
YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED
APRIL 30, 2021 AND 2020
AND
INDEPENDENT AUDITOR'S REPORT

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
APRIL 30, 2021 AND 2020**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 9
Financial Statements:	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12 - 13
Notes to Financial Statements	14 - 28
Supplementary Information:	
Statements of Fiduciary Net Position - Retirement Plan	29
Statements of Changes in Fiduciary Net Position - Retirement Plan	29
Number of Participants in Retirement Plan	29
Other Report:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Yolo County Flood Control & Water Conservation District
Woodland, California

We have audited the accompanying financial statements of the business-type activities of Yolo County Flood Control & Water Conservation District (the District) as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Yolo County Flood Control & Water Conservation District, as of April 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of Yolo County Flood Control & Water Conservation District as of April 30, 2020, were audited by other auditors whose report dated July 31, 2020, expressed an unmodified opinion on those statements.

Mann, Montia, Nelson CPA

Sacramento, California
September 29, 2021

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of Management's Discussion and Analysis, the Basic Financial Statements, and Notes to the Financial Statements. Management's Discussion and Analysis provides a narrative of the District's financial performance and activities for the fiscal years ended April 30, 2021, 2020, and 2019. The Basic Financial Statements provide a broader overview of the District's finances. The Notes provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements.

The basic financial statements consist of three statements:

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the District's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.

The *Statement of Cash Flows* present information showing how the District's cash changed during the two most recent fiscal years. It shows the sources and uses of cash.

Statement of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 5,611,225	\$ 5,139,178	\$ 9,257,990
Capital assets, net of accumulated depreciation	<u>31,694,020</u>	<u>31,668,027</u>	<u>29,254,256</u>
Total Assets	<u>37,305,245</u>	<u>36,807,205</u>	<u>38,512,246</u>
Current liabilities	850,180	846,571	3,366,550
Long-term liabilities	<u>2,108,804</u>	<u>2,307,651</u>	<u>2,518,511</u>
Total Liabilities	<u>2,958,984</u>	<u>3,154,222</u>	<u>5,885,061</u>
Net investment in capital assets	29,431,242	29,180,264	26,547,585
Unrestricted net position	<u>4,915,019</u>	<u>4,472,719</u>	<u>6,079,600</u>
Total Net Position	<u>\$ 34,346,261</u>	<u>\$ 33,652,983</u>	<u>\$ 32,627,185</u>

Current Assets: includes cash and equivalents, accounts receivable, grants receivable, prepaid expenses and inventory. There was a \$472,047 increase in 2021 compared to 2020. The increase in 2021 was mainly due to an increase in cash due to accounts receivable, payments from water sales, grants and shared services projects.

Capital Assets, Net of Depreciation: includes land and land rights, construction in progress and the District's dams, hydroelectric facilities, conveyance system, headquarters and related equipment. The increase of \$25,993 in 2021 was partly due to the installation of new canal structure, purchase of pickups, and completion of construction in progress jobs.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED APRIL 30, 2021**

Current Liabilities: includes accounts payable, salaries payable, interest payable, customer deposits, unearned revenue, current portion of long-term liabilities and current portion of employee compensated balances. There was an increase of \$3,609 in 2021. The increase was mainly due to the increase in customer water deposits and lower accounts payable.

Long-term Liabilities: includes a loan for transmission and distribution plant improvements and compensated absences. The 2021 decrease of \$198,847 was due to payments on the loan principal.

Net Position - Net Investment in Capital Assets: represents the historical cost of the District's property, plant and equipment, net of depreciation; plus construction in progress; less any outstanding debt related to the capital assets. There was an increase of \$250,978 in 2021 and an increase of \$2,632,679 in 2020. The increases are related to the changes in capital assets, net of depreciation and current and long-term liabilities.

Net Position - Unrestricted: consists of the excess of assets minus liabilities not invested in capital assets.

The Total Net Position: There was an increase of \$693,278 in 2021 and an increase of \$1,025,798 in 2020. The changes in 2021 and 2020 were due to lower capital and operating costs.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED APRIL 30, 2021**

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues:			
Water sales	\$ 4,632,221	\$ 3,688,008	\$ 4,564,765
Hydroelectric power sales	343,338	555,003	137,230
Recreation fees	<u>13,461</u>	<u>12,063</u>	<u>6,380</u>
Total Operating Revenues	<u>4,989,020</u>	<u>4,255,074</u>	<u>4,708,375</u>
Non-Operating Revenues:			
Property taxes	1,465,099	1,375,975	1,337,463
Federal and State grants	428,442	704,623	146,061
Miscellaneous non-operating revenues	<u>503,399</u>	<u>537,875</u>	<u>305,950</u>
Total Non-Operating Revenues	<u>2,396,940</u>	<u>2,618,473</u>	<u>1,789,474</u>
Capital Contributions	<u>5,827</u>	<u>471,670</u>	<u>2,195,559</u>
Total Revenues	<u>7,391,787</u>	<u>7,345,217</u>	<u>8,693,408</u>
Operating Expenses			
Sources of supply	482,143	603,608	415,616
Transmission and distribution	1,202,742	1,443,164	920,362
Environmental resources	8,775	7,740	11,404
Hydroelectric	76,279	89,946	43,918
General and administrative	1,808,901	1,022,331	1,144,867
Maintenance - general plant	274,336	327,193	343,846
Water resources / studies	452,334	309,797	367,530
Yolo Subbasin Groundwater Agency	224,330	26,688	203,791
Flood SAFE Yolo	98,749	176,501	-
Madison-Esparto Regional County Service Area	38,783	132,882	19,855
Depreciation	1,133,413	1,008,781	983,871
Property taxes	<u>238,239</u>	<u>222,975</u>	<u>210,597</u>
Total Operating Expenses	<u>6,039,024</u>	<u>5,371,606</u>	<u>4,665,657</u>
Non-Operating Expenses	<u>659,485</u>	<u>947,813</u>	<u>128,094</u>
Total Expenses	<u>6,698,509</u>	<u>6,319,419</u>	<u>4,793,751</u>
Change in Net Position	<u>693,278</u>	<u>1,025,798</u>	<u>3,899,657</u>
Net Position - Beginning of Year	<u>33,652,983</u>	<u>32,627,185</u>	<u>28,727,528</u>
Net Position - End of Year	<u>\$ 34,346,261</u>	<u>\$ 33,652,983</u>	<u>\$ 32,627,185</u>

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED APRIL 30, 2021**

REVENUES

Yolo County Flood Control & Water Conservation District's principal sources of revenue is from water sales.

