



22 E. Weber Avenue, Room 301 | Stockton, CA 95202 | (209) 937-7900 | www.sjafca.com

BOARD OF DIRECTORS

City of Stockton

Kimberly Warmasley
Dan Wright
Alt. Susan Lenz

Public Member

Mike Morowit

San Joaquin County

Katherine M. Miller
Chuck Winn, Vice-Chair
Alt. Tom Patti

City of Manteca

Jose Nuño
Gary Singh, Chair

Executive Director

Chris Elias

City of Lathrop

Paul Akinjo
Diane Lazard

BOARD MEETING

THURSDAY, JANUARY 28, 2021

9:00 A.M.

AGENDA IN LIGHT OF COVID-19

TO JOIN MEETING:

By Phone:

(213) 338 8477
Meeting ID: 923 7354 0721
Passcode: 809589

By Computer:

<https://downeybrand.zoom.us/j/92373540721?pwd=MDJnN2Ztay94cFNMdIpLcU0KTXFQZz09>

By App:

Meeting ID: 923 7354
0721
Passcode: 809589

1. **CALL TO ORDER / ROLL CALL**
2. **PLEDGE TO FLAG**

3. ELECTION OF OFFICERS

- 3.1) Elect a chair and vice-chair for the SJAFCA Board of Directors
- 3.2) Recognition of outgoing chair

4. CONSENT ITEMS

- 4.1) Approve minutes from the Board meeting on December 17, 2020

5. NEW BUSINESS

- 5.1) Selection of Public Board Member
- 5.2) Adopt Resolution to accept Independent Auditor's Report and Financial Statements for the fiscal year ending June 30, 2020
- 5.3) Update on the Lower San Joaquin River and Delta South Regional Flood Management Plan

6. ORAL REPORT FROM EXECUTIVE DIRECTOR

- 6.1) This is an opportunity to provide timely information to the Board in support of its work

7. PUBLIC COMMENTS

8. BOARD QUESTIONS, COMMENTS, ACTIONS

9. CLOSED SESSION

- 9.1) San Joaquin Area Flood Control Agency v. Stockton Golf and Country Club Case No. STK-CV-UED-2019-11392
- 9.2) Closed session pursuant to Government Code section 54957 (Public Employee Personnel)

10. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 937-7900 or (209) 937-7115 (fax). Requests must be made one full business day before the start of the meeting.

Agenda Item 3.1

January 28, 2021

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **ELECTING A CHAIR AND VICE-CHAIR FOR THE SJAFCA BOARD OF DIRECTORS**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) approve and adopt a resolution electing a Chair and Vice-Chair for the SJAFCA Board of Directors.

DISCUSSION

Background

On November 16, 2017, per SJAFCA Resolution No. 17-20, the Board approved SJAFCA's amended and restated Joint Exercise of Powers Agreement (JEPA) to include the following member agencies: City of Stockton, County of San Joaquin, San Joaquin County Flood Control and Water Conservation District, City of Lathrop and City of Manteca.

The amended and restated JEPA states that leadership of the Board should rotate on an annual basis, with the Chair position being held by the County, then Stockton, then Lathrop, then Manteca, with the rotation then repeated.

At the first Board meeting of 2018, held on February 26, then Chair Miller, County of San Joaquin and then Vice-Chair Andrade, City of Stockton were each re-elected for an additional one-year term to ensure continuity of leadership during the expansion of the SJAFCA to include additional member agencies.

At the first Board meeting of 2019, held on February 7, the election of officers resulted in Chair Andrade, City of Stockton, and Vice-Chair Singh, City of Manteca, both elected to one-year terms.

At the first Board meeting of 2020, held on January 16, the election of officers resulted in Chair Singh, City of Manteca, and Vice-Chair Winn, County of San Joaquin, both elected to one-year terms.

Present Situation

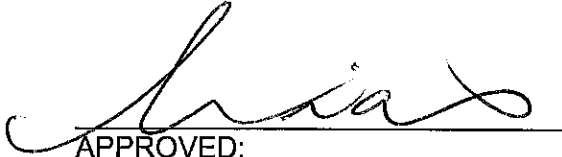
It is recommended that the 2021 Chair be elected from the County of San Joaquin to serve one term in accordance with the Agency's JEPA. Since the JEPA does not provide direction as to the rotation of the Vice-Chair position, members of the Board are requested to nominate and vote for one of its current members to fill that position.

January 28, 2021

ELECTING A CHAIR AND VICE-CHAIR FOR THE SJAFCA BOARD OF DIRECTORS
(Page 2)

The positions of the 2021 Chair and Vice-Chair will become effective immediately after the Board takes action.

PREPARED BY: Leanne Randall

A handwritten signature in black ink, appearing to read "Chris Elias", is written over a horizontal line.

APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

ATTACHMENT: Historical Listing of Chair and Vice-Chair Appointments

CE:lr

**RESOLUTION NO. SJAFCA 21-01
SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

=====

**RESOLUTION ELECTING A CHAIR AND VICE-CHAIR FOR THE SAN JOAQUIN AREA
FLOOD CONTROL AGENCY BOARD OF DIRECTORS**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA
FLOOD CONTROL AGENCY, AS FOLLOWS:

1. The Chair and the Vice-Chair are elected at the first scheduled Board meeting of the year. The Chair is elected based upon the rotation schedule (San Joaquin County, Stockton, Lathrop, Manteca, then repeat) in accordance with the Agency's Amended and Restated Joint Exercise of Powers Agreement. The Vice-Chair is elected among its members. There is no specified rotation schedule.
2. The Chair and the Vice-Chair will hold office for one year.
3. The following persons are hereby elected:

_____ CHAIR

_____ VICE-CHAIR

PASSED, APPROVED AND ADOPTED this 28th day of January, 2021

GARY SINGH, Chair
Of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

SCOTT L. SHAPIRO, Legal Counsel
For the San Joaquin Area
Flood Control Agency

HISTORICAL LISTING

San Joaquin Area **FLOOD CONTROL** Agency

CHAIR APPOINTMENTS

Year	Title	Name	Took Office	County/City	Resolution
1995	Chair	Floyd Weaver	May 25, 1995		95-01
1996	Chair	Floyd Weaver	August 7, 1996		96-21
1997	Chair	George Barber	February 5, 1997		97-01
1998	Chair	Duane Isetti	February 4, 1998		98-04
1999	Chair	Edward A. Simas	March 1, 1999		99-01
2000	Chair	Larry Ruhstaller	March 1, 2000	Stockton	00-01
2001	Chair	Victor Mow	March 1, 2001	SJ County	01-03
2002	Chair	Larry Ruhstaller	March 1, 2002	Stockton	02-01
2003	Chair	Jack Sieglock	March 1, 2003	SJ County	03-01
2004	Chair	Gary Giovanetti	March 1, 2004	Stockton	04-01
2005	Chair	Victor Mow	March 1, 2005	SJ County	05-05
2006	Chair	Clem Lee	March 1, 2006	Stockton	06-01
2007	Chair	Victor Mow	March 1, 2007	SJ County	07-01
2008	Chair	Steve J. Bestolarides	March 1, 2008	Stockton	08-01
2009	Chair	Frank L. Ruhstaller	March 1, 2009	SJ County	09-02
2010	Chair	Diana Lowery	January 20, 2010	Stockton	10-01
2011	Chair	Steve J. Bestolarides	January 26, 2011	SJ County	11-01
2012	Chair	Dale Fritchen	February 1, 2012	Stockton	12-01
2013	Chair	Frank L. Ruhstaller	January 30, 2013	SJ County	13-01
2014	Chair	Katherine M. Miller	January 29, 2014	Stockton	14-01
2015	Chair	Katherine M. Miller	February 25, 2015	SJ County	15-01
2016	Chair	Elbert Holman	January 21, 2016	Stockton	16-01
2017	Chair	Katherine M. Miller	February 2, 2017	SJ County	17-01
2018	Chair	Katherine M. Miller	February 26, 2018	SJ County	18-01
2019	Chair	Jesús M. Andrade	February 7, 2019	Stockton	19-01
2020	Chair	Gary Singh	January 16, 2020	Manteca	20-01

HISTORICAL LISTING

San Joaquin Area FLOOD CONTROL Agency

VICE-CHAIR APPOINTMENTS

Year	Title	Name	Took Office	County/City	Resolution
1995	Vice-Chair	George Barber	May 25, 1995		95-01
1996	Vice-Chair	George Barber	August 7, 1996		96-21
1997	Vice-Chair	Duane Isetti	February 5, 1997		97-01
1998	Vice-Chair	Edward A. Simas	February 4, 1998		98-04
1999	Vice-Chair	Larry Ruhstaller	March 1, 1999		99-01
2000	Vice-Chair	Jack Sieglock	March 1, 2000	SJ County	00-01
2001	Vice-Chair	Richard F. Nickerson, M.D.	March 1, 2001	Stockton	01-03
2002	Vice-Chair	Jack Sieglock	March 1, 2002	SJ County	02-01
2003	Vice-Chair	Gary Giovanetti	March 1, 2003	Stockton	03-01
2004	Vice-Chair	Victor Mow	March 1, 2004	SJ County	04-01
2005	Vice-Chair	Clem Lee	March 1, 2005	Stockton	05-05
2006	Vice-Chair	Victor Mow	March 1, 2006	SJ County	06-01
2007	Vice-Chair	Steve Bestolarides	March 1, 2007	Stockton	07-01
2008	Vice-Chair	Larry Ruhstaller	March 1, 2008	SJ County	08-01
2009	Vice-Chair	Diana Lowery	March 1, 2009	Stockton	09-02
2010	Vice-Chair	Steve Bestolarides	January 20, 2010	SJ County	10-01
2011	Vice-Chair	Dale Fritchen	January 26, 2011	Stockton	11-01
2012	Vice-Chair	Ken Vogel	February 1, 2012	SJ County	12-01
2013	Vice-Chair	Katherine M. Miller	January 30, 2013	Stockton	13-01
2014	Vice-Chair	Steve Bestolarides	January 29, 2014	SJ County	14-01
2015	Vice-Chair	Elbert Holman	February 25, 2015	Stockton	15-01
2016	Vice-Chair	Carlos Villapudua	January 21, 2016	SJ County	16-01
2017	Vice-Chair	Jesús M. Andrade	February 2, 2017	Stockton	17-01
2018	Vice-Chair	Jesús M. Andrade	February 26, 2018	Stockton	18-01
2019	Vice-Chair	Gary Singh	February 7, 2019	Manteca	19-01
2020	Vice-Chair	Chuck Winn	January 16, 2020	Stockton	20-01

