RD2035

RECLAMATION DISTRICT 2035 - Special Meeting
August 31, 2026
11:30 AM
Conaway Ranch - 45332 County Road 25, Woodland, CA 95776
Call In - 530-308-0681

AGENDA

Item:	Presented By:	Action Needed:
1. Call to Order	President	Information
2. Roll Call	President	Information
3. Public Comment		
4. Minutes from June 23, 2026 Special Meeting	Eric Robinson	Action
5. Motion to approve the 6/30/2025 Audit	Ingrid Sheipline	Action
6. Motion to approve the 2025/2026 Budget	Marti Holland/Jesse Clark	Action
7. Motion to approve Annual Yolo County Authorization Form	Marti Holland	Action
8. Resolution #2026-004 Inflationary Adjustment to O&M Assessment	Marti Holland/Eric Robinson	Action
9. Motion to Approve Amendment to On-Call Wood Rogers Contract	Jesse Clark	Action
10. Resolution #2026-005 Declaring a Vacancy on the Board of Trustees and Electing to Fill the Vacancy by Appointment	Eric Robinson	Action
11. Resolution #2026-006 Approving the Election to become Subject to the Uniform Procedures Outlined in the Uniform Public Construction Cost Accounting Act	Eric Robinson	Action
12. Resolution #2026-007 Approving Procurement of Materials and Installation Services for Canal Maintenance Work	Jesse Clark/Eric Robinson	Action
13. **CLOSED SESSION: Conference with Legal Counsel - Existing Litigation** (Pursuant to Government Code section 54956.9(d)(1).) *Sierra Northern Railway v. California Dept. of Wat. Resources et al.* Case No. CV2022-0479	Brian Manning	Action
14. Reconvene to Open Session		
15. Adjournment		

RECLAMATION DISTRICT NO. 2035
BOARD OF TRUSTEES
MINUTES OF SPECIAL MEETING

June 23, 2026

1. Call to Order

Pursuant to a notice of Special Meeting, which was posted and served on the members of the Board of Trustees of Reclamation District 2035 more than 24 hours prior to June 23, 2026, the Board of Trustees of Reclamation District No. 2035 held a special meeting on this date. The meeting was called to order at 8 a.m. by Board President Kyriakos Tsakopoulos.

2. Roll Call

President Tsakopoulos and Trustee Angelo Christie were present, and President Tsakopoulos noted there was a quorum present for conducting business.

Also present were District General Manager Jesse Clerk, Board Secretary Denise Costa, District Accounting Manager Marti Holland (by phone), District General Counsel Eric Robinson of Kronick Moskovitz Tiedemann & Girard, and District consultant Roger Cornwell (by phone) and Will Vasilopoulos.

3. Public Comment

none.

4. Approve Minutes of June 18, 2026, Meeting

Trustee Christie moved to approve the minutes from the June 18, 2026, Board meeting, and President Tsakopoulos seconded the motion, which was approved by a 2-0 vote.

5. Farmers & Marchants Bank Loan

General Manager Clark and General Counsel Robinson described the bank loan documents proposed by Farmers & Merchants ("F&M") Bank to finance the $6.2 million cost of the Road 27 Drainage Pump Station Emergency Restoration Project. Consultant Cornwell said he had reviewed the loan documentation and recommended approval. Vasilopoulos described the adjustable-versus-fixed rate components of the proposed loan, which activate in years 5 and 10 of the 15-year loan and supported approval. Robinson explained that the new assessment approved by the Board on June 18, 2026, included the ability for the District's Board to increase the assessment in the future, if the loan's rate were to increase, because the Engineer's Report and assessment approval resolution describe and encompass the loan's maximum potential increase.

Trustee Christie moved to approve the loan documentation and to authorize and direct its execution and completion of all things necessary to close the loan, and President Tsakopoulos seconded the motion, which was approved by a 2-0 vote.

The meeting was adjourned at 8:12 a.m.

ATTEST:

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Secretary, Reclamation District 2025

RECLAMATION DISTRICT 2035

AUDIT PRESENTATION AGENDA

August 31, 2026

Presentation by Richardson & Company, LLP of the Audit, including the following communications required by Generally Accepted Auditing Standards:

Reports issued
- Audited Financial Statements with auditors opinion
- Internal Control and Compliance Reports
- Governance letter
- Management letter with recommendations

Independent Auditor's Report
- Unmodified (clean) opinions on enterprise fund and custodial fund statements

Discussion of financial statements
- Management discussion and analysis (pages 4 to 6)
- Statement of Net Position (page 7)
  - Unrestricted net position of $49,760, decrease of $815,371 due to emergency pump outage and design work on new pump station
- Statement of Revenues and Expenses (page 8)
  - Increased expenses due to storm damage repairs and rental of emergency pumps
  - Net loss of $751,790 — includes $594,000 of depreciation
- Custodial fund on page 11 and 12 is for the Cache Creek Settling Basin Fund
- Capital expenditures of $786,000 paid out of reserves (page 18)
- Designations of net position for reserves — none for 2025 (page 19)
- Transactions with CPG (page 21)
- Subsequent events — Contract for pump station and loan (Page 21)

Report on Internal Control and Compliance (page 22)
- No internal control weaknesses
- No noncompliance with laws and regulations noted

Governance (Required Communications) letter
- Audit adjustments
  - 2 adjustments identified and corrected (listed in letter)
- No difficulties in performing the audit and no unusual accounting practices

Management letter
- No deficiencies in internal control noted.
- Other items noted
  - Suggest adding additional information to website for transparency
  - Crop types inconsistent between tracking system and invoice
  - Statement of economic interests (Form 700) needs to be retained for all directors/management

Staff did a good job. Very clean audit

RECLAMATION DISTRICT NO. 2035

AUDITED FINANCIAL STATEMENTS

June 30, 2025 and 2024

RECLAMATION DISTRICT NO. 2035

AUDITED FINANCIAL STATEMENTS

June 30, 2025 and 2024

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RICHARDSON
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Reclamation District No. 2035
Woodland, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the enterprise fund and custodial fund of the Reclamation District No. 2035 (the District) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund and custodial fund of the District as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Basis for Opinions

We conducted our audits 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, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors
Reclamation District No. 2035

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

To the Board of Directors
Reclamation District No. 2035

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

July 28, 2026

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2025

Management offers this narrative overview and analysis of the financial activities of Reclamation District 2035 (District) for the fiscal year ending June 30, 2025. This information is intended to provide a better understanding of the district's financial operations and performance. Please read in conjunction with the district's financial statements, which follows this section.

Financial Highlights

The financial statements are designed to provide a broad overview of the district's finances. The statement of net position represents information on all the district's assets and liabilities. With the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the district's financial position is improving or deteriorating.
(See Table A)

Table A
Condensed Statements of Net Position

	6/30/2025	6/30/2024	6/30/23
Current and Other Assets	$ 755,467	$ 1,757,452	$ 1,481,986
Capital Assets, Net	38,550,639	38,393,609	38,547,050
Total Assets	**39,306,106**	**40,151,061**	**40,029,036**
Current Liabilities	836,876	920,241	674,424
Other Liabilities		9,800	37,716
Total Liabilities	**836,876**	**930,041**	**712,140**
Net Investment in Capital Assets	38,419,470	38,355,889	38,482,239
Unrestricted	49,760	865,131	834,657
Total Net Position	**$ 38,469,230**	**$ 39,221,020**	**$ 39,316,896**

Several key points are important when reading the District's Financial Audit:

2024 to 2025 Comparison

At the end of the fiscal year, the district's cash balance had a 69.5% decrease over the previous year. This is mainly due to expenses incurred due to the Pump Station 27 failure, erosion repair at the intake, repairs to the Cross Bypass canal along with the loss of the FMAP funding.