Fiscal Year 2020 - 2021 Revenues:

Total revenues were \$7,391,787. Total revenues increased \$46,570 from the prior year.

2020-2021 agricultural water sales totaled \$4,268,530 and non-agricultural water sales totaled \$363,691. This represents a \$944,213 total increase from 2019-2020. Total agricultural water delivered was 134,436 acre-feet and 10,143 acre-feet of non-agricultural water was delivered (this includes littoral and prescriptive water).

The District uses a sliding scale to calculate water rates. This scale calculates the cost of water based upon the amount of water available in storage on April 1st of each year. The rate of agricultural water for the 2020-2021 year was \$32.00 per acre-foot compared to \$26.00 per acre-foot for the 2019-2020 year. Non-agricultural water rates increased to \$69.24 per acre-foot in September 2020.

Hydroelectric Power Sales decreased to \$343,338 in 2020-2021. This was down \$211,665 from 2019-2020, which was due to CAISO scheduling fees being reduced from revenue rather than recording them as an expense.

The District received \$1,465,099 in property taxes compared to \$1,375,975 in 2019-2020 and \$1,337,463 in 2018-2019.

Non-operating revenues consist of reimbursements from other agencies (YSGA, Yolo County (FloodSAFE Yolo) and various shared services agreements), investment interest, and contributions to capital.

The District received grant funds of \$428,442 which was a combination of Proposition 1 funds available from the State Water Resources Control Board's Storm Water Grant Program and the Department of Water Resources (DWR) Groundwater Sustainability Planning Program (GSP). The DWR Proposition 84 Drought Grant funding was fully expended.

Fiscal Year 2019 - 2020 Revenues:

Total revenues decreased \$1,348,191 from the prior year. Total revenues were \$7,345,217.

Agricultural water sales totaled \$3,402,675 and non-agricultural water sales totaled \$279,852. This represents a \$876,757 decrease from 2018-2019. Total agricultural water delivered was 127,350 acre-feet and 9,600 acre-feet of non-agricultural water was delivered (this includes littoral and prescriptive water).

The District uses a sliding scale to calculate water rates. This scale calculates the cost of water based upon the amount of water available in storage on April 1st of each year. The rate of agricultural water for the 2019-2020 year was \$26.00 per acre-foot compared to \$34.00 per acre-foot for the 2018-2019. Non-agricultural water rates remained at \$65.94 per acre-foot.

Hydroelectric Power Sales increased to \$555,002 in 2019-2020. This was up \$417,773 from 2018-2019, which was due to the power lines being under repair for part of fiscal year 2018-2019.

The District received grant funds of \$704,623 which was a combination of Proposition 1 funds available from the State Water Resources Control Board Storm Water Grant Program and the Department of Water Resources (DWR) Groundwater Sustainability Planning Program.

The District also received grant funds from the Department of Water Resources Proposition 84 Drought Grant Program in the amount of \$471,670 which contributed to capital projects related to drought mitigation.

Fiscal Year 2018 - 2019 Revenues:

Revenues increased \$2,025,393 from the prior year. Total revenues were \$8,693,408.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED APRIL 30, 2021**

Agricultural water sales totaled \$4,277,060 and non-agricultural water sales totaled \$279,656. This represents a \$1,200,179 increase from 2017-2018. Total agricultural water delivered was 128,300 acre-feet and 10,000 acre-feet of non-agricultural water deliveries (this includes littoral and prescriptive water).

The District uses a sliding scale to calculate water rates. This scale calculates the cost of water based upon the amount of water available in storage on April 1st of each year. The rate of agricultural water for the 2018-2019 year was \$34.00 per acre-foot compared to \$27.00 per acre-foot for the 2017-2018 year.

Hydroelectric revenues decreased from \$194,552 in 2017-2018 to \$137,230 in 2018-2019.

The District received capital grants in the amount of \$2,195,559, mainly from CalOES to replace power poles and transmission lines destroyed in the Pawnee Fire.

EXPENSES

Fiscal Year 2020 - 2021 Expenses:

Total expenses for the fiscal year were \$6,698,509, which was an increase of \$379,090 from the previous year.

Operating expenses were \$6,039,024 which was a \$667,418 increase from 2019-2020. This includes \$1,133,413 in depreciation expense.

The increase in expenses was a result of several factors: an increase in administrative salaries and positions, an increase in employee benefit costs, and costs associated with COVID-19 (\$39,569).

Non-operating expenses totaled \$659,485 compared to \$947,813 in 2019-2020 fiscal year. The decrease is attributable to no loss on disposal of assets and no expenses related to the Yolo County's Madison Flood Control Mitigation Fund program.

Fiscal Year 2019 - 2020 Expenses:

Total expenses for the fiscal year were \$6,319,419, which was an increase of \$1,525,668 from the previous year.

Operating expenses were \$5,371,606 which was a \$705,949 increase from 2018-2019. This includes \$1,008,781 in depreciation expense.

The increase in expenses was a result of several factors: 1) an increase in expenses due to the write-off of expenses relating to the 2019 storm damage recovery; 2) expenses relating to FloodSAFE Yolo 2.0 program; and 3) increased expenses relating to flood prevention for the Madison-Esparto Regional County Service Area (MERCSEA) and costs associated with COVID-19 (\$12,141).

Non-operating expenses totaled \$947,813 compared to \$128,074 in 2018-2019 fiscal year. The increase is attributable to expenses on the Yolo Subbasin GSP Grant, and services provided to Yolo County for the Madison Flood Control Mitigation Fund program.

Fiscal Year 2018 - 2019 Expenses:

Total expenses for the fiscal year were \$4,793,751, which was a decrease of \$659,694 from the previous year. Operating expenses were \$4,665,657. This includes \$983,871 in depreciation expense.

The decrease in expenses was a result of several factors: 1) A decrease in expenses relating to the Stormwater Management Plan; 2) completion of the Proposition 84 Drought Grant administrative activities; 3) a decrease in Environmental Resources expense staffing; and 4) lower costs relating to hydroelectric and MERCSEA activities.