Agenda Item 4.1

**MINUTES
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BOARD MEETING OF DECEMBER 17, 2020**

STOCKTON, CALIFORNIA

In light of COVID-19 and in compliance with CA Executive Order N-29-20, the majority of members of the Board of Directors participated in this meeting remotely by teleconference. Members of the public were also permitted to participate in this meeting remotely by teleconference. An option was also given to email public comments to SJAFCA@stocktonca.gov or to speak via the teleconference during public comment times. In compliance with C.D.C. recommendations, all those who physically attended the meeting sat with six feet of space between them and observed other recommended hygiene practices.

1. CALL TO ORDER / ROLL CALL 9:01 am

Roll Call

Present:

Absent:

Director Akinjo
Director Andrade
Director Lazard
Director Miller
Director Morowit
Director Nuño
Director Singh
Director Winn
Director Wright

Director Akinjo was not present during Roll Call. He arrived at 9:04 AM.

The following participated in this meeting via teleconferencing:

- | | |
|--------------------|-------------------|
| • Director Akinjo | • Director Nuño |
| • Director Andrade | • Director Singh |
| • Director Lazard | • Director Winn |
| • Director Miller | • Director Wright |
| • Director Morowit | |

2. PLEDGE TO FLAG 9:02 AM

3. CONSENT ITEMS 9:03 AM

3.1) Approve minutes of the Board Meeting of October 15, 2020

3.2) Resolution authorizing conveyance of a Quit Claim Deed of a temporary construction easement to Nick Rajkovich and Mary Rajkovich

- 3.3) Authorization to convert Director of Engineering Services to Executive Project Manager position and approve staff positions
- 3.4) Resolution restating and confirming delegation of \$100,000 signing authority to the Executive Director
- 3.5) Public Board Member selection process

All Board Members received and reviewed submitted written public comments. Chair Singh advised to note public comments to be included in the minutes.

Motion: To approve Consent Items.
Moved by: Director Nuño, seconded by Director Andrade
Vote: Motion carried 8-1
Yes: Director Akinjo, Director Andrade, Director Lazard, Director Miller, Director Nuño, Director Singh, Director Winn and Director Wright
Abstain: Director Morowit
Absent: None

Director Akinjo joined the meeting late at 9:04 AM. He advised he did not review the public comments and will not approve.

Public comments should be reviewed.

Motion: Motion to rescind.
Moved by: Director Nuño, seconded by Director Miller
Vote: Motion carried 9-0
Yes: Director Akinjo, Director Andrade, Director Lazard, Director Miller, Director Morowit, Director Nuño, Director Singh, Director Winn and Director Wright
Abstain: None

PUBLIC COMMENT

- Dominick Gulli submitted written comments but read his comments aloud **9:11 AM**

Motion: To approve Consent Items.
Moved by: Director Wright, seconded by Director Miller
Vote: Motion carried 8-1
Yes: Director Akinjo, Director Andrade, Director Lazard, Director Miller, Director Nuño, Director Singh, Director Winn and Director Wright
Abstain: Director Morowit

4. NEW BUSINESS 9:21 AM

- 4.1) Approve scope and budget amendment with Larsen Wurzel & Associates, Inc to support organizational planning

PUBLIC COMMENT

No comments received.

Motion: To approve scope and budget amendment with Larsen Wurzel & Associates, Inc to support organizational planning
Moved by: Director Akinjo, seconded by Director Lazard
Vote: Motion carried 9-0
Yes: Director Akinjo, Director Andrade, Director Lazard, Director Miller, Director Morowit, Director Nuño, Director Singh, Director Winn, and Director Wright
Abstain: None

4.2) SJAFCA Regular Board Meeting Schedule for 2021

Discussed posting the upcoming Board Meeting schedule in a link or on a page on the website, along with a link to the upcoming agenda.

Discussed whether to take November or December off. It was decided to take November off, which was already proposed.

Voted to leave schedule as proposed.

PUBLIC COMMENT

Dominick Gulli submitted written comments but read his comments aloud. **9:36 AM**

Motion: To approve SJAFCA Regular Board Meeting Schedule for 2021 as is.
Moved by: Director Akinjo, seconded by Director Miller
Vote: Motion carried 9-0
Yes: Director Akinjo, Director Andrade, Director Lazard, Director Miller, Director Morowit, Director Nuño, Director Singh, Director Winn and Director Wright
Abstain: None

5. ORAL REPORT FROM EXECUTIVE DIRECTOR

5.1) Oral Report from Executive Director **10:01 AM**

PUBLIC COMMENT

- Dominick Gulli submitted written comments but read his comments for all to hear. **10:03 AM**

Executive Director reported receiving a status letter from USACE requesting payment for LSJR Project Design Agreement on December 16, 2020. This new information was not known at the time of the agenda being approved. Information is time sensitive.

Motion: Amend agenda for continuation of discussion on LSJR Project payment.
Moved by: Director Akinjo, seconded by Director Miller
Vote: Motion carried 9-0
Yes: Director Akinjo, Director Andrade, Director Lazard, Director Miller, Director Morowit, Director Nuño, Director Singh, Director Winn and Director Wright
Abstain: None

Motion: Approve to pay cost share of \$504,654.
Moved by: Director Miller, seconded by Director Wright
Vote: Motion carried 9-0
Yes: Director Akinjo, Director Andrade, Director Lazard, Director Miller, Director Morowit, Director Nuño, Director Singh, Director Winn and Director Wright
Abstain: None

PUBLIC COMMENT

- Dominick Gulli submitted written comments but read his comments for all to hear.
10:08 AM

6. PUBLIC COMMENTS

- Dominick Gulli submitted written comments, but verbally shared his comments for all participating in the meeting to hear **10:09 AM**

7. BOARD QUESTIONS, COMMENTS, ACTIONS 10:12 AM

8. CLOSED SESSION 10:12 AM

PUBLIC COMMENTS

Dominick Gulli verbally shared his comments for all participating in the meeting to hear
10:15 AM

8.1) San Joaquin Area Flood Control Agency v. Stockton Golf and Country Club Case No. STK-CV-UED-2019-11392

REPORT OUT: Nothing to report. **12:02 PM**

8.2) Closed session pursuant to Government Code section 54957 (Public Employee Personnel)

REPORT OUT: The Board declined to take action. **12:02 PM**

9. ADJOURNMENT 12:03 PM

The meeting adjourned at 12:03 PM. The next meeting is scheduled for 9:00 AM on January 28, 2021.



CHRIS ELIAS
EXECUTIVE DIRECTOR
SAN JOAQUIN AREA FLOOD
CONTROL AGENCY

17 December 2020 SJAFCA Meeting Minutes

Agenda Item 5.1

January 28, 2021

TO: San Joaquin Area Flood Control Agency
FROM: Scott L Shapiro, General Counsel
SUBJECT: **SELECTION OF PUBLIC BOARD MEMBER**

RECOMMENDATION

It is recommended that the Board of Directors re-appoint Mr. Michael Morowit to another two-year term or give direction to staff on other options for selection of the public Board Member.

DISCUSSION

Background

On November 16, 2017, the Board adopted SJAFCA Resolution No. 17-20 approving the Amended and Restated Joint Exercise of Powers Agreement (JEPA). The JEPA states that the SJAFCA Board will include one member of the public, who shall reside or work within the boundaries of the Agency, appointed by a simple majority of the other Board members for a term as specified in the Bylaws.

On May 29, 2018, the Board adopted SJAFCA Resolution No. 18-13 approving the revision of the Agency's Bylaws. The Bylaws state that the Board will consider a policy for the appointment of a Public Member of the Board of Directors.

On July 19, 2018, the Board adopted SJAFCA Resolution No. 18-14 approving the Policy on the Selection of Public Board Members (Exhibit A). The Board initiated the selection process for an initial term of one year and six months, to include the remainder of 2018 and one year following until March of 2020.

On September 7, 2018, Public Notice was given indicating that SJAFCA was soliciting applications from qualified candidates for appointment to fill the Board Vacancy of a Public Board Member. Only one application was received in response to this Public notice.

On September 20, 2018 at the regular SJAFCA Board meeting, further guidance on selection of the Public Board Member was requested by staff. As a result of this guidance, a recruiting flyer for the position of a Public Board Member was created and distributed on September 27, 2018, to each of the member agencies. Public Notice was given on October 29, 2018, and again on November 5, 2018. These recruiting efforts resulted in the receipt of seven (7) applications.