At the end of the fiscal year the net position decreased to $38,469,230 as compared with $39,221,020 in 2024. This is mostly due to depreciation as well as the need to use all the reserve funds for much needed pump repairs and the failure of the Road 27 Pump Station. The net position amount is comprised of the net investment in capital assets and unrestricted net position. In 2025 the total of $49,760 is considered unrestricted. The total amount of unrestricted net position was $865,131 in 2024, which included $885,600 designated as reserves by the Board of Directors.

2023 to 2024 Comparison

At the end of the fiscal year 2024, the district's cash balance had a 23% increase over the previous year. This is mainly due to the grant reimbursements from the Flood Maintenance Assistance Program (FMAP) which is part of the M&O Fund. However, the district was only able to maintain the Board approved reserves in the M&O Fund ($200,000) at the end of the fiscal year. The district fell short of maintaining the reserves in the Water Delivery Fund by $40,000. This was due to unexpected expenses due to the Jan/Feb 2024 storm damage and additional pump repairs totaling $180,000.

At the end of the fiscal year 2024 the net position decreased slightly to $39,221,020 as compared with $39,316,896 in 2023. This is mostly due to depreciation. The net position amount is comprised of the net investment in capital assets and unrestricted net position. In 2024 the total amount of $865,131 is considered unrestricted and available to meet the district's ongoing obligations. However, as mentioned above, $885,600 is designated as reserves by the Board of Directors. The total amount of unrestricted net position was $834,657 in 2023, which included $694,200 designated as reserves by the Board of Directors.

The statements of revenues, expenses and changes in net position represent information showing how the net position changed during the most recent fiscal year. **(See Table B)**

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

	6/30/2025	6/30/2024	6/30/2023
Operating Revenues-Water Delivery	$ 1,669,074	$ 1,811,057	$ 1,643,512
Operating Expenses	2,963,823	2,635,558	2,552,181
Operating Income (Loss)	**(1,294,749)**	**(824,501)**	**(908,669)**
Non-Operating Revenue (M&O)	467,272	465,343	457,154
Other Non-Operating Revenue	85,087	266,633	112,346
Non-Operating Expenses	(9,400)	(3,351)	(8,553)
Change in Net Position	**(751,790)**	**(95,876)**	**(347,722)**
Total Net Position-Beginning	39,221,020	39,316,896	39,664,618
Total Net Position - Ending	**$ 38,469,230**	**$ 39,221,020**	**$ 39,316,896**

2024 to 2025 Comparison

Operating revenues decreased in 2025 by $141,983, which is due to an decrease in winter water flooding as well as a decrease in WDCWA power reimbursements due to the installation of their own meters at the intake.

Other Non-operating revenues decreased due to the loss of the FMAP funding in the Federal and State grant revenue.

Operating expenses increased in 2025 primarily due to the failure of the Pump Station and maintenance costs overall.

2023 to 2024 Comparison

Operating revenues increased in 2024 by $167,545, which is due to an increase in winter water flooding as well as overall water delivery revenue.

Other Non-operating revenues increased due to higher interest receipts from the investments, and an increase in the Federal and State grant revenue.

Operating expenses increased in 2024 primarily due to the higher power costs, maintenance costs and additional professional services.

Capital Asset Summary

Total District capital assets increased $157,030 from $38,393,609 to $38,550,639 during the fiscal year ending June 30, 2025. Total depreciation for the year was $594,451. The district made some much-needed pump repairs along with rebuilding the cross bypass canal and construction began on the 27 Pump Station. Capital assets decreased $153,441 during the fiscal year ending June 30, 2024 due to depreciation of $545,938, offset by the purchase of a new pickup and pump improvements. Details of the capital asset transactions can be found on page 19 under Note C of the Audited Financial Statements.

2025 Budget Highlights

The total budget for the General Fund (Maintenance & Operations) for the year ended June 30, 2025, showed excess revenues over expenditures of $68,048 compared to the actual amount of ($387,212). The difference is largely due to the expenses incurred with the 27 Pump Station failure.

The total budget for Water Delivery Fund for the year ended June 30, 2025, showed excess revenues over expenditures of $705 compared to the actual amount of ($211,626). The difference is mostly due to depreciation along with the additional pump repairs, and maintenance costs due to flooding issues..

Economic Factors and Next Year's Budget and Rates

Fiscal year 2025-2026 budget assumed stable economic conditions would exist. As of this date, the District has used all the $1M set aside. The district was successful in obtaining a loan to cover the Pump Station rebuild and other related expenses and will begin to replenish the reserves. The two landowners in the benefit area of the pump station have agreed to a special assessment to repay the loan. This will be added to the County tax roll for collection over a period of time.

In addition, FEMA/CalOES approved a project submitted during the 2023 storms for a more permanent solution to the cross bypass flooding issues and that project is to be completed by October 2026.

Request for Information

This financial report is designed to provide a general overview of Reclamation District 2035 finances and to show accountability for the money received. If you have questions concerning this report of need additional financial information, contact Reclamation District 2035, 1296 E. Gibson Road, Ste A-361, Woodland, CA 95776

RECLAMATION DISTRICT NO. 2035

STATEMENTS OF NET POSITION

June 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$ 365,815	$ 1,199,367
Accounts receivable	305,105	278,546
Grants receivable		187,949
Prepaid expenses	84,547	91,590
TOTAL CURRENT ASSETS	755,467	1,757,452
CAPITAL ASSETS		
Not being depreciated	327,960	90,670
Being depreciated, net	38,222,679	38,302,939
TOTAL CAPITAL ASSETS, NET	38,550,639	38,393,609
TOTAL ASSETS	39,306,106	40,151,061
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and other liabilities	762,935	853,738
Unearned revenue	59,665	33,547
Compensated absences	4,476	5,036
Current portion of lease payable	9,800	27,920
TOTAL CURRENT LIABILITIES	836,876	920,241
LONG-TERM LIABILITIES		
Lease payable		9,800
TOTAL LONG-TERM LIABILITIES		9,800
TOTAL LIABILITIES	836,876	930,041
NET POSITION		
Net investment in capital assets	38,419,470	38,355,889
Unrestricted	49,760	865,131
TOTAL NET POSITION	$ 38,469,230	$ 39,221,020

The notes to the financial statements are an integral part of this statement.

RECLAMATION DISTRICT NO. 2035

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the years ended June 30, 2025 and 2024

	2025	2024
OPERATING REVENUES		
Water delivery charges	$ 1,332,296	$ 1,242,680
Other charges	336,778	568,377
TOTAL OPERATING REVENUES	1,669,074	1,811,057
OPERATING EXPENSES		
Water delivery		
Personnel expenses	159,267	166,923
Professional services expense	57,515	52,594
Maintenance expense	428,255	359,728
Utilities expense	621,841	930,025
Depreciation	546,948	504,544
Other expense	169,566	124,288
Total Water Delivery Expenses	1,983,392	2,138,102
Flood protection		
Personnel expenses	159,268	166,923
Professional services expense	69,012	64,139
Maintenance expense	288,067	114,919
Utilities expense	78,432	47,802
Depreciation	47,503	41,394
Other expense	338,149	62,279
Total Flood Protection Expenses	980,431	497,456
TOTAL OPERATING EXPENSES	2,963,823	2,635,558
NET LOSS FROM OPERATIONS	(1,294,749)	(824,501)
NON-OPERATING REVENUES (EXPENSES)		
Special assessments	467,272	465,343
Federal and state grants	9,082	226,082
Investment income	33,717	40,551
Other non-operating revenues	42,070	
Gain on disposal of capital assets	218	
Interest expense	(806)	(1,632)
Other non-operating expenses	(8,594)	(1,719)
TOTAL NON-OPERATING REVENUES (EXPENSES)	542,959	728,625
CHANGE IN NET POSITION	(751,790)	(95,876)
Net position at beginning of year	39,221,020	39,316,896
NET POSITION AT END OF YEAR	$ 38,469,230	$ 39,221,020

The notes to the financial statements are an integral part of this statement.