Non-operating expenses totaled \$128,094 compared to \$540,886 in 2017-2018 fiscal year.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED APRIL 30, 2021**

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land and land rights	\$ 2,765,137	\$ 2,765,137	\$ 2,765,137
Construction in progress	139,851	230,133	3,475,797
Sources of supply	23,932,484	23,099,074	20,528,784
Transmission and distribution plant	20,611,294	20,314,346	16,872,144
General plant	4,970,444	4,851,114	4,977,796
Less: accumulated depreciation	<u>(20,725,190)</u>	<u>(19,591,777)</u>	<u>(19,365,402)</u>
 Total Capital Assets, net	 <u>\$ 31,694,020</u>	 <u>\$ 31,668,027</u>	 <u>\$ 29,254,256</u>

Major capital asset events during 2021 included the completion of the Indian Valley Hydroelectric Rehabilitation Project, the Indian Valley 12" Hollow-jet valve rebuild, the Indian Valley spillway gate hoist motor and controller replacement, Moore Siphon fencing, new office air conditioning unit, new pickups, a used passenger van, and canal structure improvements.

OUTSTANDING FINANCING DEBT

	<u>2021</u>	<u>2020</u>	<u>2019</u>
State Water Resources Control Board Loan Payable	\$ 2,262,778	\$ 2,457,643	\$ 2,647,385
Capital lease payable	<u>-</u>	<u>30,120</u>	<u>59,286</u>
 Total Long-Term Liabilities	 <u>\$ 2,262,778</u>	 <u>\$ 2,487,763</u>	 <u>\$ 2,706,671</u>

The State Water Resources Control Board Loan Payable was issued in March 2011 in the amount of \$4,220,712 to finance improvements to the Capay Dam and apron.

GROUNDWATER REPLENISHMENT

To attach a value to the District's groundwater recharge activities, the District developed a process to account for and value the District's groundwater recharge component each year. The Groundwater Replenishment Value (GRV) is basically the value of the District's water losses in Yolo County over a fiscal year. The water losses are the difference between the water supply and water sales. The water supply figure is considered to be the larger of the District's releases from storage and the diversions at Capay Dam. The sales figure is the total reported sales. Once the acre-feet of water loss is determined, the figure is multiplied by the average cost of water per acre-foot for the fiscal year. The GRV value for the years ended April 30, 2021 and 2020 was \$921,175 and \$1,155,186, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's Board approved an operating budget at its regular May 2021 meeting. The approved expense budget for the fiscal year 2021-2022 is \$6,699,218. With projected revenues of \$3,699,834 the District is projecting a net loss of \$2,999,384.

Agricultural water sales are the major revenue driver in the budget. The water rates were set at \$43.00 per acre-foot for agricultural water and \$69.24 per acre-foot for non-agricultural water. The current fiscal year 2021-2022 revenue budget includes \$1,192,234 in agricultural water sales due to a very limited supply of water. We are expecting to have a two-month window of agricultural water sales.

The revenue from property taxes included in the budget is \$1,631,000.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED APRIL 30, 2021**

CONTACTING DISTRICT FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the District's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Financial Supervisor, Yolo County Flood Control & Water Conservation District, 34274 State Highway 16, and Woodland, CA 95695.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
STATEMENTS OF NET POSITION
AS OF APRIL 30, 2021 AND 2020**

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 4,736,995	\$ 3,816,188
Receivables:		
Accounts receivable (net of allowance of \$10,820 and \$2,366, respectively)	246,564	227,066
Intergovernmental Retention	351,021	694,175
Prepaid expenses	30,905	201,087
Inventory	110,740	105,783
	135,000	94,879
Total Current Assets	5,611,225	5,139,178
Non-Current Assets		
Capital assets:		
Non-depreciable capital assets (Note 3)	2,904,988	2,995,270
Depreciable capital assets (Note 3)	28,789,032	28,672,757
Total Capital Assets	31,694,020	31,668,027
Total Non-Current Assets	31,694,020	31,668,027
TOTAL ASSETS	37,305,245	36,807,205
LIABILITIES		
Current Liabilities		
Accounts payable	177,149	215,552
Salaries and benefits payable	14,014	98,976
Interest payable	20,365	22,447
Unearned revenues	29,577	41,326
Customer deposits	283,674	127,508
Compensated absences, current portion (Note 4)	125,275	115,777
Loan payable, current portion (Note 4)	200,126	194,865
Capital lease, current portion (Note 4)	-	30,120
	850,180	846,571
Total Current Liabilities	850,180	846,571
Non-Current Liabilities		
Compensated absences, net of current (Note 4)	46,152	44,873
Loan payable, net of current (Note 4)	2,062,652	2,262,778
	2,108,804	2,307,651
Total Non-Current Liabilities	2,108,804	2,307,651
TOTAL LIABILITIES	2,958,984	3,154,222
NET POSITION		
Net investment in capital assets	29,431,242	29,180,264
Unrestricted (Note 5)	4,915,019	4,472,719
	34,346,261	33,652,983
TOTAL NET POSITION	\$ 34,346,261	\$ 33,652,983

The accompanying notes are an integral part of the financial statements.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Water sales	\$ 4,632,221	\$ 3,688,008
Hydroelectric power sales	343,338	555,003
Recreation fees	<u>13,461</u>	<u>12,063</u>
Total Operating Revenues	<u>4,989,020</u>	<u>4,255,074</u>
OPERATING EXPENSES		
Source of supply	482,143	603,608
Transmission and distribution	1,202,742	1,443,164
Environmental resources	8,775	7,740
Hydroelectric	76,279	89,946
General and administrative	1,808,901	1,022,331
Maintenance - general plant	274,336	327,193
Water studies	452,334	309,797
Yolo Subbasin Groundwater Agency	224,330	26,688
FloodSAFE Yolo	98,749	176,501
Madison-Esparto Regional County Service Area (MERCSA)	38,783	132,882
Depreciation	1,133,413	1,008,781
Property taxes	<u>238,239</u>	<u>222,975</u>
Total Operating Expenses	<u>6,039,024</u>	<u>5,371,606</u>
OPERATING LOSS	<u>(1,050,004)</u>	<u>(1,116,532)</u>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	1,465,099	1,375,975
Federal and State grants	428,442	704,623
Shared service revenues	107,613	140,150
Interest income	43,751	109,185
FloodSAFE Yolo revenues	59,107	88,251
Yolo Subbasin Groundwater Agency reimbursements	269,334	77,752
Gain (loss) on disposal of capital assets	(79,190)	(291,303)
Groundwater sustainability grant expenses	(401,978)	(331,281)
Interest expense	(65,260)	(71,394)
Integrated Regional Water Management Plan expenses	-	(17,600)
Other non-operating revenues	23,594	122,537
Other non-operating expenses	<u>(113,057)</u>	<u>(236,235)</u>
Total Non-Operating Income	<u>1,737,455</u>	<u>1,670,660</u>
Income Before Capital Contributions	<u>687,451</u>	<u>554,128</u>
Capital Contributions	<u>5,827</u>	<u>471,670</u>
CHANGE IN NET POSITION	<u>693,278</u>	<u>1,025,798</u>
NET POSITION, BEGINNING OF YEAR	<u>33,652,983</u>	<u>32,627,185</u>
NET POSITION, END OF YEAR	<u>\$ 34,346,261</u>	<u>\$ 33,652,983</u>