On February 7, 2019 the Board adopted Resolution No. 19-07 approving the selection and confirmation of Mike Morowit as the Public Board Member for a two-year term, despite the earlier resolution which anticipated a one-year term ending at the beginning of 2020

SELECTION OF PUBLIC BOARD MEMBER

On January 16, 2020 the Board was presented with a question on when the term of the incumbent public Board Member's term ended, and it elected to take no action on a new Public Board Member at that time, allowing the incumbent public Board Member to complete his tenure scheduled to end in January 2021. By taking no action at that meeting, it was the Board's understanding that the next recruitment process to fill the public Board Member seat will start in December 2020 in order for the selected candidate to take his or her seat at or soon after the March 2021 meeting. The incumbent public Board Member's term will continue until a new public Board Member is seated.

Present Situation

The term of the incumbent public Board Member is expiring. At its meeting on December 17, 2020, the Board directed staff to initiate the process for selection of the public Board Member using the same process as the previous time.

Staff advertised the recruitment opportunity for about 30 days at various outlets soliciting applications from qualified candidates for appointment to fill the expiring term of a Public Board Member position. Here is a breakdown of some of the places where staff posted the recruitment announcement:

- SJAFCA Website
- Manteca Bulletin ad from 12/30/20 – 1/8/21
- Stockton Public Library through their online community announcement edition
- Clerks of all member agencies requested to publicize the recruitment

Following extensive outreach by staff, the recruiting effort resulted in the receipt of one application by the deadline.

RECOMMENDATION

Since the current incumbent is the only applicant, it is recommended that the Board re-appoint Mr. Michael Morowit to another two-year term or give direction to staff on other options for selection of the public Board Member. Should the Board elect to appoint the incumbent to another two-year term, the Board is requested to consider adoption of the attached draft resolution to re-appoint Mr. Morowit with an effective date of March 25, 2021.



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

ATTACHMENTS:

1. Exhibit "A" Policy on the Selection of Public Board Members (July 19, 2018)

RESOLUTION NO. SJAFCA 21-03

**SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

=====

RESOLUTION APPOINTING A PUBLIC BOARD MEMBER

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY, AS FOLLOWS:

1. The Public Board Member is appointed in accordance with the Policy on the Selection of Public Board Members (Exhibit A).
2. The Public Board Member will hold office for a one-year term.
3. The following person is hereby appointed:

MICHAEL MOROWIT PUBLIC BOARD MEMBER

PASSED, APPROVED AND ADOPTED this 28th day of January 2021.

GARY SINGH, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

EXHIBIT “A”

Policy on the Selection of Public Board Members (July 19, 2018)

It is the policy of the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCFA) to advertise for and appoint a member of the public for the purpose of better engagement with the public and increasing the knowledge and perspectives brought to the meetings of the Agency. In selecting public Board Members, the agency will be guided by the following principles and processes:

- By January 15 of each even numbered year (starting with 2020), the staff shall post a description of the activities of the agency and an application for use by prospective public members. The deadline for the application shall be two to three weeks after the first Board meeting of that year.
- At the first Board meeting of the year, the staff shall educate the Board Members of the process to select a public Board Member, and shall encourage Board Members to disseminate information on the process.
- The staff shall review all applications and make those applications available to the Board Members for review.
- The staff shall arrange a 30 minute interview with each applicant, which shall be video-taped and made available to the Board Members. The purpose of the interview is to give Board Members better perspective on the qualifications of the applicant for the position.
- The qualifications for the public Board Member include the following:
 - o The applicant cannot be an elected official;
 - o The Board will consider whether the applicant has expertise such as engineering, legal, or land use planning, but the applicant need not have that experience;
 - o The applicant must live, or work, within San Joaquin County;
 - o The applicant may be the sitting public Board Member;
 - o The applicant may not be an employee of or consultant to SJAFCFA;
 - o The applicant must agree to follow all legal requirements for members of public boards including the filing of Form 700s, compliance with all required training, and compliance with SJAFCFA’s conflict of interest policy; and
 - o The public member will receive no compensation for the position but will be reimbursed for reasonable expenses consistent with the treatment of the other members of the Board.
- The Board shall place appointment of the public member on its March agenda and shall use good faith in making an appointment for a two year term at that meeting.
- In order to ensure fairness and compliance with the Brown Act, no applicant may meet with more than three sitting Board Members.

Agenda Item 5.2

January 28, 2021

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR
THE FISCAL YEAR ENDING JUNE 30, 2020**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency (Agency) adopt a resolution accepting the Independent Auditor's Report and Financial Statements for the fiscal year ending June 30, 2020.

DISCUSSION

Background

Each year an independent audit of SJAFCA's financial records is performed by a Certified Public Accounting firm.

Results of the Agency's audits are shared with the Board of Directors, and a copy of the audit report is made available on the Agency's web site for public view at <https://www.sjafca.com/finances.php>.

Present Situation

The independent audit firm of Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation completed its review of the Agency's financial statements for the fiscal year ended June 30, 2020 and has issued an unmodified or "clean" audit opinion. There were no material weaknesses and no significant deficiencies to report.

The audit was conducted in accordance with generally accepted accounting principles in the United States of America (GAAP) and the standards for financial audits contained in Government Auditing Standards issued by the Comptroller of the United States. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The opinion contained in the Independent Auditor's Report validates the fair presentation of the Agency's financial statements as of June 30, 2020 and opines that the financial statements are presented fairly in all material respects and are in conformity with GAAP.

The Audited Financial Report will be incorporated into SJACA's Continuing Disclosure report filed as part of the Agency's outstanding Assessment Bonds and posted on District's website.

Staff recommends the Board adopt a resolution accepting the Independent Auditor's Report and the Annual Financial Statements for the fiscal year ended June 30, 2020.

March 19, 2020
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDING JUNE 30, 2020** (Page 2)

FISCAL IMPACT

This is an informational item only. There is no net budgetary impact as a result of the Board's approval of staff's recommendation.

PREPARED BY: Doug Clark, Accounting Manager



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

CE:DC

Attachment

RESOLUTION NO. SJAFCA 21-02

**SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

=====

**RESOLUTION TO ACCEPT THE INDEPENDENT AUDITOR'S REPORT AND FINANCIAL
STATEMENTS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY FOR THE
FISCAL YEAR ENDED JUNE 30, 2020**

WHEREAS, Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation Certified Public Accountants completed a review of the Agency's financial statements for the year ended June 30, 2020; and

WHEREAS, Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation Certified Public Accountants opined that the basic financial statements present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Joaquin Area Flood Control Agency, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY, AS FOLLOWS:

1. That the Board accepts the attached Independent Auditor's Report and Financial Statements of the San Joaquin Area Flood Control Agency for the fiscal year ended June 30, 2020.

PASSED, APPROVED AND ADOPTED this 28th day of JANUARY, 2021.

GARY SINGH, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS
Executive Director/Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:

SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
FINANCIAL REPORT
JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Joaquin Area Flood Control Agency
Stockton, California

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the San Joaquin Area Flood Control Agency (the Agency), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency'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.

Auditors' Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 District'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 District'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 opinion.

Philip Lantsberger, CPA
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the Agency, as of June 30, 2020, and the respective changes in financial position 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 and budgetary comparison information on pages 3-9 and 28-32, respectively, 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 inquires 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 Reporting Required by Government Audition Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, on our consideration of the Agency'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 the testing and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

Stockton, California
January 8, 2021

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

This section of the San Joaquin Area Flood Control Agency's (the Agency) annual financial report represents a discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2020. It should be read in conjunction with the Agency's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The Agency's Flood Protection Restoration Project (FPRP) does not receive assessment district or other financial proceeds due to the retirement of the assessment district bonds on September 2, 2011. Only the Maintenance and Operations assessments are collected annually for the FPRP as these flood protection improvements continue to be maintained.

The FPRP was included in Federal legislation and a Memorandum of Agreement (MOA) with the U.S. Army Corps of Engineers (USACE) was executed on March 2, 2002, which allows reimbursement for the Federal share of the Agency's project through the annual USACE budgeting process. Since the signing of the MOA with USACE, the Agency received \$22,868,020 through fiscal year 2010. The remaining \$10 million reimbursement was received during 2019 and as of June 30, 2020, the Agency has received \$32,933,185 of Federal reimbursement.

The State of California's share of the FPRP was received in 1998 and totaled \$12,625,000.

On July 10, 2013, the Agency formed the Smith Canal Area Assessment District (SCAAD). The district was created to provide the local cost share for constructing and maintaining improvements to remove the Smith Canal area from a Federal Emergency Management Agency (FEMA) Special Flood Hazard Area. Fiscal year 2019-20 is the sixth year of assessment collection for SCAAD.

The Agency executed a funding agreement with the State for an Early Implementation Program grant in the amount of \$2.4 million to cost share the design of the Smith Canal Gate project. The Agency also executed a funding agreement with the State for \$22.3 million to cost-share construction expenses through the State's Urban Flood Risk Reduction Program.

Effective January 1, 2018, the Agency amended and restated its Joint Exercise of Powers Agreement which expanded its boundaries to include the cities of Lathrop and Manteca. This action was taken to implement a plan to provide improved flood protection for the Reclamation District 17 basin, also known as Mossdale Tract. A funding stream was created to support the Mossdale Tract Program, with the goal of achieving 200-year flood protection.