RECLAMATION DISTRICT NO. 2035

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and special assessments	$ 2,135,905	$ 2,217,502
Cash paid to suppliers for goods and services	(2,187,972)	(1,475,665)
Cash paid to employees for services	(387,089)	(386,573)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(439,156)	355,264
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal and state grant funding received	197,031	255,407
Other nonoperating revenue	33,476	(1,718)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	230,507	253,689
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Amounts paid for capital assets	(786,011)	(392,497)
Proceeds from sale of capital assets	34,748	
Principal payments on lease	(27,920)	(27,088)
Interest payments on lease	(806)	(1,632)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(779,989)	(421,217)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	33,717	40,551
NET CASH PROVIDED BY INVESTING ACTIVITIES	33,717	40,551
(DECREASE) INCREASE IN CASH	(954,921)	228,287
Cash and cash equivalents at beginning of year	1,199,367	971,080
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 244,446	$ 1,199,367

(Continued)

RECLAMATION DISTRICT NO. 2035

STATEMENTS OF CASH FLOWS (Continued)

For the years ended June 30, 2025 and 2024

	2025	2024
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net loss from operations	$ (1,294,749)	$ (824,501)
Special assessments	467,272	465,343
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Depreciation and amortization	594,451	545,938
Changes in operating assets and liabilities:		
Accounts receivable	(26,559)	(64,857)
Prepaid expenses	7,043	(11,648)
Accounts payable and other liabilities	(212,172)	239,074
Unearned revenue	26,118	5,959
Compensated absences	(560)	(44)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	$ (439,156)	$ 355,264

The notes to the financial statements are an integral part of this statement.

RECLAMATION DISTRICT NO. 2035

STATEMENTS OF FIDUCIARY NET POSITION

June 30, 2025 and 2024

		Custodial Fund	
		2025	2024
ASSETS			
Cash and equivalents		$ 42,844	$ 41,298
	TOTAL ASSETS	42,844	41,298
LIABILITIES			
Accounts payable		21,355	21,355
	TOTAL LIABILITIES	21,355	21,355
NET POSITION			
Restricted for the Cache Creek Settling Basin		$ 21,489	$ 19,943

The notes to the financial statements are an integral part of this statement.

RECLAMATION DISTRICT NO. 2035

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the years ended June 30, 2025 and 2024

	Custodial Fund	
	2025	2024
ADDITIONS		
Investment earnings	$ 1,546	$ 2,434
NET INCREASE IN FIDUCIARY NET POSITION	1,546	2,434
Net position at beginning of year	19,943	17,509
NET POSITION AT END OF YEAR	$ 21,489	$ 19,943

The notes to the financial statements are an integral part of this statement.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Reclamation District 2035 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The District was created on April 18, 1919. The District is situated in Yolo County, California. The first purpose of the District is to provide flood protection and drainage, and secondly, to deliver irrigation water. The District operates under the laws of the Water Code of the State of California, Division 15, Section 50000 through 53900. The District is governed by a three-member Board of Trustees.

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

The District maintains one custodial fund, the Cache Creek Settling Basin Fund. This fund is used to account for assets held by the District as an agent for the Cache Creek Settling Basin Fund. The amounts represent the balances of a four-way agreement between the District, PG&E Properties, the City of Woodland, and Yolo Shortline Railroad. The parties committed a total of up to $15,000 each to fund a study of improvements to mitigate impacts resulting from the enlargement in 1992 of the Cache Creek Settling Basin.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds and custodial funds are accounted for on the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the fund are included on the statement of net position. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net assets.

The District's enterprise fund uses the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the District may fund certain programs with a combination of cost-reimbursement grants and general revenues.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial funds account for assets held by the District as an agent on behalf of others. Custodial funds are accounted for using the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the District are charges to customers for water sales. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments: For the purposes of the Statement of Cash Flows, the District's cash and cash equivalents include cash on hand or on deposit, and demand deposits and short-term investments with original maturities of three months or less from the date of acquisition, including pooled investments with the County.

Receivables: Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts, if applicable, and estimated refunds due. Business-type activities report tenant charges receivable and grant reimbursements as their major receivables. No allowance was deemed necessary at June 30, 2025 and 2024.

Special Assessments: Special assessment revenues are recognized by the District in the fiscal year they are assessed. The tax is billed in September /October and is due in 30 days. It becomes delinquent after 90 days and liens could be placed for nonpayment.

Capital Assets: Capital assets are valued at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are currently defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is provided over the useful lives of assets using the straight-line method. Estimated useful lives of depreciable assets range from 5 to 30 years.

Unearned Revenue: Unearned revenue represents payments related to the following water year that are paid prior to year-end.

Compensated Absences: The District policy allows employees to accumulate earned but unused vacation, which will be paid to employees upon separation from the District's service. Vacation is accrued at a rate of 3.34 hours per pay period for employees employed for more than 90 days with less than five years of services and five hours per pay period for employees with over five years of service. The cost of vacation is recognized in the period earned. Earned sick leave is accrued only to the extent that it is expected to be used.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: The net position amount is the difference between assets and liabilities. The net investment in capital assets are capital assets, less accumulated depreciation and any outstanding debt and other capital liabilities related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors.

Leases: The lease payable represents the District's obligation to make lease payments arising from a lease. Leases payable are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The lease payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate.

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

New Pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Implementing this GASB for the year ended June 30, 2025 had no effect on the financial statements.

In April 2024, the GASB issues Statements No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to provide key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

Cash and cash equivalents consisted of the following at June 30:

	2025	2024
Primary Government		
Cash and investments		
Investments in County Treasury	$ 365,815	$ 1,199,367
Custodial Fund		
Cash and investments		
Investments in County Treasury	42,844	41,298
Total cash and investments	$ 408,659	$ 1,240,665

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	No limit	No limit
U.S. Treasury Obligations	5 years	No limit	No limit
U.S. Agency Securities	5 years	No limit	No limit
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	No limit
Repurchase Agreements	1 year	No limit	No limit
Reverse Repurchase Agreements	92 days	20% of base value	No limit
Medium-Term Notes	5 years	30%	No limit
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	No limit
County Pooled Investment Funds	N/A	No limit	No limit
Local Agency Investment Fund (LAIF)	N/A	No limit	No limit
JPA Pools (other investment pools)	N/A	No limit	No limit

NOTE B – CASH AND INVESTMENTS (Continued)

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investment in the County of Yolo Investment Pool: The District's cash is held in the County of Yolo Treasury. The County maintains an investment pool and allocates interest quarterly to the various funds based upon quarterly average daily cash balances. Investments held in the County's investment pool are available on demand and are stated at fair value. The fair value of the County's investment pool is determined by the fair value of the underlying investments, which represent level 2 inputs under the fair value hierarchy. Information regarding fair value measurements of the County pool may be found in the notes to the County of Yolo financial statements at http://countyofyolo.org/general-government/general-goverment-departments/financial-services/publications.