The accompanying notes are an integral part of the financial statements.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020**

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 5,639,024	\$ 3,679,090
Cash paid to suppliers	(2,199,052)	(3,951,729)
Cash paid to employees	(2,875,974)	(2,648,102)
Net Cash Provided by (Used for) Operating Activities	563,998	(2,920,741)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Property taxes	1,465,099	1,375,975
Federal and state grants	428,442	640,203
Flood SAFE Yolo revenues	59,107	14,118
Yolo Subbasin Groundwater Agency reimbursements	269,334	130,741
Shared service revenues	107,613	49,596
Groundwater Sustainability grant	(401,978)	(331,281)
Integrated Regional Water Management Plan	-	(17,600)
Other non-operating revenues	23,594	122,537
Other non-operating expenses	(113,057)	(236,235)
Net Cash Provided by Noncapital Financing Activities	1,838,154	1,748,054
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and construction of capital assets	(1,285,487)	(3,723,204)
Proceeds from sale of capital assets	-	9,349
Loss from disposal of capital assets	46,891	-
Contributed capital	5,827	1,959,971
Principal paid on long-term liabilities	(224,985)	(218,908)
Interest paid on long-term liabilities	(67,342)	(73,420)
Net Cash Used for Capital and Related Financing Activities	(1,525,096)	(2,046,212)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest income	43,751	109,185
Net Cash Provided by Investing Activities	43,751	109,185
NET INCREASE (DECREASE) IN CASH	920,807	(3,109,714)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,816,188	6,925,902
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,736,995	\$ 3,816,188

The accompanying notes are an integral part of the financial statements.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (1,050,004)	\$ (1,116,532)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation	1,133,413	1,008,781
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	493,838	(287,047)
Increase in prepaid expenses	(4,957)	(6,567)
(Increase) decrease in inventory	(40,121)	31,855
Decrease in accounts payable	(38,403)	(2,325,213)
(Decrease) increase in salaries and benefits payable	(84,962)	31,721
Increase (decrease) in customer deposits	156,166	(7,500)
Decrease in unearned revenue	(11,749)	(281,437)
Increase in compensated absences	10,777	31,198
Net Cash Provided by (Used for) Operating Activities	\$ 563,998	\$ (2,920,741)

The accompanying notes are an integral part of the financial statements.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Yolo County Flood Control & Water Conservation District (the "District"), was formed on July 1, 1951 under the provisions of the State of California, General Law 9307, Statutes of 1951, Chapter 1647 to provide irrigation water and flood control. The District is governed by a five member Board of Directors who are appointed by the Yolo County Board of Supervisors for alternating four-year terms. The District currently provides irrigation water to approximately 58,000 acres of agricultural land.

The District's boundaries cover 195,000 acres of Yolo County, including the Cities of Woodland, Davis and Winters, and the towns of Capay, Esparto, Madison, and other small communities within the Capay Valley. The District manages a small hydroelectric plant, two reservoirs, more than 150 miles of canals and laterals, and three dams.

On May 3, 2016, the Board of Directors adopted a resolution supporting a Yolo County application with the Yolo Local Agency Formation Commission to dissolve the Madison-Esparto Regional County Service Area (MERCESA) and agreed to assume responsibility for revenues and expenses associated with slough cleaning and maintenance services formerly performed by MERCESA within the dissolved Madison County Service Area.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based on the application of the criteria above, management has determined that there are no component units of the District.

Affiliated Entities: The District is a member of the Association of California Water Agencies – Joint Powers Insurance Authority (JPIA). The JPIA began operations on October 1, 1979 and has continued without interruption since that time. The JPIA is composed of member water agencies and is governed by a board of directors appointed by the member districts. The governing board has authority over budget and financing. The JPIA is empowered to bill for and recover the amount of any deficit at the end of the fiscal year in which it occurs should further contributions on the part of the deficit member be insufficient to cure the deficit. Complete audited financial statements can be obtained at the Agency's office: 2100 Professional Drive, Roseville, California, 95661-3700.

In June 2017, the District joined the newly formed Yolo Subbasin Groundwater Agency (the Agency), which operates in accordance with a Joint Exercise of Power Agreement (the Agreement) between the District, 17 other local agencies located in the Yolo Subbasin of the Sacramento Valley Groundwater Basin and the Yocha Dehe Wintun Nation. The Agency was established to be the Groundwater Sustainability Agency for the Yolo Subbasin to coordinate and administer compliance with the State of California SB 1168, SB 1319 and AB 1739 (collectively the Sustainable Groundwater Management Act (SGMA)). The Board of Directors of the Agency is initially comprised of one representative of each of the 19 members and 5 "Affiliated Parties" listed in the Agreement. Exhibit D of the Agreement provides for the collection of administrative fees from members for the first two years of operations that may be revised in subsequent years. The District's administrative fees total \$110,000 every year, as discussed in Exhibit D of the Agreement. Complete audited financial statements can be obtained at the Agency's website: <https://yologroundwater.org>.