On July 18, 2019, the Board of Directors adopted Resolution No. 19-29, entitled "A Resolution of the Board of Directors of the San Joaquin Area Flood Control Agency Approving the Form and Authorizing the Distribution of a Preliminary Official Statement in Connection with the Offering and Sale of Assessment District Revenue Bonds, Authorizing the Sale of the Bonds and Approving Related Documents and Actions". On May 20, 2020, the sale of the bonds netted \$23,257,457 deposit into the Project Fund (approx. \$950,000 more than estimated on April 30th at time of Contract Award). This amount of SJAFCFA's debt represents bonds secured by the Smith Canal Area Assessment District.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

During this fiscal year, Development Impact Fee revenue increased by \$602,491 due to increase in development fees from the Member Agency cities; City of Stockton fees collected were \$67,353, City of Manteca fees collected were \$275,538, and the City of Lathrop fees collected were \$259,600.

The Fiscal Year 2019-2020 Budget was adopted by SJAFCA Board of Directors on May 16, 2019. The budget supports SJAFCA's continuing efforts to address the region's flood control needs during the coming year and is consistent with the objectives of SJAFCA's current Strategic Plan. SJAFCA's Strategic Plan identifies the efforts which Agency will undertake to "reduce and manage the region's flood risk".

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's basic financial statements include: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements provide an overview of the Agency's financial position. Refer to Note 2 (Notes to the Basic Financial Statements) for further information on significant accounting policies. The Statement of Net Position presents information on all the Agency's assets and liabilities with the difference between the two reported as net position. The Statement of Activities presents information showing how net position changed during the most recent fiscal year.

The Agency's assets are distributed among the different fund type. The Agency's assets are capital assets acquired or constructed as part of flood risk reduction improvements. The Agency's noncapital assets are cash and cash equivalents. The County of San Joaquin (the County) maintains the cash pools for the Agency and serves as its Treasurer.

Historically, the Agency's assets were mostly derived from the original assessment and the proceeds of the bonds issued in 1996, and interest income on the balances from these assets. Other sources of funds included Flood Control Equalization Fees, which were collected for the Agency by the County and the City of Stockton when building permits were issued to new development within the Agency's original assessment district boundaries, and did not include Lathrop and Manteca.

As part of the Stockton Metropolitan Watershed, the Agency acquired the right-of-way needed for the project from property owners and these are classified under assets as land. In 2003, the Agency transferred to the State of California all real property associated with the project. However, the Central Valley Flood Protection Board (formerly the State of California Reclamation Board) has not accepted the federally authorized project alluding i) the project was not authorized by the State legislature, and ii) the need for more formal indemnification assurance. When the Central Valley Flood Protection Board agrees to designate the project as part of the State Plan of Flood Control, the Agency will no longer carry these assets.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other State and local governmental agencies, uses fund accounting, each fund having its own self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The Agency funds are divided into three categories: General Fund, Special Revenue Fund, and Capital Project Funds.

The General Fund accounts for funds loaned to the Agency in 1995 by the City of Stockton and the county for the initial funding of the project activities, as well as federal reimbursement for the flood project completed in 1998. The City of Stockton and County loans were paid, and, after the bond money was received, additional funds were created

The Special Revenue Funds account for assessment district proceeds for maintenance and operations (M&O) of flood control structures for the Flood Protection Restoration Assessment District, and the local cost for design, construction, and maintenance of flood control improvements for the Smith Canal Area Assessment District. Assessments are collected as a line item in property tax bills and are deposited into a fund solely designated for the purpose of the assessment district. Other proceeds are collected through special fees or loan agreements and their use is restricted for the Mossdale Tract area to achieve compliance with Senate Bill 5.

The Capital Project Funds support the Agency's capital programs and operating costs. Resources are from the original assessments, Flood Control Equalization Fees, proceeds from the initial FPRP bond issue, interest income, and the transferred balance from the Environmental Fund. Both Federal and State reimbursements are included in these funds.

Notes to the Basic Financial Statement provided additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information*. This information includes a budgetary comparison schedule for the Agency's governmental funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS ANALYSIS

The Agency applies Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments*. As noted earlier, net position provides an overview of the Agency's financial position.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

The following table shows that the Agency's assets exceed liabilities by about \$60,058,988 (\$86,611,634 - \$26,552,646) as of June 30, 2020, and net position decreased by \$2,018,452 (\$60,058,988 - \$62,077,440) compared with the prior year:

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets	\$ 49,971,900	\$ 26,123,193
Capital assets	36,639,734	37,540,852
TOTAL ASSETS	<u>86,611,634</u>	<u>63,664,045</u>
LIABILITIES		
Current liabilities	3,137,340	1,276,605
Noncurrent liabilities	23,415,306	310,000
TOTAL LIABILITIES	<u>26,552,646</u>	<u>1,586,605</u>
NET POSITION		
Net investment in capital assets	12,590,410	37,540,852
Restricted for capital improvements	5,242,167	-
Unrestricted	42,226,411	24,536,588
TOTAL NET POSITION	<u>\$ 60,058,988</u>	<u>\$ 62,077,440</u>

The Agency's capital net position for the year ended June 30, 2020: Land and Easements \$9,678,245 and Flood Control Infrastructure (net of depreciation) \$26,961,489 totaling \$36,639,734 represent approximately 45% of the Agency's total assets (see Capital Assets table on page 8). These capital assets are the flood control improvements constructed by the Agency and are considered assets belonging temporarily to the Agency. The following table identifies the changes in net position for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
REVENUES		
Assessments	\$ 2,583,334	\$ 2,577,358
Aid from other government agencies	3,577,350	14,021,958
Investment earnings	491,796	387,663
Miscellaneous	100,000	-
Total revenue	<u>6,752,480</u>	<u>16,986,979</u>
EXPENSES		
Operation and maintenance	7,010,873	4,069,544
Agency management	1,300,015	850,778
Interest and other charges	460,044	-
Total expenses	<u>8,770,932</u>	<u>4,920,322</u>
Change in net position	<u>(2,018,452)</u>	<u>12,066,657</u>
NET POSITION		
Net position, beginning of year	62,077,440	50,010,783
Net position, end of year	<u>\$ 60,058,988</u>	<u>\$ 62,077,440</u>

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

The Agency receives revenues from sources which include M&O assessments, Smith Canal assessments, interest and investment income, and project reimbursements from the State and the Federal government. Other sources of revenue are received through partnership agreements with other local and government agencies to help fund flood studies or related flood control activities approved by the Board of Directors. The collection of M&O assessments can only be used to maintain and operate the FPRP flood control structures, and the collection of Smith Canal assessments can only be used to design, construct, and maintain the Smith Canal project improvements.

Revenues decreased significantly from \$16,986,979 in fiscal year 2019 to \$6,752,480 in fiscal year 2020. The decrease is largely due to the federal reimbursement received from the U.S Army Corps of Engineers in 2019.

Expenses increased approximately 69% (from \$4,920,322 in fiscal year 2019 to \$8,770,932 in fiscal year 2020). The increase is associated with program activities and debt issuance.

FINANCIAL ANALYSIS OF AGENCY FUNDS.

The General Fund accounts for those funds loaned to the Agency in 1995 by the City of Stockton and the County for the initial funding of the FPRP activities, and the 2019 federal reimbursement received from the U.S. Army Corps of Engineers. The City of Stockton and County loans have since been paid. The Agency's operating costs are paid from this fund.

Special Revenue Funds Appropriate M&O assessments are collected annually through property taxes and are deposited in the Maintenance and Operations Fund. These monies are limited to M&O of the flood control structures built by the Agency. The annual budget for M&O is prepared in coordination with the San Joaquin County Public Works Department and approved by the Agency's Board of Directors.

A budget of \$1,184,000 which includes a \$100,000 contingency allocation for emergencies, was considered appropriate for fiscal year 2019-20 for M&O. The budget is impacted by requirements to comply with stringent levee standards imposed by regulatory agencies and growing vandalism to flood control structures by persons who encamp on the levees. The Maintenance and Operations Fund had a balance of approximately \$5.4 million on June 30, 2020.

Beginning fiscal year 2014-15 assessments for the SCAAD are collected annually through property taxes and are deposited into a separate fund for the design, construction, and maintenance of flood control improvements for the specially benefited parcels within SCAAD. The assessment is in compliance with all laws pertaining to Proposition 218 including Article XIII-D of the California Constitution. Assessment collection for fiscal year 2019-20 was \$1.66 million.

Capital Projects Funds These funds are available to meet the Agency's operating and capital program costs. Aside from Special Revenue Funds, and the General Fund, the Agency does not have long-term sustainable revenue sources in place to support Agency operations in the long-term.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

INFRASTRUCTURE ASSETS

Capital Assets

The Agency's net investment in capital assets as of June 30, 2020, is \$36,639,734. These capital assets include land (right-of-way acquired for the project) and flood control infrastructures. The area protected by the Agency is about 38,700 gross acres of land with approximately 74,000 parcels in the County. The Agency completed the main construction of the flood control improvements project in November 1998, and since then, no major construction has been undertaken. However, authorized project studies and investigations may lead to new projects. Apart from normal depreciation, there were no changes in capital assets during fiscal year ended June 30, 2020.

CAPITAL ASSETS <u>(net of accumulated depreciation)</u>		
	2020	2019
Land and easements	\$ 9,678,245	\$ 9,678,245
Infrastructure assets, net	26,961,489	27,862,607
Total	<u>\$ 36,639,734</u>	<u>\$ 37,540,852</u>

Total accumulated depreciation as of June 30, 2020 is \$18,097,115. Therefore, the net infrastructure assets are \$26,961,489 (\$45,058,604 - \$18,097,115). The infrastructure assets are being depreciated over a life of 50 years.

