changing demands, ensuring the efficient and effective delivery of core local services.

Bill Prevents Contractors from Indemnifying Special Districts from Liability on Large Projects

SB 1077 (Wilk) would extend some contractor and subcontractor indemnity provisions from residential construction to public works projects such as construction and major repairs. These provisions would prevent a public agency from requiring a contractor or subcontractor to indemnify them for legal costs arising from the contractor's work on a public works project covered by wrap around insurance.

The bill's indemnity exemption provisions would shift first dollar defense liability from the subcontractor to the local agency project owner. This would allow contractors and subcontractors to sit on the sidelines while public agencies are forced to defend their work, at a greater expense to taxpayers.

Public agencies use wrap-around insurance on projects in order to control costs and ensure that there is insurance to protect parties and the owner. We have been assured that subcontractors can find additional insurance beyond the wrap-up to address any concerns they might have with the wrap-up insurance.

SB 1077 would change the current public work provisions to exempt participants from indemnity or liability obligations if the wrap-around insurance is insufficient or depleted. Local agencies are not professional construction contractors or subcontractors. They hire firms pursuant to labor code requirements where the professionals are registered as qualified by the Department of Industrial Relations. Public agencies rely on that certification and the labor code requirements to ensure the public work is done correctly.

Under SB 1077, public agencies would be liable for errors made by these professionals when things go wrong with the public works project, resulting in increased costs for taxpayers.

For more information, please contact CSDA Legislative Representative Rylan Gervase at rylang@cdda.net.



➤ LEGAL ADVOCACY

CSDA is the leading legal advocacy voice for all special districts regarding public policy in California and actively tracks and reviews cases of significance affecting special districts in state and federal courts. Under the guidance of CSDA's Legal Advisory Working Group, CSDA files amicus briefs and opines on court cases when appropriate.

Supreme Court Decision Impacts Public Employee Unions

On June 27, in a landmark decision with a major impact on public employee unions and represented employees, the United States Supreme Court declared “fair share” fees collected from non-members unconstitutional under the First Amendment. As a result of [Janus v. AFSCME Council 31](#), public employee unions in 23 states, including California, will lose the ability to collect fair share fees, used to cover the costs of collective bargaining and enforcing the union contract. The vote was 5-4, with the court's conservatives in the majority.

The decision overturns a 1977 Supreme Court opinion ([Abood v. Detroit Board of Education](#)) that permitted unions to collect fair share or “agency fees” given that unions have a legal obligation to represent all workers, whether or not they choose to be a member of the union. Mark Janus, a child support specialist at the State of Illinois Department of Healthcare and Family Services, argued that Illinois was required to show it has a strong compelling need to bargain with exclusive representatives that overrides employees' First Amendment right not to subsidize union advocacy. Janus's lawyers argued that he objected to the policy positions that the union advocates, and that “bargaining with the government is political speech indistinguishable from lobbying the government.”

In response, AFSCME argued that “agency fees pass First Amendment muster because they prevent free-riding, support workplace fairness and maintain labor peace.” The union's brief disputed the notion that everything a union does is political, pointing out that “many collective bargaining topics are (about) mundane employment conditions...generally do not raise matters of public concern, yet consume significant union resources.”

Justice Samuel Alito wrote for the majority, “we conclude that this arrangement violates the free speech rights of nonmembers by compelling them to subsidize private speech on matters of substantial public concern.” The majority based its ruling on the First Amendment, ruling that compelling payment to unions that negotiate with the government forces public employees to endorse political messages that they may disagree with.

In her dissent, Justice Elena Kagan wrote, “[t]he majority overthrows a decision entrenched in this nation's law – and in its economic life – for over 40 years... And it does so by weaponizing the First Amendment, in a way that unleashes judges, now and in the future, to intervene in economic and regulatory policy.”

The decision means that a public employer cannot deduct an agency fee to a public sector union from an employee's pay unless the employee has affirmatively consented to the payment, specifically saying, “neither an agency fee nor any other payment to the union may be deducted from a nonmember's wages, nor may any other attempt be made to collect such a payment, unless the employee affirmatively consents to pay. By agreeing to pay, nonmembers are waiving their First Amendment rights, and such a waiver cannot be presumed...to be effective, the waiver must be freely given and shown by ‘clear and compelling’ evidence.”

Special districts should carefully evaluate their options and legal risks before taking any action, and public employers should not communicate about the *Janus* decision with employees, unless they discuss their options with legal counsel in light of the decision as well as recently enacted [SB 866](#) (which went into effect upon its signing on June 27).

CSDA will continue to monitor all legal cases and legislation affecting special districts and represented employees. If you have any questions about the *Janus* decision, contact Legislative Analyst – Attorney Mustafa Hessabi at mustafah@cdda.net.



➤ DISTRICTS MAKE THE DIFFERENCE

Districts Make the Difference was created to increase public awareness and understanding of special districts across California. The campaign website, www.districtsmakethedifference.org provides a public place to learn more about special districts and the positive effect they have on their communities, while also serving as a resource for districts to download useful materials, collateral, and information.

Promote the Student Video Contest!