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 its fair value to changes in market interest rates. At June 30, 2025 and 2024, the District's investment in the County pool has an average maturity of 770 days and 466 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's external investment pool is not rated.

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested by any one issuer to the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities with governmental investment pools (such as the County of Yolo investment pool).

NOTE C – CAPITAL ASSETS

Capital asset activity for the years ended June 30 was as follows:

	Balance at July 1, 2024	Additions	Write-offs/ Disposals	Balance at June 30, 2025
Capital assets, not being depreciated:				
Land	$ 90,670			$ 90,670
Construction in progress		$ 237,290		237,290
Total capital assets, not being depreciated	90,670	237,290		327,960
Capital assets, being depreciated:				
Structures and improvements	40,812,376	304,670		41,117,046
Equipment	3,011,912	244,051	$ (55,998)	3,199,965
Total capital assets being depreciated	43,824,288	548,721	(55,998)	44,317,011
Less: accumulated depreciation:				
Structures and improvements	(3,126,067)	(431,427)		(3,557,494)
Equipment	(2,395,282)	(163,024)	21,468	(2,536,838)
Total accumulated depreciation	(5,521,349)	(594,451)	21,468	(6,094,332)
Total capital assets being depreciated, net	38,302,939	(45,730)	(34,530)	38,222,679
CAPITAL ASSETS, NET	$ 38,393,609	$ 191,560	$ (34,530)	$ 38,550,639

	Balance at July 1, 2023	Additions	Write-offs/ Disposals	Balance at June 30, 2024
Capital assets, not being depreciated:				
Land	$ 90,670			$ 90,670
Total capital assets, not being depreciated	90,670			90,670
Capital assets, being depreciated:				
Structures and improvements	40,706,088	$ 106,288		40,812,376
Equipment	2,725,703	286,209		3,011,912
Total capital assets being depreciated	43,431,791	392,497		43,824,288
Less: accumulated depreciation:				
Structures and improvements	(2,702,526)	(423,541)		(3,126,067)
Equipment	(2,272,885)	(122,397)		(2,395,282)
Total accumulated depreciation	(4,975,411)	(545,938)		(5,521,349)
Total capital assets being depreciated, net	38,456,380	(153,441)		38,302,939
CAPITAL ASSETS, NET	$ 38,547,050	$ (153,441)	$ -	$ 38,393,609

Depreciation expense of $546,948 and $47,503 was charged to Water Delivery and Flood Protection, respectively, for the fiscal year ended June 30, 2025. Depreciation expense of $504,544 and $41,394 was charged to Water Delivery and Flood Protection, respectively, for the fiscal year ended June 30, 2024.

NOTE D – LONG-TERM LIABILITIES

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

	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within One Year
Lease payable	$ 37,720		$ (27,920)	$ 9,800	$ 9,800
Compensated absences	5,036		(561)	4,475	4,475
Total Long-Term Liabilities	$ 42,756	$ -	$ (28,481)	$ 14,275	$ 14,275

	July 1, 2023	Additions	Reductions	June 30, 2024	Due Within One Year
Lease payable	$ 64,808		$ (27,088)	$ 37,720	$ 27,920
Compensated absences	5,080		(44)	5,036	5,036
Total Long-Term Liabilities	$ 69,888	$ -	$ (27,132)	$ 42,756	$ 32,956

On September 17, 2020, the District leased equipment under a lease which has monthly payments of $2,393 through October 28, 2025 and a final payment of $101 on October 28, 2025, including interest at 2.99%. Capital assets acquired under the finance lease consist of a backhoe with a cost of $133,318 and accumulated depreciation of $86,442 and $67,408 at June 30, 2025 and 2024, respectively.

As of June 30, future minimum lease payments under the lease liability were as follows at June 30, 2025:

Fiscal Year Ending June 30:	Principal	Interest	Total
2026	$ 9,800	$ 87	$ 9,887
Total	$ 9,800	$ 87	$ 9,887

NOTE E – NET POSITION

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. Although there is not sufficient net position to cover the designations for the year ended June 30, 2024, the District has sufficient cash balances for the designations. The following are the designations for June 30, 2024. There were no designations at June 30, 2025.

	2024
Capital expenditure sinking fund	$ 525,600
Contingency Reserve	
Water delivery	160,000
Flood protection	200,000
	$ 885,600

NOTE F – PENSION PLANS

The District participates in the Conaway Preservation Group (CPG) multiple employer defined contribution retirement plan organized under Section 401(k) of the Internal Revenue Code (IRC) called the Slavic Integrated Administration Multiple Employer Retirement Plan (the Plan), which is administered by Vensure Employer Services. Benefit terms, including contribution requirements, are established and may be amended by the Conaway Executive Committee. The District's Board of Directors has the authority to end the District's participation in the Plan. Full-time employees of the District with at least six months of credited service are eligible to enter the Plan. Employees may contribute to the Plan up to IRC limits. The District makes a safe harbor match up to 200% of employee deferrals that do not exceed 5% of eligible compensation (10% maximum contributions). All employee and employer contributions to the plan vest immediately. District contributions to the Plan during the years ended June 30, 2025 and 2024 were $16,540 and $16,884, respectively.

NOTE G – RISK MANAGEMENT

Participation in Insurance Risk Pool: The District is a member of the California Association of Mutual Water Companies (Cal Mutuals) Joint Powers Risk and Insurance Management Authority (JPRMIA). JPRMIA is a public entity risk pool of governments that provides property & casualty, pollution and employee benefits insurance coverage. Loss contingency reserves established by the JPRMIA are funded by contributions from member agencies. The District pays an annual premium to the JPRMIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjustments, legal costs and administrative and other costs to operate the JPRMIA. Private insurers may provide excess coverage over the JPRMIA's coverage limits. Cal Mutuals may be contacted at www.calmutualsjprima.org.

In addition to the insurance coverage below, JPRMIA secures commercial excess insurance of $5,000,000. The District continues to carry separate commercial workers' compensation insurance. Settled claims have not exceeded the insurance limits in the past three years and there have been no reductions of insurance limits.

The District's coverage limits were as follows as of June 30, 2025:

	Coverage	Deductible
Auto liability and uninsured motorist	$5,000 - 1,000,000	$500 - 1,000
Property coverage	7,407,128	5,000 - 50,000
Business income/extra expense	2,000,000	None
Mobile equipment	348,201	$5,000
Crime	100,000 - 250,000	1,000
General liability	10,000 - 10,000,000	None
Board of Directors and management liability	5,000 - 10,000,000	1,000 - 25,000
Excess liability	5,000,000	None

NOTE H – COMMITMENTS AND CONTINGENCIES

The District has a long-term agreement with the United States Department of Energy, Western Area Power Administration for a percentage of the output of the Central Valley Project, California. The percentage is .11254% through December 31, 2024 and .11029% starting January 1, 2025. This contract, also known as the Western Base Resource, obligates the District to make payments on a "take-or-pay" basis through December 31, 2054.

The District has participated in federal and state assisted grant and cooperative agreement programs. These programs are subject to program compliance audits by the grantors. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is a party to claims and legal proceedings arising in the ordinary course of business. After taking into consideration information furnished by legal counsel to the District as to the current status of various claims and proceedings to which the District is a party, management is of the opinion that the ultimate aggregate liability represented thereby, if any, will not have a material adverse effect on the financial position or results of operations of the District.