As noted earlier, these capital assets are the flood control improvements constructed by the Agency and are considered assets belonging temporarily to the Agency. Land acquired by the Agency for the right-of-way purposes was turned over to the Central Valley Flood Projection Board; however, the Central Valley Flood Projection Board has not accepted the federally authorized project. Therefore, when the Central Valley Flood Projection Board agrees to designate the project as part of the State Plan of Flood Control the Agency will no longer carry these assets.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

AGENCY OPERATIONS

The Agency completed the main construction of its \$70 million flood control improvements project in November 1998. In past years, due to the concern of levee decertification by FEMA, the Board of Directors held some Capital Projects Funds in reserve to remedy levee decertification. During fiscal year 2009-10, the Board of Directors authorized technical studies and investigation using these funds. These technical studies and investigations support future projects. Currently, the Agency participates in flood control studies and investigations which will provide or restore the required level of protection for parcels within the Agency's assessment district area.

During fiscal year 2019-20, the Board of Directors approved the following: (i) award of \$49,487,976 contract for construction of the Smith Canal Gate Project; (ii) entry into an \$8.84 million Design Agreement for Phase 1 of the Recommended Project with the U.S. Army Corps of Engineers with the Central Valley Flood Protection Board and SJAFCA as local sponsors; (iii) adopt a policy on compensation and reimbursement for public board members; (iv) a one-year contract with Willdan Financial Services to provide assessment district administration services for the Smith Canal Area Assessment District; (v) authorize the issuance and sale of assessment revenue bonds to finance flood control Improvements for the Smith Canal Area Assessment District; (vi) acquire, by condemnation, certain property for the Smith Canal Gate project.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Agency's Executive Director, Chris Elias at 22 E. Weber Avenue, Room 301 Stockton, California 95202.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 46,834,190
Interest income receivable	79,090
Receivable - State of California	2,737,431
Prepaid expenses	321,189
Total current assets	<u>49,971,900</u>
Capital assets:	
Land and easements	9,678,245
Infrastructure assets, net	26,961,489
Total capital assets	<u>36,639,734</u>
Total assets	<u>\$ 86,611,634</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 2,193,322
Bonds payable, current maturity	910,000
Accrued bond interest	34,018
Total current liabilities	<u>3,137,340</u>
Noncurrent liabilities:	
Member agency loans	310,000
Bonds payable, net of current maturity	23,105,306
Total noncurrent liabilities	<u>23,415,306</u>
Net position:	
Net investment in capital assets	12,590,410
Restricted for capital improvements	5,242,167
Unrestricted	42,226,411
Total net position	<u><u>\$ 60,058,988</u></u>

See accompanying notes to the basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions / Programs	Program Expenses	Program Revenues		
		Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities:				
Operations and maintenance	\$ 7,010,873	\$ 100,000	\$ -	\$ (6,910,873)
Agency management	1,300,015	3,577,350	-	2,277,335
Interest and other charges	<u>460,044</u>	<u>-</u>	<u>-</u>	<u>(460,044)</u>
Total governmental activities	<u>\$ 8,770,932</u>	<u>\$ 3,677,350</u>	<u>\$ -</u>	<u>(5,093,582)</u>
General revenues:				
Assessments fees				2,583,334
Investment earnings				<u>491,796</u>
Total general revenues				<u>3,075,130</u>
Change in net position				<u>\$ (2,018,452)</u>
Net position, beginning of year				<u>62,077,440</u>
Net position, end of year				<u>\$ 60,058,988</u>

See accompanying notes to the basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Maintenance and Operations Fund	Smith Canal Assessment & Closure Fund	Mossdale Tract & Levee Impact Fees Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,422,400	\$ 5,502,053	\$ 4,348,266	\$ 2,299,309	\$ 23,572,028
Interest income receivable	36,942	17,966	16,540	7,642	79,090
Receivable - State of California	-	-	2,427,131	310,300	2,737,431
Investments	-	-	23,262,162	-	23,262,162
TOTAL ASSETS	<u>\$ 11,459,342</u>	<u>\$ 5,520,019</u>	<u>\$ 30,054,099</u>	<u>\$ 2,617,251</u>	<u>\$ 49,650,711</u>
LIABILITIES					
Accounts payable	\$ 137,252	\$ 277,852	\$ 1,695,337	\$ 82,881	\$ 2,193,322
Member agency loans	-	-	-	310,000	310,000
Total liabilities	<u>137,252</u>	<u>277,852</u>	<u>1,695,337</u>	<u>392,881</u>	<u>2,503,322</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-	59,937	59,937
FUND BALANCES					
Restricted	-	5,242,167	-	-	5,242,167
Assigned	-	-	28,358,762	2,164,433	30,523,195
Unassigned	<u>11,322,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,322,090</u>
Total fund balances	<u>11,322,090</u>	<u>5,242,167</u>	<u>28,358,762</u>	<u>2,164,433</u>	<u>47,087,452</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 11,459,342</u>	<u>\$ 5,520,019</u>	<u>\$ 30,054,099</u>	<u>\$ 2,617,251</u>	<u>\$ 49,650,711</u>

See accompanying notes to the basic financial statements.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Fund Balances - Governmental Funds \$ 47,087,452

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.

Infrastructure assets, land, and easements	\$ 54,736,849	
Less: accumulated depreciation	<u>(18,097,115)</u>	
		36,639,734

The issuance of long-term debt provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items. (23,728,135)

As the focus of Governmental Funds is on short-term financing, some assets will not be available to pay current expenditures. Those assets (receivables) are offset by unavailable revenue in the Governmental Funds. 59,937

Net Position of Governmental Activities \$ 60,058,988

See accompanying notes to the basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Maintenance and Operations Fund	Smith Canal Assessment & Closure Fund	Mossdale Tract & Levee Impact Fees Fund	Total Governmental Funds
Revenues:					
Assessments	\$ -	\$ 920,942	\$ 1,662,392	\$ -	\$ 2,583,334
Investment earnings	256,902	97,989	84,142	52,763	491,796
Other government agency aid	-	-	5,177,556	602,491	5,780,047
Miscellaneous	-	-	-	100,000	100,000
Total revenues	<u>\$ 256,902</u>	<u>\$ 1,018,931</u>	<u>\$ 6,924,090</u>	<u>\$ 755,254</u>	<u>\$ 8,955,177</u>
Expenditures:					
Current operating:					
Maintenance and operations	\$ 144,703	\$ 1,160,847	\$ 4,121,096	\$ 683,109	\$ 6,109,755
Agency management	978,299	27,903	190,363	103,450	1,300,015
Total expenditures	<u>1,123,002</u>	<u>1,188,750</u>	<u>4,311,459</u>	<u>786,559</u>	<u>7,409,770</u>
Other financing sources (uses):					
Issuance of bonds	-	-	24,015,306	-	24,015,306
Bond issuance costs	-	-	(747,215)	-	(747,215)
Transfers in (out)	(112,937)	8,000	58,659	46,278	-
Total other financing sources (uses)	(112,937)	8,000	23,326,750	46,278	23,268,091
Net change in fund balances	<u>(979,037)</u>	<u>(161,819)</u>	<u>25,939,381</u>	<u>14,973</u>	<u>24,813,498</u>
Fund balances, beginning	<u>12,301,127</u>	<u>5,403,986</u>	<u>2,419,381</u>	<u>2,149,460</u>	<u>22,273,954</u>
Fund balances, ending	<u><u>\$ 11,322,090</u></u>	<u><u>\$ 5,242,167</u></u>	<u><u>\$ 28,358,762</u></u>	<u><u>\$ 2,164,433</u></u>	<u><u>\$ 47,087,452</u></u>

See accompanying notes to the basic financial statements.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net changes in Fund Balances - Governmental Funds	\$ 24,813,498
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Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:

When capital assets that are to be used in Governmental Activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the Governmental Funds. This is the amount of capital assets additions and depreciation recorded in current year.

Depreciation expense	<u>\$ (901,118)</u>	(901,118)
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Revenues in the governmental fund's statement that do not provide current financial resources are not reported as revenue in the fund.	(2,202,697)
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The issuance of long-term debt provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.

	<u>(23,728,135)</u>
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Changes in Net Position of Governmental Activities	<u><u>\$ (2,018,452)</u></u>
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See accompanying notes to the basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1. DESCRIPTION OF THE AGENCY

Nature of business

The San Joaquin Area Flood Control Agency (the Agency) is the result of a joint powers agreement (JPA) between the City of Stockton (the City), the County of San Joaquin (the County), and the San Joaquin County Flood Control and Water Conservation District (the District). The Agency was formed on May 25, 1995, for the purposes of undertaking the acquisition, construction, and/or installation of improvements to flood control channels in the City and the portion of unincorporated areas of the County adjacent thereto (the Project), in order to provide a 100-year flood protection to these areas. The Agency is a public entity pursuant to the provisions of Articles 1-4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California.

The basic operations of the Agency are financed as a part of the Project operations and costs. An annual special assessment based on total costs of the Project was assessed during the year ended June 30, 1996. The assessment paid for Project costs and bond repayment. The Agency retired the bonds three years ahead of scheduled maturity on September 2, 2011. During the year ended June 30, 1997, an additional annual special assessment was approved for the continued maintenance of the flood project structures. Collections of the June 30, 1997, assessment will continue to finance the maintenance of the flood project structure until adoption of a terminating resolution.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Financial Agency

The Agency's basic financial statements include the accounts of all Agency operations. The Agency's basic financial statements do not include operations of the associated governmental agencies involved in the joint powers agency, namely, the City, the County, and the District.