The District is a member of the Northern California Water Association (NCWA), a California Nonprofit Mutual Benefit Corporation. The NCWA supports and promotes the maintenance of existing surface and ground water rights in Northern California, educates its members, governmental authorities and the public regarding all aspects of water use and provides a forum for the exchange of information between water purveyors. The NCWA has sixteen board members selected from its members. The NCWA is authorized to collect dues from the members for operating costs of the Association under its Bylaws.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District is a member of the Water Resources Association of Yolo County, a California non-profit mutual benefit corporation (the Association). The Association supports the efforts of its members to obtain, protect and maintain a high-quality water supply adequate for present and future needs of Yolo County, educates its members, governmental authorities and the public regarding all aspects of water use and water rights and provides a forum for the exchange of information among its members and others. The District is a party to the Westside Sacramento Integrated Regional Water Management (IRWM) Plan through its associate membership in the Association. The Association is authorized to collect dues from the members for operating costs of the Association under its Bylaws. Since the formation of the YSGA, the WRA has not collected dues from member entities.

The District has only a residual interest in the assets of the entities described above upon their dissolution and would not be held responsible for any of the entities' liabilities.

B. Basis of Presentation

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. A fund is a self-balancing set of accounts. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

The District's financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include revenues from grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. When such funds are received, they are reported as unearned revenue until the earnings process is complete. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of water sales and hydroelectric power sales. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash held in a bank checking account and money market account, and the investment in the State of California Local Agency Investment Fund (LAIF), and the Yolo County (County) Treasurer's pool. The investment in LAIF is stated at fair value and the investment in the County Pool is stated at amortized cost, which approximates fair value. Investments in LAIF and in the County pool are available on demand.

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturity of three months or less, including amounts held in LAIF and in the County pool, to be cash and cash equivalents.

E. Receivables

Receivables consist mainly of amounts due, including retention receivable, from two grants and amounts due from customers for water service charges. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. At April 30, 2021 and 2020, the allowance for uncollectible receivables totaled \$10,820 and \$2,366, respectively.

F. Prepaid Expenses

Payments made for services that will benefit periods beyond the balance sheet date are recorded as prepaid expenses. Prepaid expenses are recognized as expenses when consumed rather than when paid.

G. Inventory

Inventory is reported at cost using the average cost method. Inventory consists of expendable supplies held for consumption. The costs of inventories are recorded as expenses when consumed rather than when purchased.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are defined by the District as assets with a cost of \$2,500 or more. Major outlays for capital assets and improvements are capitalized as projects are constructed. Maintenance and repairs are charged to operations when incurred.

Depreciation is provided over the useful lives of assets using the straight line method. Estimated useful lives of depreciable assets are as follows:

<u>Asset Classification</u>	<u>Estimated Life</u>
Dams and hydroelectric plants	30 -100 years
Buildings and Improvements	10 - 35 years
Bridges	20 - 50 years
Equipment	5 - 25 years
Meters and gauges	15 years

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Customer Deposits

Under the accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue. The District collects cash deposits from customers equal to \$5 per acre of land to be irrigated. These deposits are applied to customer billings once water delivery occurs.

J. Compensated Absences and Postemployment Benefits

The District's policy is to permit employees to accumulate up to 320 hours of earned but unused vacation and compensatory time-off, which vests with the employee and will be paid upon separation from the District. Sick leave is not payable at separation and is not accrued by the District. The liability for compensated absences is recorded as a long-term liability in the financial statements. The current portion of this liability is estimated based on historical trends. In the financial statements, the proprietary funds report the liability as it is incurred. The District did not include salary-related payments in the compensated absences liability, including social security taxes, Medicare taxes, and contributions to the defined contribution retirement plan that would be paid on amounts accrued. However, salary-related payments are not considered to be significant.

The District does not currently provide postemployment benefits.

K. Property Taxes

Yolo County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Yolo up to 1 percent of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The valuation/lien date for all property taxes is January 1. Secured property tax is due in two installments: the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property taxes are due on March 1, and become delinquent, if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the "Teeter Plan". Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

L. Grant Revenues

Certain grant revenues are recognized when specified related expenditures have been incurred. In other grant programs, proceeds are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if accrual criteria is met. Cash received prior to incurrence of the related expenses are recorded as unearned revenue.

M. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

N. Reclassification

Certain reclassifications may have been made to prior year amounts in order to be consistent with current year's presentation.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Implementation of Government Accounting Standards Board Statements

Government Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Additionally, this Statement describes four fiduciary funds that should be reported, as well as provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The District adopted this accounting guidance for its April 30, 2021 year-end. There were no significant impacts as a result of implementation.

Government Accounting Standards Board Statement No. 88

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in the notes to government financial statements and clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences and significant subjective acceleration clauses. For notes to the financial statement there is a requirement that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The District adopted this accounting guidance for its April 30, 2021 year-end. There were no significant impacts as a result of implementation.

Government Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interest reported as an investment and majority equity interest reported as a component unit of the governmental entity. The District adopted this accounting guidance for its April 30, 2021 year-end. There were no significant impacts as a result of implementation.

Government Accounting Standards Board Statement No. 95

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The District adopted this accounting guidance for its April 30, 2021 year-end.

Government Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a partial component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The District adopted this accounting guidance for its April 30, 2021 year-end. There were no significant impacts as a result of implementation.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Future Government Accounting Standards Board Statements

These statements are not effective until April 30, 2022 or later and may be applicable for the District. However, the District has not determined the effects, if any, on the financial statements.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of contracts; and (2) establishes a single model for lease accounting based on the foundational principle that lease financings of the right to use an underlying asset. Additionally, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending April 30, 2023.

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending April 30, 2022.

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending April 30, 2023.

Government Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending April 30, 2023.

Government Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The District has not determined what impact, if any, this pronouncement will have on the financial statements. The removal of LIBOR as an appropriate benchmark interest rate is effective for the District's fiscal year ending April 30, 2023. All other requirements of this statement are effective for the District's fiscal year ending April 30, 2023.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial assets, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending April 30, 2024.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending April 30, 2023.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of April 30, 2021 and 2020 consisted of the following:

	2021	2020
Cash		
Cash on hand	\$ 350	\$ 350
Deposits with financial institutions	2,938,368	2,043,556
Total Cash	2,938,718	2,043,906
Investments		
Yolo County investment pool	624,365	608,231
Local Agency Investment Fund fund	1,173,912	1,164,051
Total Investments	1,798,277	1,772,282
Total Cash and Cash Equivalents	\$ 4,736,995	\$ 3,816,188

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (continued)

Investment Policy

The District's investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on meeting daily cash flow needs, while striving to achieve the highest yield or return on investment. All investments are made in accordance with Government Code, Section 53600, Chapter 4 – Financial Affairs and, in general, the investment policy is more restrictive than state law. Under the provisions of the District's investment policy the District may invest or deposit in the following