NOTE I – RELATED PARTY TRANSACTIONS

The District's management also works for one of the District's customers, Conaway Preservation Group (CPG). The District recognized $619,833 and $647,133 of revenue from CPG during the years ended June 30, 2025 and 2024, respectively, representing 27.88% and 26.02% of the District's revenue excluding capital grants. Amounts receivable from CPG at June 30, 2025 and 2024 totaled $102,500 and $93,663, respectively. Payments to CPG for services totaled $475,170 and $471,875 during the years ended June 30, 2025 and 2024, respectively. Amounts payable to CPG as of June 30, 2025 and 2024 totaled $475,428 and $471,844, respectively.

NOTE J – SUBSEQUENT EVENTS

In February 2025 the District suffered an emergency pump failure at drainage pump station 27. The District has contracted with a company to complete the construction at a cost of $4,948,250. The District has entered into an agreement with CPG regarding the funding of the project. In October 2025, the District entered into an agreement with CPG whereby, CPG advanced $2 million of its property assessment for the project. The remainder of the funding will come from a special assessment on the other land owners.

In June 2026, the District received a loan for $6.2 million for the restoration of a pump/drainage system with a term of 15 years and a variable interest rate of 1.140 points over the weekly average yield on U.S. Treasury securities, which is currently 4.24%. Principal and interest payments of $306,628 are due semi-annually beginning January 15, 2027.

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

To the Board of Trustees
Reclamation District No. 2035
Woodland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the enterprise fund and custodial fund of Reclamation District No. 2035 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 28, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Richardson & Company, LLP

July 28, 2026

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GOVERNANCE LETTER

To the Board of Trustees
Reclamation District 2035
Woodland, California

We have audited the financial statements of the enterprise fund and custodial fund of Reclamation District 2035 for the year ended June 30, 2025, and have issued our report thereon dated July 28, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 9, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 9, 2025, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including the system of internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Internal control matters are addressed in a separate report.

We are required by the audit standards to identify potential risks of material misstatement during the audit process. We have identified the following significant risk of material misstatement as part of our audit planning, which are general risks that audit standards presume we should consider as part of audit planning: Management override of controls and improper revenue recognition. These are the areas that the audit standards require at a minimum to be identified as significant risks; however, no such issues were noted during out audit.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated September 9, 2025.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. The District was required to implement GASB Statement No. 101, *Compensated Absences*, which requires the accrual of sick leave expected to be used for time-off as part of the compensated absences liability in fiscal year 2024/2025. However, since sick leave usage is minimal, no accrual was made for sick leave. The application of existing policies was not changed during 2025. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the estimate of qualifying expenses billed to grantors, which the grantors may audit and disallow in the future, and the depreciable lives of capital assets. We evaluated the methods, assumptions, and data used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- Transactions with related parties are discussed in Note I of the financial statements, presenting transactions and amounts outstanding with Conaway Preservation Group.

- Subsequent events related to the pump station are discussed in Note J of the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Adjustments and closing entries included two entries to write-off uncollectible receivables and to adjust for a vehicle that was sold during the year.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 28, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

* * * * *

This information is intended solely for the use of the Board of Trustees and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

July 28, 2026

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MANAGEMENT LETTER

To the Board of Trustees and Management
Reclamation District 2035
Woodland, California

In planning and performing our audit of the financial statements of the major fund and custodial fund of Reclamation District 2035 as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

The following items were noted during our audit for your consideration:

Website

The District should consider adding numerous years of budgets, financial statements and rate schedules on the transparency page of the District's website.

Water Billings

We noted that the crop planted, according to the FSA Report, did not agree to the crop billed on the invoice for one customer selected for testing. We recommend that the FSA Report be compared to the water rent roll spreadsheet for any discrepancies before the submission of the FSA report. Any discrepancies should be investigated and the appropriate documentation should be updated accordingly.

Form 700s

The District's staff was unable to locate Statement of Economic Interest forms (Form 700s) for three of its board members. The District is required to ensure Form 700s are filed by its public officials under the Political Reform Act. We recommend completed Form 700s be maintained on the District's server or website so they are readily available.

Review of Investment Policy

To comply with the Government Code and the District's policy manual, we recommend that the Board of Trustees review and approve the District's Investment Policy annually.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the examination. This communication is intended solely for the information and use of management, Board of Trustees, and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

July 28, 2026

Reclamation District 2035
Proposed Budget 26/27

	ACCOUNT NAME/NUMBER		Proposed Budget 26/27	Notes
W/D INCOME	Water Delivery by Tenants	$	1,357,000.00	640K 2nd Install 25/26 Rent roll , + est. 1st 1/2 of 25/27 water $717K
	Water Delivery-Winter Water	$	70,000.00	decreased based on last year
	Other Income	$	40,000.00	Deferred Maintenance Program
	WDCWA Power Reimbursement	$	30,000.00	WDCWA has their own meter/common area shared exp only
	Conaway & City of Davis Special Assmt	$	300,000.00	
	TOTAL W/D INCOME	$	**1,797,000.00**	
M&O INCOME	M&O /Flood Control	$	486,150.00	I added a 2% increase
	Other Income	$	10,000.00	interest
	Conaway & City of Davis Special Assmt	$	300,000.00	
	TOTAL M&O INCOME	$	**796,150.00**	
EXPENSE	WD	$	1,673,650.00	
	M&O & Other	$	832,750.00	
	TOTAL EXPENSES	$	**2,506,400.00**	
NET INCOME/LOSS	WD	$	123,350.00	
	M&O	$	(36,600.00)	
W/D Expenses	Water Delivery Expenses			
	RD Employee Salaries, etc.	$	180,000.00	Jesse, Marti & % of CPG employees
	Staff Training/Travel/Seminars	$	1,500.00	placeholder
	Communications	$	4,500.00	same as last year
	Insurance -Property & Liab	$	60,000.00	increase current
	INTAKE- Pump Expense	$	215,000.00	Qtrly expense WDCWA + 2% & Dynasty Maint Agrmt
	Maintenance Equipment	$	10,000.00	same as last year
	Maintenance Bldg & improvements	$	3,000.00	same as last year
	Maintenance Supplies	$	50,000.00	pipes, risers, gates (increased based on last year)
	Pump Maintenance	$	40,000.00	same as last year
	SCADA Maintenance	$	5,000.00	same as last year
	Memberships	$	35,000.00	YSGA, ACWA, CSDA, NCWA
	Miscellaneous	$	1,500.00	placeholder
	Office Expense	$	7,500.00	same as last year (overhead & office supplies)
	Auditing & Fiscal Services	$	12,400.00	based upon engagement letter
	Information Services	$	2,500.00	same as last year
	RD Outside Consultant	$	10,000.00	same as last year (R. Cornwell)
	Legal Services	$	20,000.00	same as last year
	Architecture, Engineering & Planning	$	75,000.00	Decreased as PS27 is complete
	Ditch Maintenance	$	50,000.00	same as last year
	Professional & Specialized	$	5,000.00	Ferguson Group -grant assistance
	Publications & Legal Notice	$	250.00	placeholder
	Rents & Leases	$	5,000.00	placeholder
	Transportation & Travel	$	2,500.00	placeholder
	Pump Fuel	$	10,000.00	placeholder
	Vehicle Fuel	$	8,000.00	decreased a bit
	Utilities	$	420,000.00	increased a bit $390K spent so far 2026
	Interest Expense (Loan)		TBD	F&M Loan (need to fill in)
	Capital Expense - Pump/Well Repair	$	10,000.00	Section 24 Lift Pump
	Cross Canal Maintenance	$	80,000.00	allowance for geo fabric
	F&M Loan Repayment	$	300,000.00	
	Reserve SINKING FUND	$	25,000.00	
	Contigency Reserve		25,000.00	
	Total WD Expenses	$	**1,673,650.00**	