Basis of Presentation – Government-Wide Accounting

The government-wide financial statements include the Statement of Net Position and the Statement of Activities and report financial information on the Agency as a whole. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for functions of the Agency's governmental activities. Direct expenses are those that are clearly identifiable with specific function. Program revenues include 1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 2) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Other items not properly included are reported instead as general revenues and expenses.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Fund Accounting

Fund financial statements provide information about the Agency's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Agency does not have any proprietary or fiduciary funds.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized in the year for which they are levied.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are recorded when the related liability is incurred, except for general obligation on principal and interest which are reported as expenditures in the year they are due.

The major sources of revenues susceptible to accrual are assessments of property owners and investment income.

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

Allocation of Indirect Expenses

The Agency allocates indirect expenses, primarily comprised of administrative services, to Agency management functions. Administrative services include accounting, financial reporting, payroll reimbursement, investing and cash management, personnel services, and other administrative services.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Types and Major Funds

The Agency reported the following major governmental funds in the accompanying financial statements:

General fund – Accounts for project expenses, including but not limited to, construction, consultants, and salaries reimbursement.

Maintenance and Operations Fund – Accounts for the collection of special assessments from property owners within the Agency’s assessment district for the maintenance of the flood structures. Proceeds are restricted to the maintenance and operations (M&O) activities identified in the M&O budget.

Smith Canal Assessment Fund – Accounts for the collection of special assessments from property owners within the Smith Canal Area Assessment District. The collection of assessments are for design, construction, and maintenance of the Smith Canal flood control improvements to remove the area from a Federal Emergency Management Agency (FEMA) Special Hazard Area. Proceeds are restricted to activities identified in the Annual Engineer’s Report for the Smith Canal Area Assessment District.

Smith Canal Closure Fund – This fund was initially created to collect Early Implementation Project (EIP) funding received by the State of California per a Funding Agreement for the design of the Smith Canal Gate project. The fund is now used to collect Urban Flood Risk Reduction funding received by the State for final design and construction of the project.

Mossdale Tract Fund – Accounts for the collection of proceeds from member agencies through a loan agreement and for the collection of proceeds from member agencies for development impact fee when building permits are issued for new development in the Mossdale Tract area. The proceeds will be used to fund flood control improvements needed to obtain 200-year level of flood protection for the Mossdale Tract area.

Mossdale Levee Impact Fees Fund – Accounts for the collection of proceeds from member agencies through a loan agreement and for the collection of proceeds from member agencies for development impact fee when building permits are issued for new development in the Mossdale Tract area. The proceeds will be used to fund flood control improvements needed to obtain 200-year level of flood protection for the Mossdale Tract area.

Cash and Cash Equivalents

The Agency maintains a large portion of its cash in the County Treasury. The County pools these funds with those of other agencies in the County and invests the cash.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Infrastructure Assets and Depreciation

The Agency's infrastructure assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Agency generally capitalizes all assets as construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Infrastructure assets are depreciated using the straight-line method over a useful life of 50 years.

Reservation of Fund Balances

The Agency records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations or expenditure in the governmental funds balance sheet.

Restriction of Net Position

Net position is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments. If restricted and unrestricted net position are available for the same purpose, then restricted net position will be used before unrestricted net position. These captions apply only to net position, which is determined only at the government-wide level, and is described below:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation, less the outstanding balance of any debt issued to finance these assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted – The amount is all the net position that does not meet the definition of "net investment in capital assets" or "restricted."

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessment Tax

The County collects the Agency's assessment tax revenue as part of the County's property taxes. The County's secured property tax payments are levied in two equal installments: the first is generally due November 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. Secured property with unpaid taxes incurs a lien on January 1st preceding the fiscal year for which taxes are levied. Property taxes on the unsecured roll are due on the January 1st lien date and become delinquent if unpaid on August 31st.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Fund Balance

In March 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described below:

Nonspendable Fund Balance – Amounts that are inherently nonspendable such as inventory or long-term receivables.

Restricted Fund Balance – Amounts that have externally enforceable limitations on use that are either imposed by law or constrained by grantors, contributors, or laws and regulations of other governments.

Committed Fund Balance – Amounts that can only be used for specific purposes determined by formal action of the Agency's highest level of decision-making authority, the Board of Directors. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use through the same type of formal action taken to establish the commitment. The formal action must occur prior to the end of the reporting period; however, the amount can be determined subsequently.

Assigned Fund Balance – Amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The intent can be expressed by the Board of Directors itself or by an official to which the governing body has delegated the authority.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Fund Balance – the residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories. This amount is reported only in the General Fund except in cases of negative fund balance. Negative fund balances in other governmental funds are reported as Unassigned Fund Balance.

The accounting policies of the Agency consider restricted fund balance to have been spent first when an expenditure is incurred if both restricted and unrestricted fund balance are available. Similarly, when all expenditure is incurred for purposes for which amounts in any of the unrestricted classification of fund balance could be used, the Agency considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Most non-general funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of a fund will be allocated to the applicable fund balance classifications in the order of the spending policy above.

Bond Issue

On May 18, 2020, the Agency issued “San Joaquin Area Flood Control Agency, California Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020.” Principal amount is \$23,435,000, less underwriter discount of \$107,801, plus premium of \$580,306.

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. See Note 9.

NOTE 3. DETAILED NOTES ON FUNDS

The Agency maintains a large portion of its cash in the County Treasury as part of the common investment pool (the Pool), which had a carrying value of \$23,428,283 as of June 30, 2020.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON FUNDS (Continued)

The Agency is considered to be an involuntary participant in the external investment Pool. The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool.

Participants' equity in the Pool is determined by the dollar amount of the participant's deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances.

The value of the Agency's shares in the Pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the Agency's position in the Pool. The Agency's investment in the Pool is unrated, stated at amortized cost which approximates fair value, available on demand, and considered cash equivalents.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of fair value to changes in market interest rate. As of year-end, the weighted average maturity of the investments contained in the Pool was approximately one year.

Credit Risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. California statutes and the County's investment policy limit the County investments to obligations of the U.S. Treasury, certain Federal agencies, bankers' acceptances, "prime" commercial paper, certificates of deposit, swaps and trades, State Treasurer's Local Agency Investment Fund, and repurchase agreements.

Concentration of Credit Risk- Concentration of credit risk is the loss risk attributed to the magnitude of a government's investment in a single issuer. The County's investment policy places certain maximum percentage limitations of investments by investment type and the Treasurer has adhered to this policy with no exception.

Custodial Credit Risk - Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County issues a financial report that includes custodial credit risk disclosures for the cash in the County Treasury. The report may be obtained by writing to the County Treasurer, 44 North San Joaquin Street, Stockton, California 95202.

Assessments Receivable

Assessments are collected and remitted to the County Tax Collector. The County Tax Collector's office transfers the assessment amount to the Agency's fund held by the County Treasury. In the governmental fund financial statements, assessments receivable is recorded in the Special Revenue Funds. In the government-wide financial statements, assessments receivable includes all amounts due to the Agency regardless of when the cash is received.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON FUNDS (Continued)

Accounts Payable

Significant payables include amounts due to a related party. See Note 5 for information describing related parties. Other payable amounts are due to vendors for services rendered prior to the fiscal year end.

Capital Assets

The following table provides a summary of changes in capital assets:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Nondepreciable capital assets:				
Land and easements	\$ 9,678,245	\$ -	\$ -	\$ 9,678,245
Depreciable capital assets:				
Infrastructure assets	45,058,604	-	-	45,058,604
Less accumulated depreciation	(17,195,997)	(901,118)	-	(18,097,115)
Net depreciable capital assets	<u>27,862,607</u>	<u>(901,118)</u>	<u>-</u>	<u>26,961,489</u>
Net capital assets	<u>\$ 37,540,852</u>	<u>\$ (901,118)</u>	<u>\$ -</u>	<u>\$ 36,639,734</u>

NOTE 4. FUND BALANCES

Fund balances are presented in the following categories: restricted, assigned, and unassigned (See Note 2 for a description of these categories). A detailed schedule of fund balances at June 30, 2020, is as follows:

	<u>General Fund</u>	<u>Maintenance & Operations Fund</u>	<u>Smith Canal Assessment & Closure Fund</u>	<u>Mossdale Tract & Levee Impact Fees Fund</u>	<u>Total</u>
Fund balances:					
Restricted for maintenance and operations	\$ -	\$ 5,242,167	\$ -	\$ -	\$ 5,242,167
Assigned to capital projects	-	-	28,358,762	2,164,433	30,523,195
Unassigned	11,322,090	-	-	-	11,322,090
Total fund balances	<u>\$ 11,322,090</u>	<u>\$ 5,242,167</u>	<u>\$ 28,358,762</u>	<u>\$ 2,164,433</u>	<u>\$ 47,087,452</u>

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 5. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2020, the Agency has approved payments to members of the JPA for services and personnel costs of the Agency. These costs are accumulated in the Agency administrative costs. Amounts paid to the related parties during the fiscal year ended June 30, 2020, were \$1,504,374.