Type	Limit as a Percentage of Total Portfolio	Maximum Term
Local Agency bonds	No limit	5 years
U.S. Treasury obligations, State obligations (CA and other)	No limit	5 years
U.S. Agencies	No limit	5 years
Banker's Acceptance - commercial banks	40% (1 bank 30% limit)	180 days
Commercial Paper - select agencies (non-pooled funds)	25% (no more than 10% with any one issuer)	270 days
Commercial Paper - other agencies	25% (no more than 10% with any one issuer)	270 days
Negotiable certificates of deposit	30%	5 years
Placement service deposits and certificates of deposit	50%	5 years
Repurchase Agreements	No limit	1 year
Reverse repurchase agreements and securities lending agreements	20%	92 days
Medium-term notes	30% (no more than 10% with any one issuer)	5 years
Mutual funds, money market mutual funds	20%	N/A
Collateralized bank deposits	No limit	5 years
Mortgage pass-through securities	20%	5 years
Time Deposits	No limit	5 years
County Pooled Investment Funds	No limit	N/A
Local Agency Investment Fund (LAIF)	No limit	N/A

Interest Rate Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses from increases in interest rates, the District's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the District to meet all projected obligations. As of April 30, the District had the following investments by maturity:

Investment Type	Interest Rates	2021	
		12 months or less	13 to 24 months
Yolo County investment pool	Variable	\$ -	\$ 624,365
Local Agency Investment Fund (LAIF)	Variable	1,173,912	-
Total Investments		\$ 1,173,912	\$ 624,365

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (continued)

Investment Type	Interest Rates	2020	
		12 months or less	13 to 24 months
Yolo County investment pool	Variable	\$ -	\$ 608,231
Local Agency Investment Fund (LAIF)	Variable	<u>1,164,051</u>	<u>-</u>
Total Investments		<u>\$ 1,164,051</u>	<u>\$ 608,231</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Neither LAIF nor the County pool have a rating provided by a nationally recognized statistical rating agency.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the District contain limitations on the amount that can be invested in any one issuer. All investments of the District are in the LAIF and the County pool which contain a diversification of investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

At April 30, 2021 and 2020, the carrying amount of the District's deposits were \$2,938,368 and \$2,043,556, and the bank balance of deposits totaled \$3,037,790 and \$2,062,414, respectively. Of the balances in financial institutions, \$250,000 at April 30, 2021 and 2020 was covered by federal depository insurance and the remaining amounts were secured by a pledge of securities by the financial institution, but not in the name of the District.

Investments in External Investment Pools

Investment in Local Agency Investment Fund (LAIF): The District is a voluntary participant in LAIF. Funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480. Oversight of LAIF is provided by the Pooled Money Investment Board whose members are the California State Treasurer, California Director of Finance and the California State Controller. The LAIF Board consists of five members as designated by state statute. Investments in LAIF are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the District's position in the pool is the same as the value of the pooled shares. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (continued)

Investment in Yolo County Investment Pool: The District participates in the Yolo County Investment Pool, which is managed by the Yolo County Treasurer. Funds deposited in the County pool are invested in accordance with the California State Government Code and the County investment policy. The County has established a treasury oversight committee to monitor and review the management of funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. On a quarterly basis, interest is allocated to participants based on average daily balances. The Yolo County Treasury Oversight Committee oversees the Treasurer's investments and policies. Investments held in the County's investment pool are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the District's position in the pool is the same as the value of the pooled shares. The balance available for withdrawal is based on the accounting records maintained by the County, which are recorded on an amortized cost basis. Information regarding categorization of investments and other deposit and investment risk disclosures can be found in Yolo County's financial statements. Withdrawal of funds from the Yolo County Investment Pool may occur pursuant to Government Code Section 27136 and approval of the Board of Supervisors. The Yolo County financial statements may be obtained by contacting the County Department of Financial Services' office at 625 Court Street, Room 102, Woodland, CA 95695.

NOTE 3 - CAPITAL ASSETS

Capital asset activity consisted of the following for the year ended April 30, 2021:

	<u>May 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>April 30, 2021</u>
Capital assets not being depreciated					
Land and land rights	\$ 2,765,137	\$ -	\$ -	\$ -	\$ 2,765,137
Construction in progress	<u>230,133</u>	<u>1,130,529</u>	<u>(82,778)</u>	<u>(1,138,033)</u>	<u>139,851</u>
Total Capital Assets not Being Depreciated	<u>2,995,270</u>	<u>1,130,529</u>	<u>(82,778)</u>	<u>(1,138,033)</u>	<u>2,904,988</u>
Capital assets being depreciated					
Source of Supply	23,099,074	6,013	-	827,397	23,932,484
Transmission and Distribution Plant	20,314,346	29,615	(43,303)	310,636	20,611,294
General Plant	<u>4,851,114</u>	<u>119,330</u>	<u>-</u>	<u>-</u>	<u>4,970,444</u>
Total Capital Assets Being Depreciated	<u>48,264,534</u>	<u>154,958</u>	<u>(43,303)</u>	<u>1,138,033</u>	<u>49,514,222</u>
Total Capital Assets	<u>51,259,804</u>	<u>1,285,487</u>	<u>(126,081)</u>	<u>-</u>	<u>52,419,210</u>
Less: Accumulated depreciation					
Source of Supply	(10,075,477)	(373,967)	-	-	(10,449,444)
Transmission and Distribution Plant	(5,800,808)	(587,874)	-	-	(6,388,682)
General Plant	<u>(3,715,492)</u>	<u>(171,572)</u>	<u>-</u>	<u>-</u>	<u>(3,887,064)</u>
Total Accumulated Depreciation	<u>(19,591,777)</u>	<u>(1,133,413)</u>	<u>-</u>	<u>-</u>	<u>(20,725,190)</u>
Total Capital Assets, net	<u>\$ 31,668,027</u>	<u>\$ 152,074</u>	<u>\$ (126,081)</u>	<u>\$ -</u>	<u>\$ 31,694,020</u>

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 3 - CAPITAL ASSETS (continued)

Capital asset activity consisted of the following for the year ended April 30, 2020:

	<u>May 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>April 30, 2020</u>
Capital assets not being depreciated					
Land and land rights	\$ 2,765,137	\$ -	\$ -	\$ -	\$ 2,765,137
Construction in progress	<u>3,475,797</u>	<u>3,574,867</u>	<u>(216,436)</u>	<u>(6,604,095)</u>	<u>230,133</u>
Total Capital Assets not Being Depreciated	<u>6,240,934</u>	<u>3,574,867</u>	<u>(216,436)</u>	<u>(6,604,095)</u>	<u>2,995,270</u>
Capital assets being depreciated					
Source of Supply	20,528,784	-	(18,576)	2,588,866	23,099,074
Transmission and Distribution Plant	16,872,144	25,271	(592,403)	4,009,334	20,314,346
General Plant	<u>4,977,796</u>	<u>123,066</u>	<u>(255,643)</u>	<u>5,895</u>	<u>4,851,114</u>
Total Capital Assets Being Depreciated	<u>42,378,724</u>	<u>148,337</u>	<u>(866,622)</u>	<u>6,604,095</u>	<u>48,264,534</u>
Total Capital Assets	<u>48,619,658</u>	<u>3,723,204</u>	<u>(1,083,058)</u>	<u>-</u>	<u>51,259,804</u>
Less: Accumulated depreciation					
Source of Supply	(9,730,793)	(363,198)	18,514	-	(10,075,477)
Transmission and Distribution Plant	(5,826,137)	(494,172)	519,501	-	(5,800,808)
General Plant	<u>(3,808,472)</u>	<u>(151,411)</u>	<u>244,391</u>	<u>-</u>	<u>(3,715,492)</u>
Total Accumulated Depreciation	<u>(19,365,402)</u>	<u>(1,008,781)</u>	<u>782,406</u>	<u>-</u>	<u>(19,591,777)</u>
Total Capital Assets, net	<u>\$ 29,254,256</u>	<u>\$ 2,714,423</u>	<u>\$ (300,652)</u>	<u>\$ -</u>	<u>\$ 31,668,027</u>

Depreciation expense totaled \$1,133,413 and \$1,008,781 for the years ended April 30, 2021 and 2020, respectively.

NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the years ended April 30:

	<u>May 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2021</u>	<u>Due Within One Year</u>
Loans Payable	\$ 2,457,643	\$ -	\$ (194,865)	\$ 2,262,778	\$ 200,126
Capital Lease	<u>30,120</u>	<u>-</u>	<u>(30,120)</u>	<u>-</u>	<u>-</u>
Total Loans and Lease Payable	<u>2,487,763</u>	<u>-</u>	<u>(224,985)</u>	<u>2,262,778</u>	<u>200,126</u>
Other Liabilities:					
Compensated absences	<u>160,650</u>	<u>178,098</u>	<u>(167,321)</u>	<u>171,427</u>	<u>125,275</u>
Total Long-Term Liabilities	<u>\$ 2,648,413</u>	<u>\$ 178,098</u>	<u>\$ (392,306)</u>	<u>\$ 2,434,205</u>	<u>\$ 325,401</u>

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 4 - LONG-TERM LIABILITIES (continued)

	<u>May 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>May 1, 2020</u>	<u>Due Within One Year</u>
Loan Payable	\$ 2,647,385	\$ -	\$ (189,742)	\$ 2,457,643	\$ 194,865
Capital Lease	<u>59,286</u>	<u>-</u>	<u>(29,166)</u>	<u>30,120</u>	<u>30,120</u>
Total Loans and Lease Payable	<u>2,706,671</u>	<u>-</u>	<u>(218,908)</u>	<u>2,487,763</u>	<u>224,985</u>
Other Liabilities:					
Compensated absences	<u>129,452</u>	<u>138,855</u>	<u>(107,657)</u>	<u>160,650</u>	<u>115,777</u>
Total Long-Term Liabilities	<u>\$ 2,836,123</u>	<u>\$ 138,855</u>	<u>\$ (326,565)</u>	<u>\$ 2,648,413</u>	<u>\$ 340,762</u>

A description of the long-term liabilities of the District at April 30, 2021 and 2020 is as follows:

Loan Payable – Private Placement: A State Water Resources Control Board (SWRCB) Loan was issued March 9, 2011 in the amount of \$4,220,712. The loan carries an interest rate of 2.7% and is due in annual installments of \$261,221 through December 15, 2030. The loan was used to finance improvements to a transmission and distribution plant and is secured by a lien on net revenues. A provision exists in the agreement requiring pledged revenues to exceed 1.2 times the highest year's debt service on the loan and 1.1 times debt service on the loan and all other District debt if additional debt is issued. Upon default, a late penalty equal to costs incurred by the SWRCB may be charged, including lost earnings, staff time and other costs.

Capital Lease – Private Placement: In September 2016, the District entered into a lease-purchase agreement in the amount of \$144,782 for a Tiger Bengal Boom Mower on a John Deere 6105M Tractor. The lease carries an interest rate of 3.27% and is due in annual installments of \$31,306 through December 30, 2020. The District may purchase the equipment at a stated purchase price in the agreement. The equipment under the capital lease had a cost of \$144,782 and accumulated depreciation of \$31,973 and \$24,734 at April 30, 2021 and 2020, respectively. The District paid off the capital lease during the current fiscal year.

Future payments for the loan payable are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 200,126	\$ 61,095	\$ 261,221
2023	205,530	55,691	261,221
2024	211,079	50,142	261,221
2025	216,778	44,443	261,221
2026	222,631	38,590	261,221
2027 - 2031	<u>1,206,634</u>	<u>99,473</u>	<u>1,306,107</u>
Total	<u>\$ 2,262,778</u>	<u>\$ 349,434</u>	<u>\$ 2,612,212</u>

Pledged Revenue: The District has pledged future revenues, net of expenses, as defined in the agreement, in accordance with the requirements of the State Water Resources Control Board Loan. The loan was used to finance improvements to a transmission and distribution plant. The loan is payable from a lien on the District's net revenues through December 15, 2030. Total principal and interest remaining to be paid on the loan was \$2,612,213 and \$2,873,434 at April 30, 2021 and 2020, respectively. Total principal and interest paid on the cash basis was \$261,221 each year and total net revenues were \$1,853,003 and \$2,034,579 for the years ended April 30, 2021 and 2020, respectively, including non-operating revenues and expenses and capital contributions, but excluding depreciation. For the year ended April 30, 2021 and 2020, annual principal and interest payments on the loan were approximately 7% and 8% of net revenues and are expected to be in this range of net revenues in the future.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 5 - NET POSITION