Reclamation District 2035
Proposed Budget 26/27

M&O Expenses	RD Employee Salaries, etc	$	180,000.00	Jesse & Marti, % of CPG Employees
	Communications	$	1,600.00	same as last year
	Insurance - Prop & Liab	$	60,000.00	actual + 10% increase
	Maintenance Equipment	$	10,000.00	same as last year
	Maintenance Bldg & improvements	$	4,000.00	same as last year
	Maintenance Supplies	$	50,000.00	pipes, risers, gates (increased based on last year)
	Pump Maintenance	$	5,000.00	same as last year
	Memberships	$	8,000.00	ACWA, CSDA, NCWA
	Miscellaneous	$	1,000.00	decreased a bit
	Office Expense	$	7,500.00	same as last year
	Auditing & Fiscal Services	$	12,400.00	based upon engagement letter
	Information Services	$	2,500.00	same as last yr
	RD Outside Consultant	$	10,000.00	same as last year (R. Cornwell)
	Legal Services	$	20,000.00	same as last year
	Architecture, Engineering & Planning	$	25,000.00	Possible M&O 218 Process
	Levee Maintenance	$	40,000.00	increased from last year
	Ditch Maintenance	$	45,000.00	same as last year
	Professional & Specialized	$	5,000.00	Ferguson Group -grant assistance
	Publications & Legal Notice	$	250.00	placeholder
	Rents & Leases	$	5,000.00	placeholder
	Transportation & Travel	$	2,500.00	placeholder
	Vehicle Fuel	$	8,000.00	decreased a bit
	Utilities	$	30,000.00	office, clubhouse, % RD -increased a bit (flood pumping)
	Interest Expense		TBD	F&M Loan - need to fill in
	F&M Loan Repayment	$	300,000.00	
	Contingency Reserve			
	Total M&O Expense	**$**	**832,750.00**	

Special Districts and Other Agencies Authorization Form - FY 2026-2027

COUNTY OF YOLO
DEPARTMENT OF FINANCIAL SERVICES
P.O. BOX 1268
WOODLAND, CA 95776
(530) 666-8190

Fund: 7145 & 7146
District Name: Reclamation District 2035
Address: 45332 County Rd 25, Woodland, CA 95776
Phone number: 530-308-0681
Contact: Marti Holland

1 PICK UP GENERAL CHECKS	3 GENERAL CLAIMS APPRVL	5 DEPOSIT APPRVL.	7 JE/TSF DOC. APPRVL	8 BUDGET MOD. APPRVL	9				AUTHORIZED SIGNATURE OF EMPLOYEE
x	x	x	x	x					Signature: Print: Jesse Clark, General Manager
x	x	x	x	x					Signature: Print: Will Vasiliopoulos, Controller
x									Signature: Print: Marti Holland, Accounting Manager
x									Signature: Print: S. Denise Costa, Office Manager/Operations
									Signature: Print:
									Signature: Print:
									Signature: Print:

The persons listed above are authorized to perform the above duties on behalf of our governing board as approved in our Minutes recorded at a regular district meeting.

Board Chairman Signature Date
Kyriakos Tsakopoulos
Print Name:

Angelo Christie
Board Member Signature: Date
Print Name:

Board Member Signature: Date
Print Name:

Board Member Signature: Date
Print Name:

Board Member Signature Date
Print Name:

Board Member Signature: Date
Print Name:

Board Member Signature: Date
Print Name:

Board Member Signature: Date
Print Name:

RECLAMATION DISTRICT NO. 2035

RESOLUTION NO. 2026-004

ADOPTING ASSESSMENT RATE FOR THE 2026-2027 FISCAL YEAR

WHEREAS, On July 24, 2018, Reclamation District No. 2035 ("District") adopted Resolution 2018-020, approving the Final Engineer's Report and adopting the Operations and Maintenance Assessment described therein; and

WHEREAS, the Final Engineer's Report established an initial assessment rate for the 2018-2019 fiscal year and provided a formula for escalating the assessment rate in future years; and

WHEREAS, an analysis has been performed that examined the cost of services provided by the District, and the analysis shows that those costs exceed the prior-year cost by more than 2%; and

WHEREAS, a comparison of the annual change in the Consumer Price Index June 2025 to June 2026 CPI-W3 for West – Size Class B/C, all Items, published by the U.S. Department of Labor, Bureau of Labor Statistics ("CPI") shows an increase of 2.99%, which is higher than the maximum increase of 2% allowed in Resolution 2018-020.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Board considered and finds the facts set forth above to be true and correct.

2. The Board finds that the District's costs of providing the operations and maintenance services described in the Final Engineer's Report and the Operations and Maintenance Assessment described therein have increased more than 2%, consistent with the inflationary increases reflected in the CPI.

2. That the District's assessment rate for the 2026-2027 fiscal year be increased by 2% from the prior rate, equaling a rate of **$5,358.00** per Special Benefit Unit.

CERTIFICATION

PASSED AND ADOPTED by the Board this 31st day of August, 2026, by the following vote on roll call:

AYES: ________________
NOES: ________________
ABSTAIN: ________________
ABSENT: ________________

I, Kyriakos Tsakopoulos, President and Trustee of the District, do hereby certify that the above is a true and correct copy of the resolution that the District's Board of Trustees adopted on the date set forth above.

Kyriakos Tsakopoulos
President

ATTEST:

Denise Costa
Board Secretary

This is **Amendment No. 9**, consisting of 3 pages, to the Consultant Agreement dated December 6, 2013.

DATE: August 26, 2026
PROJECT: RD 2035 On-call Engineering Services (8564001)
CLIENT: Reclamation District 2035 (RD 2035)
CONSULTANT: Wood Rodgers, Inc.

Modifications

A1. CONSULTANT shall perform the following Additional Services:

On-call Engineering Services for CLIENT – Reclamation District (RD) 2035 from August 1, 2026, through July 31, 2028. (See **Exhibit A**)

A2. For the Additional Services or the modifications to services set forth above, CLIENT shall pay CONSULTANT the following additional or modified compensation:

Not-to-exceed amount of $50,000. (See **Exhibit A**)

A3. The schedule for rendering services is modified as follows:

August 1, 2026, through July 31, 2028. (See **Exhibit A**)

A4. Other portions of the Agreement (including previous amendments, if any) are modified as follows:

N/A

Jay Punia

Jesse Clark, General Manager
Reclamation District 2035

Jay Punia, District Engineer
Wood Rodgers, Inc.

EXHIBIT A

WOOD RODGERS

August 26 2026

Mr. Jesse Clark, General Manager
Reclamation District 2035
45332 County Road 25
Woodland, California 95776

Subject: Amendment number 9 to Professional Engineering Services Agreement for Ongoing On-Call Engineering Services – August 1, 2026, through July 31, 2028

Dear Mr. Clark,

This letter requests that Reclamation District 2035 (RD 2035) approve an amendment to its agreement with Wood Rodgers, Inc. (Wood Rodgers) for ongoing on-call engineering services for the period of **August 1, 2026, through July 31, 2028**. The budget authorized under the existing agreement has been fully expended, and an amendment is needed to continue providing these services.