NOTE 6. COMMITMENTS

The Agency entered into a \$10 million cost-share agreement with the USACE and the Central Valley Flood Protection Board for a feasibility study for the Lower San Joaquin River, of which, the local responsibility is \$2.5 million. Information from this study will be used to develop a plan to reach a 200- year level of flood protection for urban and urbanizing areas as required by State Senate Bill 5.

The Agency's Board of Directors also authorized a \$6.1 million contract to complete the design of the Smith Canal Gate project to restore flood protection to an area affected by levee decertification and FEMA re-mapping. The Agency secured an EIP grant through the State Department of Water Resources (DWR) in the amount of \$2.4 million to cost-share half of the design and environmental work.

The remaining half is being funded with assessment revenues that were passed under Proposition 218 on July 10, 2013. The Agency executed an Urban Flood Risk Reduction grant for \$22.3 million, which was later increased to \$35.8 million, to cover remaining design, permitting, and construction costs. The Agency anticipates the State to cost share in 63% of total project costs.

NOTE 7. MEMBER AGENCY LOANS

Each member agency (City of Stockton, City of Lathrop, City of Manteca, and County of San Joaquin) signed a seed funding agreement that would loan the Agency an amount not to exceed \$365,000 each. The loans are to be used for planning of the Mossdale Tract Phase IV levee improvements and to demonstrate progress toward compliance with Senate Bill 5 requirements. Each Member Agency advanced an amount of \$65,000 with exception of the City of Lathrop which advanced an amount of \$115,000. The term of repayment for the loan amounts do not include interest and can be repaid any time prior to June 30, 2029, at the Agency's discretion. It should also be noted that the loans may be forgiven if permanent funding sources for the entirety of the Mossdale Tract Phase IV Levee Improvement Project is unable to be secured.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND TRANSFERS

Transfers and payments within the Agency are for the purpose of subsidizing operating functions. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

The government-wide Statement of Activities eliminates transfers as reported within the segregated governmental columns. Only transfers between columns appear in this statement.

The following schedule reports transfers and payments within the Agency:

	<u>Transfers From</u>	<u>Transfers To</u>
General Fund	\$ -	\$ 112,937
Maintenance and Operations Fund	8,000	-
Smith Canal Assessment	2,451,727	-
Smith Canal Closure	-	2,483,068
Mossdale Tract	46,278	1,000,000
Mossdale Levee Impact	<u>1,000,000</u>	<u>-</u>
Total	<u>\$ 3,506,005</u>	<u>\$ 3,596,005</u>

NOTE 9. BONDS PAYABLE

On May 18, 2020, the Agency issued "San Joaquin Area Flood Control Agency, California Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020." The proceeds are to be used in the construction of improvements to provide protection from flood flows within the Smith Canal area of San Joaquin County, known generally as the Smith Canal Gate Project. Principal amount is \$23,435,000, less underwriter discount of \$107,801, plus premium of \$580,306. The bonds bear interest from 3%-5%, with payments due semiannually on April 1 and October 1, commencing October 1, 2020. Source of payment for the bonds will come from assessments levied by the Agency, and collected by San Joaquin County on behalf of the Agency.

The bonds maturing on or after October 1, 2031 are subject to optional redemption prior to their stated maturities, on any date on or after October 1, 2030, in whole or in part, at a redemption price equal to the principal amount of the bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Payment Redemption

The bonds maturing on October 1, 2040 are subject to mandatory sinking payment redemption in part by lot on October 1, 2036, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

<u>Redemption Date</u> <u>(October 1)</u>	<u>Sinking Payments</u>
2036	\$ 745,000
2037	770,000
2038	795,000
2039	820,000
2040 (maturity)	845,000

The bonds maturing on October 1, 2045 are subject to mandatory sinking payment redemption in part by lot on October 1, 2041, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

<u>Redemption Date</u> <u>(October 1)</u>	<u>Sinking Payments</u>
2041	\$ 875,000
2042	905,000
2043	935,000
2044	965,000
2045 (maturity)	1,000,000

The bonds maturing on October 1, 2050 are subject to mandatory sinking payment redemption in part by lot on October 1, 2046, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

<u>Redemption Date</u> <u>(October 1)</u>	<u>Sinking Payments</u>
2046	\$ 1,035,000
2047	1,065,000
2048	1,105,000
2049	1,140,000
2050 (maturity)	1,180,000

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE (Continued)

The estimated annual requirements to amortize the bonds payable as of June 30, 2020, are as follows:

Year Ended June 30	Principal	Interest	Total Requirements
2021	\$ 910,000	\$ 310,418	\$ 1,220,418
2022	400,000	816,656	1,216,656
2023	420,000	800,656	1,220,656
2024	435,000	783,856	1,218,856
2025	455,000	766,456	1,221,456
2026-2030	2,630,000	3,468,533	6,098,533
2031-2035	3,280,000	2,803,831	6,083,831
2036-2040	3,855,000	2,241,256	6,096,256
2041-2045	4,525,000	1,568,318	6,093,318
2046-2050	5,345,000	752,119	6,097,119
2051	1,180,000	39,825	1,219,825
Subtotal	23,435,000	14,351,924	37,786,924
Plus bond premium	580,306	-	580,306
Total liability	<u>\$ 24,015,306</u>	<u>\$ 14,351,924</u>	<u>\$ 38,367,230</u>

Accrued interest on the bonds at June 30, 2020 was \$30,418.

NOTE 10. SUBSEQUENT EVENTS

In preparing the financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through January 8, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1. BUDGETARY INFORMATION

A. Budget Policy and Practice

The San Joaquin Area Flood Control Agency (the Agency) submits an annual budget to the Board of Directors. The Board of Directors formally approves the annual budget in accordance with the by-laws established by the joint power agency agreement. The Board of Directors is to prepare and adopt a budget within the first 90 days of the fiscal year.

B. Basis of Budgeting

The budget is prepared under accounting principles generally accepted in the United States of America basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: maintenance and operations, administration costs, and real estate planning and acquisition costs. Expenditures may not exceed appropriations at this level.

NOTE 2. EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2020, the Agency has expenditures over appropriations as follows:

General Fund

Maintenance and operations	(144,703)
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Maintenance and Operations Fund

Maintenance and operations	(86,347)
Agency management	(18,403)

Smith Canal Assessment Fund

Agency management	(170,363)
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ADDITIONAL INFORMATION



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 *GOVERNING AUDITING STANDARDS*

To the Board of Directors
San Joaquin Area Flood Control Agency
Stockton, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Joaquin Area Flood Control Agency (the Agency), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

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

Philip Lantsberger, CPA
Robert Gross, CPA
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 determination of financial statement amounts. 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Stockton, California
January 8, 2021

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weakness?	No
Noncompliance material to the financial statements noted?	No

Section II – Summary of Material Weaknesses

None

Section III – Summary of Significant Deficiencies

None

Section IV – Review of Prior Year Material Weaknesses and Significant Deficiencies

None

Agenda Item 5.3

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **UPDATE ON THE LOWER SAN JOAQUIN RIVER AND DELTA SOUTH REGIONAL FLOOD MANAGEMENT PLAN**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency receive an informational update on the Regional Flood Management Plan (RFMP) for the Lower San Joaquin River and Delta South (LSJ/DS) region.

DISCUSSION

Background

As mandated by Senate Bill 5 (SB 5) also known as the Central Valley Flood Protection Act, DWR prepared, and the CVFPB adopted the Central Valley Flood Protection Plan (CVFPP). The CVFPP called for California Department of Water Resources (DWR) to work with local flood management agencies to prepare more detailed RFMP for the implementation of a sustainable and integrated flood risk reduction program in the Central Valley.

The RFMP was a bottom-up planning process for local stakeholders to identify flood protection projects, establish local priorities and formulate a regional financing plan to implement a local vision for flood risk reduction priorities. The LSJ/DS RFMP stakeholders consists of 29 Reclamation Districts, as well as the cities of Stockton, Lathrop and Manteca, San Joaquin County and the San Joaquin County Flood Control and Water Conservation District.

The original LSJ/DS RFMP was summarized in a 2014 report to DWR. The second phase of the RFMP continued regional coordination with DWR during preparation of the 2017 CVFPP. Currently, the third phase of the RFMP is providing specific updated information for use by DWR in preparation of the 2022 CVFPP update.

In October 2019, the San Joaquin Area Flood Control Agency released its first Strategic Plan, which contains the Boards' Priority Actions. These actions contain ongoing work to deliver the goals and objectives found in the Strategic Plan. The Priority Actions are meant to be updated and amended as the program progresses.

Present Situation

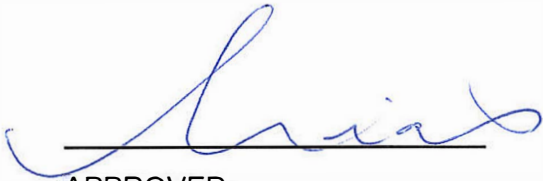
Some progress has been made to implement flood risk reduction projects since completion of the first RFMP report in 2014. The purpose of this report is to present an update to the Board on the current long-term flood management strategy for the region as found in the latest version of the LSJ/DS RFMP. Further, the presentation covers SJAFCA's Priority Actions and how they intersects with the LSJ/DS RFMP. This sets up the Board for future presentations and discussions about updates to ongoing projects led by SJAFCA. During those subsequent Board meetings, staff will present modification to and future outlook on SJAFCA's Priority Actions. This will ensure SJAFCA is on a trajectory to deliver the region's needs and the goals of the Strategic Plan.