The proprietary fund financial statements report net position in the following categories:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets." Although not considered restricted, the District has designated funds for future unforeseen costs of care, operations, maintenance, repairs, betterments, and replacement of the District's assets. Unrestricted net position designated by the Board were as follows at April 30, 2021 and 2020:

<u>Unrestricted Net Position</u>	<u>2021</u>	<u>2020</u>
Designated:		
Indian Valley Dam	\$ 843,593	\$ 836,507
Cache Creek Dam	171,299	169,860
Capital Improvement Fund	159,020	132,882
MERCSA	<u>-</u>	<u>24,802</u>
Total Designated	<u>1,173,912</u>	<u>1,164,051</u>
Total Undesignated	<u>3,741,107</u>	<u>3,308,668</u>
Total Unrestricted Net Position	<u>\$ 4,915,019</u>	<u>\$ 4,472,719</u>

NOTE 6 - RETIREMENT PLANS

Defined Contribution Retirement Plan: The District administers the Yolo County Flood Control & Water Conservation District 401(a) Governmental Profit-Sharing Plan & Trust (the Plan), a single-employer money purchase defined contribution plan, which is funded exclusively through the purchase of annuity contracts. Employees are eligible to participate after one year of service. The District makes a 7% fixed contribution to the Plan. The receiving employee directs how the funds are invested.

Employees are fully vested in the District's fixed contribution after three years of service. Employees do not contribute to the Plan. During the fiscal years ended April 30, 2021 and 2020, the District's fixed contributions to the Plan were \$146,331 and \$123,294, respectively. The District also provides a discretionary match of employee contributions to the Section 457 Plan described below under the provisions of the Plan.

Deferred Compensation Plan: The District administers a deferred compensation plan under Internal Revenue Code Section 457 (457 Plan). Employees may authorize voluntary payroll deductions from \$10 to an annual maximum of \$19,500 and \$19,500 during the years ended April 30, 2021 and 2020, respectively, or 100% of wages, whichever is less. As part of the 401(a) Governmental Profit-Sharing Plan described above, the District matches 50% of the employees deferred compensation contributions up to a maximum of 6% of the employee's compensation and deposits the discretionary contributions into the 401(a) Governmental Profit-Sharing Plan & Trust. Employees individually direct the investment of their funds from an assortment of available investment options within the 457 Plan portfolio. Employees are fully vested as to their contributions when they are made and are fully vested in the District's discretionary matching contributions after three years of service. For the fiscal years ended April 30, 2021 and 2020, the District contributed \$52,932 and \$43,910 to the Plan, respectively.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 7 - JOINT POWERS AGREEMENT - INSURANCE

The District participates in the Association of California Water Agencies Joint Power Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general and auto liability, public officials liability, cyber liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (Includes Public Officials Liability)	\$5,000,000	\$55,000,000	None
Cyber Liability		\$3,000,000	\$25,000
Property Damage	\$100,000	\$500,000,000	\$500 - \$50,000
Crime	\$100,000	\$1,000,000	\$1,000
Workers' Compensation Liability:			
Workers' Compensation	\$2,000,000	Statutory	None
Employers Liability	\$2,000,000	\$2,000,000	None

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 - CONTINGENCIES

Legal Contingencies: The District is subject to unasserted claims that arise in the normal course of business. The District's management and legal counsel believe such claims, if any, would not have a material adverse impact on the financial position of the District.

Grants: Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. Various claims have been filed against the District. In the opinion of the District's management and legal counsel, the claims will not have a material impact on the basic financial statements.

Public Health Emergency: The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation on certain financial statements line items to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported on the financial statements are properly valued as of April 30, 2021. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future impacts to the financial condition of the District.

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020

NOTE 9 - SUBSEQUENT EVENT

Installment Purchase Agreement

In May 2021, the Board authorized execution and delivery of an installment purchase agreement in an amount not to exceed \$6.2 million to help reimburse the Indian Valley Hydroelectric Rehabilitation and Moore Siphon Replacement Projects. Interest shall accrue at a rate of 2.26% with respect to the principal amount of the installment payments and are due each November 15 and May 15 through 2036. This also re-paid the 2011 State Water Resources Control Board Loan in full.

Management has evaluated events subsequent to April 30, 2021 through September 29, 2021, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

SUPPLEMENTARY INFORMATION

YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

**SUPPLEMENTARY INFORMATION
STATEMENTS OF FIDUCIARY NET POSITION - RETIREMENT PLAN
AS OF APRIL 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Contributions receivable - employer	\$ 7,304	\$ 6,152
Investments		
Target date funds	3,415,429	2,471,245
Stock mutual funds	587,791	407,040
Stable value	244,364	169,549
Fixed income	-	120,367
Bond funds	201,347	106,271
International stock funds	81,542	83,522
Real estate fund	<u>18,029</u>	<u>11,832</u>
Total Investments	<u>4,548,502</u>	<u>3,369,826</u>
Total Assets	\$ <u>4,555,806</u>	\$ <u>3,375,978</u>
Total Net Position Restricted for Retirement Benefits	\$ <u>4,555,806</u>	\$ <u>3,375,978</u>

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - RETIREMENT PLAN
FOR THE YEARS ENDED APRIL 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions - employer	\$ 193,244	\$ 169,173
Interest	-	4,939
Increase (decrease) in investments	<u>1,026,500</u>	<u>(40,700)</u>
Total Additions	<u>1,219,744</u>	<u>133,412</u>
DEDUCTIONS		
Transfers	38,746	18,217
Administrative expenses	<u>1,170</u>	<u>1,152</u>
Total Deductions	<u>39,916</u>	<u>19,369</u>
Net Increase (Decrease) in Net Position	<u>1,179,828</u>	<u>114,043</u>
Net Position Restricted for Retirement Benefits - Beginning	<u>3,375,978</u>	<u>3,261,935</u>
Net Position Restricted for Retirement Benefits - Ending	\$ <u>4,555,806</u>	\$ <u>3,375,978</u>
Number of Participants in Retirement Plan:		
Active	27	23
Retiree	7	7



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

To the Board of Directors
Yolo County Flood Control & Water Conservation District
Woodland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Yolo County Flood Control & Water Conservation District (the District), as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Sacramento, California
September 29, 2021