As District Engineer for RD 2035, Wood Rodgers currently provides on-call engineering services in support of the District's operations, including the following:

1. Coordinating with the Central Valley Flood Protection Board (CVFPB) to obtain approvals for the repair and restoration of flood control facilities, as needed, such as the restoration of the Road 27 Pumping Plant during 2025-2026;
2. Reporting RD 2035's ongoing levee maintenance and flood control operations activities to the California Department of Water Resources (DWR) and the CVFPB;
3. Coordinating with the U.S. Army Corps of Engineers (USACE) to pursue assistance with the repair of damaged flood control facilities when eligible;
4. Coordinating with the California Office of Emergency Services (Cal OES) and the Federal Emergency Management Agency (FEMA) to identify and secure available mitigation funding opportunities;
5. Reporting pumping plant energy usage and projected power demands to the Western Area Power Administration (WAPA);
6. Assisting with implementation of the System-Wide Improvement Framework (SWIF) Plan and documenting progress in addressing identified deficiencies to maintain RD 2035's eligibility in the USACE Public Law 84-99 Levee Rehabilitation Program;
7. Coordinating with DWR to obtain funding through the Flood Maintenance Assistance Program (FMAP) and the Flood System Repair Project (FSRP); and
8. Identifying grant funding opportunities and providing engineering consultation services, as needed.

Accordingly, Wood Rodgers respectfully requests that RD 2035 authorize a not-to-exceed budget of **$50,000** for ongoing on-call engineering services for the period of **August 1, 2026, through July 31, 2028**. This budget is based on the average monthly level of effort and associated billings during 2025 and 2026, as well as the anticipated coordination required with the CVFPB, USACE, DWR, Cal OES, FEMA, and other agencies. The proposed budget also accounts for ongoing efforts necessary to maintain RD 2035's eligibility in the USACE Public Law 84-99 Program.

A copy of Wood Rodgers' **2026 Fee Schedule** is attached for reference (Exhibit 1).

If you concur with the proposed amendment and budget, please sign and return the attached agreement at your earliest convenience. Should you have any questions, please contact me at **(916) 804-2549** or via email at **jpunia@woodrodgers.com**.

Sincerely,

Jay Punia

Jay Punia, P.E.
District Engineer, RD 2035

Enclosure

cc: Jonathan Kors
Lynette Marshall

EXHIBIT "1"

WOOD RODGERS

SACRAMENTO & ROSEVILLE FEE SCHEDULE

CLASSIFICATION	STANDARD RATE
Principal Engineer/Geologist/Surveyor/Planner/GIS/LA* II	$350
Principal Engineer/Geologist/Surveyor/Planner/GIS/LA* I	$315
Senior Engineer/Geologist/Surveyor/Planner/GIS/LA* II	$285
Senior Engineer/Geologist/Surveyor/Planner/GIS/LA* I	$275
Project Engineer/Geologist/Surveyor/Planner/GIS/LA* II	$260
Project Engineer/Geologist/Surveyor/Planner/GIS/LA* I	$250
Engineer/Geologist/Surveyor/Planner/GIS/LA* II	$235
Engineer/Geologist/Surveyor/Planner/GIS/LA* I	$215
Assistant Engineer/Geologist/Surveyor/Planner/GIS/LA*	$175
Designer	$110
Senior CAD Technician/Graphics Designer II	$220
Senior CAD Technician/Graphics Designer I	$195
CAD Technician/Graphics Designer	$170
Project Coordinator	$185
Administrative Assistant	$150
1 Person Survey Crew	$280
2 Person Survey Crew	$400
3 Person Survey Crew	$510
Senior Field Technician I	$190
Field Technician II	$170
Field Technician I	$150
Consultants, Outside Services, Materials & Direct Charges	Cost Plus 10%
Overtime Work, Expert Witness Testimony and Preparation	Rate Plus 50%

*LA = Landscape Architect

Blueprints, reproductions, and outside graphic services will be charged at vendor invoice. Auto mileage will be charged at the IRS standard rate when incurred.

Fee Schedule subject to change January 1, 2027 and annually thereafter.

RESOLUTION OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2035

RESOLUTION NO. 2026-005

DECLARING A VACANCY ON THE BOARD OF TRUSTEES AND ELECTING TO FILL THE VACANCY BY APPOINTMENT

WHEREAS, Reclamation District No. 2035 ("District") is a California reclamation district formed and operating pursuant to Water Code section 50000 et seq.; and

WHEREAS, the District is governed by a three-member Board of Trustees ("Board") pursuant to the Amended and Restated Bylaws of the District, as adopted October 4, 2011 ("Bylaws"); and

WHEREAS, Trustee Robert Baker was a well-respected member of the community and served as a member of the Board; and

WHEREAS, in the execution of his duties as Trustee, Mr. Baker contributed his time, judgment, and effort toward the successful operation of the District, and he performed his duties to the public consistent with the highest standards; and

WHEREAS, in light of Mr. Baker's passing, the District and the Trustees will remember Mr. Baker in the highest regard as both a member of the Board and as a friend; and

WHEREAS, Section 3.4 of the Bylaws provides that a vacancy on the Board exists in the case of the death, resignation, or removal of any trustee; and

WHEREAS, Section 3.4 of the Bylaws further provides that, in the event of a vacancy on the Board, the Board has the authority to fill such vacancy; and

WHEREAS, Section 3.5(f) of the Bylaws authorizes the Board "to declare vacant the office of a trustee as provided in Section 3.4"; and

WHEREAS, Government Code section 1770 provides that an office becomes vacant upon the death of the incumbent before the expiration of the term; and

WHEREAS, Government Code section 1780 applies to a vacancy in an elective office on the governing board of a special district; and

WHEREAS, Government Code section 1780(c) provides that the remaining members of the district board may fill the vacancy either by appointment or by calling an election; and

WHEREAS, the Board desires to declare the office held by Trustee Baker vacant due to his passing and elects to fill the vacancy by appointment pursuant to Government Code section 1780; and

WHEREAS, the Board intends to consider the appointment of a replacement trustee at a regular or special meeting held after the 15-day posting period, as required by Government Code section 1780(d)(1).

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board that:

1. The above recitals are true and correct and are incorporated into this Resolution.

2. The Board hereby recognizes with appreciation the service of Trustee Robert Baker to the District and expresses its condolences to his family and friends.

3. The Board hereby declares the office held by Trustee Robert Baker vacant pursuant to Section 3.4 of the Bylaws and Government Code section 1770.

4. The Board hereby elects to fill the vacancy by appointment, rather than by calling an election, pursuant to Government Code section 1780(c).

5. The Board hereby directs the District Secretary, or the Secretary's designee, to notify the Yolo County elections official of the vacancy no later than 15 days following the date of this Resolution's adoption.

6. The Board hereby directs the District Secretary, or the Secretary's designee, to post notice of the vacancy in three or more conspicuous places in the District and to take any additional steps reasonably necessary to provide such notice.

7. The Board shall, after such notice has been posted for at least 15 days, hold a regular or special meeting to consider the appointment of a replacement trustee.

CERTIFICATION

PASSED AND ADOPTED by the Board this 31st day of August, 2026, by the following vote on roll call:

AYES: ____________________
NOES: ____________________
ABSTAIN: ____________________
ABSENT: ____________________

I, Kyriakos Tsakopoulos, President and Trustee of the District, do hereby certify that the above is a true and correct copy of the resolution that the District's Board of Trustees adopted on the date set forth above.