It's time to start promoting the Districts Make the Difference 2018 Student Video Contest! Summer is the perfect time to encourage high school and college students to create a 60-second video highlighting how special districts truly make the difference in communities throughout California.

Students have the opportunity to win a scholarship for their video. The first place winner will be awarded \$2,000 with \$1,000 awarded to the second place winner and \$500 awarded to the third place winner. Also, if a student is from the area of a participating chapter, their video will be automatically entered for the local chapter division of the contest.

Students can start working on their videos prior to the submission period which will run **August 27 to September 30**. Interesting and creative videos take some time to create so encourage students to start working on their video now. After the submission period closes, CSDA officials will select the top five finalists and feature those videos on the Districts Make the Difference website. The public will then vote for their favorite video throughout the month of November.

Do you know a student who may be interested? Do you know a teacher, principal, superintendent, or school board member that can help promote the contest? Spread the word!

There are promotional materials including a flyer, social media graphics, and sample website content available at www.DistrictsMaketheDifference.org/video-contest.org to help you promote the contest.

The contest [rules](#), [application](#), and the [2017 winning videos](#) are also available at the Districts Make the Difference website.

Promote the contest today and your district may have a starring role in one of the winning student videos!



www.DistrictsMaketheDifference.org

Learn more about our public outreach campaign at www.DistrictsMaketheDifference.org and engage with us on social media:

- Like us on Facebook.com/CASpecialDistricts
- Follow us on Twitter @CA_Districts
- Use the hashtag **#DistrictsMaketheDifference** when posting your stories on social media.
- Download the logo to your homepage and link to www.DistrictsMakeTheDifference.org

If you have any questions about the video contest or how to better utilize CSDA's public outreach campaign, please contact CSDA's Public Affairs Team at pr@csla.net.



➤ OTHER WAYS TO TAKE ACTION

Learn

The 2018 CSDA Annual Conference and Exhibitor Showcase [website](#) is now live, and registration is open! Additionally, directly download the [brochure](#) for detailed information on the conference. The conference will take place Sept. 24 – 27, 2018 at the Renaissance Indian Wells Resort and Spa. [Register here!](#)

Engage

CSDA's online [Career Center](#) gives member agencies a venue for posting job opportunities and connecting with the talent and experience they are looking for.

Give Feedback

Join an Expert Feedback Teams to provide CSDA staff with invaluable insights on policy issues. Email marcusd@csla.net to inquire about joining one of the following teams:

- Budget, Finance and Taxation
- Environment
- Formation and Reorganization
- Human Resources and Personnel
- Governance
- Public Works and Contracting

Stay Informed

In addition to the many ways you can **TAKE ACTION** with CSDA's advocacy efforts, CSDA offers a variety of tools to keep you up-to-date and assist you in your district's legislative and public outreach. Make sure you're reading these resources:

- CSDA's weekly e-Newsletter
- Districts in the News
- CSDA's CA Special District Magazine

Email advocacy@csla.net for help accessing these additional member resources.

General Manager's Meeting Summary – June 2018

6/11: US Army Corps of Engineers Relief Well O&M meeting. I attended this meeting to hear a briefing on the operation and maintenance of pressure relief wells. Staff from Kleinfelder Associates provided technical information and field experiences from a recent relief well study in South Sacramento.

6/15: Parkway Advisory Committee meeting. I attended this meeting to hear a briefing on the City of Sacramento's Two Rivers Trail segment planned for the River Park area. City staff presented information about the proposed trail alignment and design. Members of the public provided testimony.

6/15: American River Flood Control District Board of Trustees meeting. The Board met in regular session. The agenda items included a Scope of Work for Assessment Services from WSP, a discussion on camp clean-up along District levees, a resolution to transfer funds into the Retiree Health Benefit Reserve Fund, the FY 2018-19 Budget and 5-year Plan, the annual GM Performance Evaluation, and FY 2018-19 Staff Salary and Benefits Adjustments.

6/20: Central Valley Flood Control Association Board of Directors meeting. I attended this meeting to coordinate on regional flood operations and maintenance topics. Items of discussion included the Association's financial reports, the FY 2018-19 budget, Association dues, and the legislative success in State flood control funding.

6/20: Meeting with Sac City Fire Department. Superintendent Kawamura and I met with Ken Kwong from the City of Sacramento Fire Department to discuss fire service access along District levees. Mr. Kwong was specifically interested in levee integrity due to unauthorized excavations by homeless campers and reach closures due to the SAFCA North Sac Streams levee project.

6/21: Meeting with River City Bank. Office Manager Chapman and I met with representatives from River City Bank to meet our new relationship manager and discuss ways to obtain a better rate of return for our funds. The bank staff indicated they would look at all the available tools and accounts that met our needs and reply with some better options.

6/25: SAFCA Agency Staff meeting. I attended this meeting to coordinate on local flood control topics. Items of discussion included homeless camp coordination between agencies, processing CCAD2 invoices, and WRDA 2016 erosion work on the LAR.

6/26: Meeting with Sacramento County Regional Parks. Superintendent Kawamura and I met with Mary Maret from Regional Parks to hear her request for mowing near Cordova Creek. Regional Parks is one of our best partners in our work along the Parkway and mowing the small area would provide mutual benefits.