FINANCIAL IMPACT

This is an informational item only. There is no net budgetary impact because of the Board's consideration of staff's presentation.

STRATEGIC PLAN CONSISTENCY ANALYSIS

Consideration of this informational update on the LSJ/DS RFMP is consistent with the Mission and Goals of the Board-adopted Strategic Plan. Specifically, it is consistent with Goal 1 "to Plan for and Implement System Resiliency" and Goal 3, "Facilitate Funding Structures that are most Beneficial to Local Interests"



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

CE:ce

ATTACHMENT 1 – Regional Priorities & Strategic Plan Priority Actions Presentation Handouts

Regional Priorities & Strategic
Plan Priority Actions


San Joaquin Area FLOOD CONTROL Agency

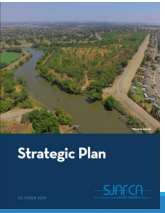
BOARD OF DIRECTORS MEETING
JANUARY 28, 2021

Reduce and Manage the Region's Flood Risk

1

Purpose

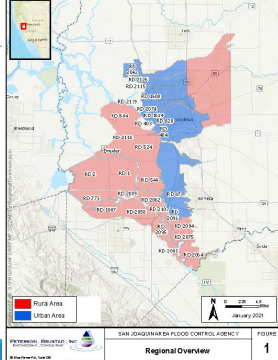
- Primer on intersection between regional planning and SJAFA's Program, namely:
- Ongoing Regional Flood Management Planning (RFMP) to support DWR's Central Valley Flood Protection Plan Update 2022 – draft Regional Priorities
- SJAFA Programs and Priority Actions
- Future Board meetings/workshops will deep dive into regional efforts and SJAFA's priorities.


Strategic Plan

2

Background

- Lower San Joaquin/Delta South Regional Flood Management Plan (RFMP)
- Support Central Valley Flood Protection Plan
- Expands beyond SJAFA's jurisdictional boundaries & includes "outside" projects
- Phase I completed in 2014
- Phase II completed in 2017
- Third phase scope:
 - Update Project List
 - White Paper: Accomplishments, Challenges & Regional Priorities (Focus of Remaining Presentation)


Regional Overview

3

Background

- SJAFCA's Strategic Plan adopted by the Board in September 2019
- Framework for Actions and Decisions via Mission, Goals, Objectives & Priority Actions

Mission Statement

- Reset & Reaffirmed Mission Statement

Overarching Goals

- Created 5 Agency Goals

Supporting Objectives

- Developed 7 Objectives Supporting the Mission and Goals

Primary Actions

- Identified and Codified Specific, Time-bound, Accountable Actions

4

Priority Comparison



Regional Flood Management Plan (RFMP) Priorities

USACE Lower San Joaquin River Project Implementation

SJAFCA Priority Actions (PA)

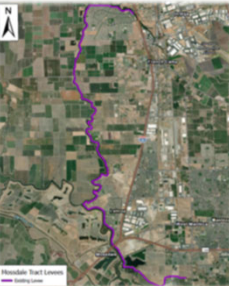
PA 1 – Initiate 1st increment of Lower San Joaquin River Project

PA 2 – Complete construction of Smith canal Closure Structure

PA 3 – Submit to USACE credit request for Smith Canal Project construction

5

Priority Comparison



Regional Flood Management Plan (RFMP) Priorities

Mossdale Tract ULOP Improvements

Mossdale Federal Feasibility Study

SJAFCA Priority Actions (PA)

PA 4 – Support USACE in initiating Phase 2 of the Lower San Joaquin River Feasibility Study

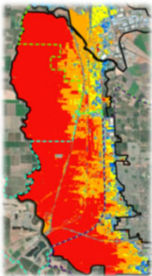
PA 5 – Complete Mossdale Urban Flood Risk reduction Study and engage USACE

PA 6 – Achieve adequate progress toward 200-yr level of protection in Mossdale

PA 7 – Update project dev plans to account for Climate Change Adaptation Policy for Mossdale

6

Priority Comparison



Regional Flood Management Plan (RFMP) Priorities

Formation of Local Funding Programs

SJAFCA Priority Actions (PA)

PA 8 – Complete formation of funding program for Mossdale Tract Area

PA 9 – Document capital improvement plan to implement SJAFCA's objectives, including funding approach

7

Priority Comparison



Regional Flood Management Plan (RFMP) Priorities

Improve Analyses and Planning for Climate Change

SJAFCA Priority Actions (PA)

PA 7 – Update project plans to account for Climate Change Adaptation Policy for Mossdale

PA 12 – Partner with DWR/CVFPB to evaluate system improvement options consistent with CVFPP and region

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Priority Comparison



Regional Flood Management Plan (RFMP) Priorities

Feasibility Study: Expansion of Paradise Cut Bypass

Feasibility Study: Metro Stockton Protection

Feasibility Study: FloodMAR Projects

SJAFCA Priority Actions (PA)

PA 12 – Partner with DWR/CVFPB to evaluate system improvement options consistent with CVFPP and region

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Priority Comparison



Regional Flood Management Plan (RFMP) Priorities

Mormon Slough Bank Repair and Channel Restoration

Improve Emergency Preparedness

SJAFA Priority Actions (PA)

No Specific PA

10

Priority Comparison

Regional Flood Management Plan (RFMP) Priorities

No Specific RFMP Priorities

SJAFA Priority Actions (PA)

PA 10 – Implement a public awareness program for each project and the Agency's mission.

PA 11 – Engage and nurture strategic relationships w/ local, state, feds, business community NGOs and others.

PA 12 – Partner with DWR/CVFPB to evaluate system improvement options consistent with CVFPP and region

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Next Steps

➤ Present Regional Efforts in More detail: Metro Stockton & Mossdale

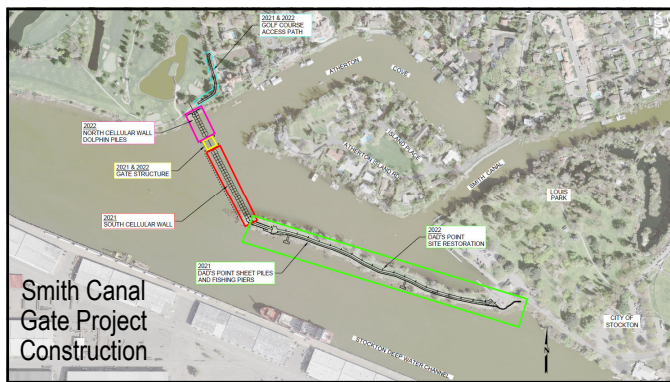
➤ Propose Updates and Amendments to SJAFA's Priority Action

➤ Continued Interaction with CVFPB

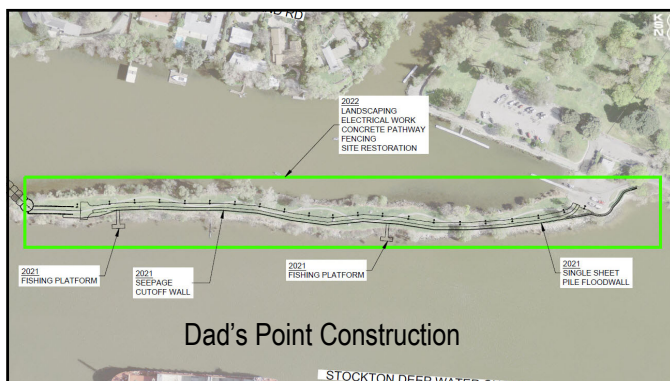
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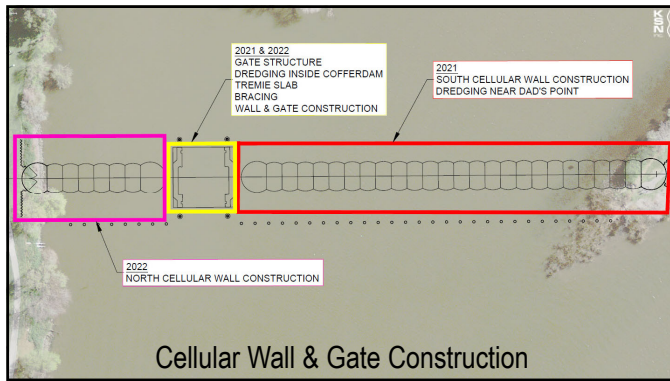
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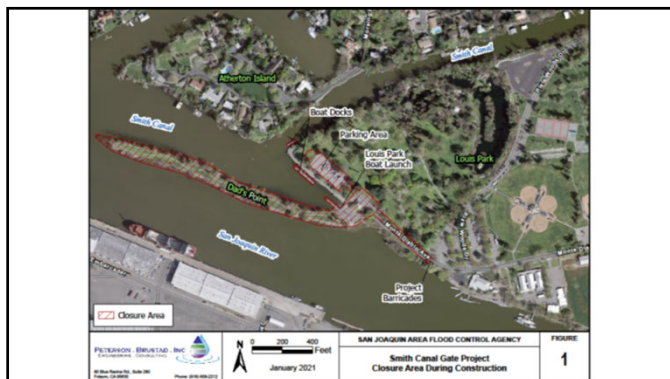
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Public Outreach Activities

- Louis Park signage
- Media relations
- Social media
 - Facebook
 - Twitter
 - Partnering with City/County for NextDoor notifications
- Fliers for local bait/boat shops
- Newsletter to assessment district properties
- Letter to Atherton Cove/Island properties
- Website
- Hotline

7



Questions?



8

**End of Agenda
Packet**