Kyriakos Tsakopoulos
President

ATTEST:

Denise Costa
Board Secretary

RESOLUTION OF THE BOARD OF TRUSTEES OF RECLAMATION DISTRICT NO. 2035

RESOLUTION NO. 2026-006

APPROVING THE ELECTION TO BECOME SUBJECT TO THE UNIFORM PROCEDURES OUTLINED IN THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

WHEREAS, Reclamation District No. 2035 ("District") is a California reclamation district formed and operating pursuant to Water Code section 50000 et seq.; and

WHEREAS, the District is governed by a three-member Board of Trustees ("Board") pursuant to the Amended and Restated Bylaws of the District, as adopted October 4, 2011 ("Bylaws"); and

WHEREAS, Public Contract Code section 22000 et seq. sets forth the Uniform Public Construction Cost Accounting Act ("Act"); and

WHEREAS, the Act provides for the implementation of uniform construction cost accounting procedures and informal bidding procedures for all public agencies electing to participate, together with instruction for their adoption and implementation by such agencies; and

WHEREAS, pursuant to Public Contract Code sections 22010 and 22017, the California Uniform Construction Cost Accounting Commission ("Commission") developed and recommended to the State Controller uniform construction cost accounting and informal bidding procedures ("Uniform Procedures") consistent with Public Contract Code sections 22031 through 22045; and

WHEREAS, pursuant to Public Contract Code section 22019, the State Controller adopted the Uniform Procedures; and

WHEREAS, the Act only applies to a public agency whose governing board has by resolution elected to become subject to the Uniform Procedures and has notified the State Controller of that election; and

WHEREAS, California public agencies such as cities, school districts, and reclamation districts are eligible to adopt the Uniform Procedures pursuant to the Act; and

WHEREAS, the District's General Manager, Accounting Manager, Engineer, and General Counsel have determined that is in the best interests of the District to elect to become subject to the Uniform Procedures.

WHEREAS, the Uniform Procedures generally apply to "public projects," and are not required for stand-alone purchases of goods or materials that are not part of a "public project;" and

WHEREAS, the District's existing bidding policy, Policy Number 3010, already governs the procurement of goods and materials that are not purchased as part of a "public project," and those procedures remain applicable and appropriate for such procurements, subject to minor revisions necessary to reflect current law; and

WHEREAS, accordingly, the District desires to adopt a new Policy Number 3010A, entitled "Bidding Procedures for Public Projects," governing bidding and contracting procedures applicable to public projects, while retaining and updating the District's existing bidding policy as Policy Number 3010B, entitled "Bidding Procedures for Goods and Materials"; and

NOW, THEREFORE, BE IT RESOLVED THAT the Board finds that utilizing the procedures outlined by the Act may save administrative time and expense and will be in the best interest of the District and, accordingly, the Board hereby elects under Public Contract Code Section 22030 to become subject to the Uniform Public Construction Cost Accounting Procedures set forth in the Act and to the Commission's policies and procedures manual and cost accounting review procedures, as they each may be amended from time to time.

BE IT FURTHER RESOLVED by the Board that:

1. The above recitals are true and correct and are incorporated into this Resolution.

2. The effective date that the District will implement the Uniform Procedures shall be the date this Resolution is passed and adopted.

3. Policy Number 3010A, "Bidding Procedures for Public Projects," attached hereto as Exhibit A and incorporated herein by reference, shall be added to the District's Policy Handbook, and it shall constitute the District's informal bidding policy required by Public Contract Code section 22034, until such a time that the Board decides by resolution to formally opt out of the Uniform Procedures.

4. The District's existing Policy Number 3010, "Competitive Bidding for Public Contracts," shall be deleted in its entirety and replaced with Policy Number 3010B, "Bidding Procedures for Goods and Materials," attached hereto as Exhibit B and incorporated herein by reference.

5. The Board directs staff to develop and maintain a contractors list for purposes of

giving notice when the Uniform Procedures require such notice.

6. The Board directs staff to notify the California State Controller of the District's election to become subject to the Uniform Procedures by emailing an electronic copy (PDF) of this Resolution to LocalGovPolicy@sco.ca.gov. The District shall not utilize the alternative bidding procedures provided by the Act until the District has notified the State Controller of its election.

CERTIFICATION

PASSED AND ADOPTED by the Board this 31st day of August, 2026, by the following vote on roll call:

AYES: ____________________
NOES: ____________________
ABSTAIN: ____________________
ABSENT: ____________________

I, Kyriakos Tsakopoulos, President and Trustee of the District, do hereby certify that the above is a true and correct copy of the resolution that the District's Board of Trustees adopted on the date set forth above.

____
Kyriakos Tsakopoulos
President

ATTEST:

____
Denise Costa
Board Secretary

<u>EXHIBIT A</u>

Policy Number 3010A
Bidding Procedures for Public Projects

POLICY TITLE: **Bidding Procedures for Public Projects**
POLICY NUMBER: **3010A**

3010A.10 CUPCCAA. This Policy establishes procedures for public projects undertaken by the District pursuant to the Uniform Public Construction Cost Accounting Act ("CUPCCAA"), Public Contract Code section 22000 et seq. The dollar amounts stated below shall automatically adjust to conform to any future amendments to Public Contract Code section 22032. This Policy shall constitute the District's bidding procedures, including its informal bidding policy as required by Public Contract Code section 22034, until such a time that the Board decides to formally opt out of the CUPCCAA by resolution.

3010A.20 Applicable to Public Projects. The bidding procedures outlined in this Policy shall apply only to a "public project," defined by Public Contract Code section 22002(c) as "[c]onstruction, reconstruction, erection, alteration, renovation, improvement, demolition, installation, and repair work involving any publicly owned, leased, or operated facility," or "[p]ainting or repainting of any publicly owned, leased, or operated facility." The District may separately procure the materials and supplies for a public project; however, the cost of those materials and supplies shall be included in the total estimated cost of the public project for the purposes of determining the applicable CUPCCAA bidding procedures, if any. Any separately procured materials or supplies shall also be procured in accordance with any independently applicable requirements of Policy 3010B.

3010A.30 Public Projects of $75,000 or Less. Public projects with an estimated cost of $75,000 or less may be performed by District employees by force account, negotiated contract, or purchase order, without competitive bidding.

3010A.40 Public Projects of Over $75,000 to $220,000. Public projects with an estimated cost of more than $75,000 and not more than $220,000 may be let by the informal bidding procedures authorized by Public Contract Code sections 22032(b) and 22034.

1. *Qualified Contractors List*. The District shall maintain a list of qualified contractors, identified according to categories of work and the procedures established by the California Uniform Construction Cost Accounting Commission.

   At least once per calendar year, the District shall establish a new list or update its existing list by mailing, faxing, or emailing written notice to the construction trade journals designated for the District. The notice shall invite licensed contractors to submit their information for inclusion on the District's list of qualified contractors.

   Contractors seeking inclusion on the list shall provide:

a. The name and address to which notices to contractors or proposals should be mailed, faxed, or emailed;
b. A telephone number;
c. The type or categories of work in which the contractor is interested and currently licensed to perform;
d. The class of contractor's license or licenses held; and
e. The contractor's license number or numbers.

The District shall include on the list all contractors that properly provide the required information in response to the District's notice. The District may include additional qualified contractors on the list. A contractor may be added to the District's list at any time during the year upon providing the required information.

2. *Notice Inviting Informal Bids.* For each public project to be informally bid, the District shall mail, fax, or email a notice inviting informal bids to all contractors on the District's qualified contractors list for the category of work being bid. Notice shall be provided not less than 10 calendar days before bids are due.

   The notice inviting informal bids shall:

   a. Generally describe the project;
   b. State how more detailed information concerning the project may be obtained; and
   c. State the time and place for submission of bids.

   In lieu of using the qualified contractors list, the District may mail, fax, or email notice to all construction trade journals designated pursuant to Public Contract Code section 22036. The District may also provide additional notice to other contractors or publications as it determines is appropriate.

   If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, notice may be provided exclusively to such contractor or contractors.

3. *Award.* If a contract is awarded, it shall be awarded to the lowest responsible bidder in accordance with Public Contract Code section 22038.

   If all informal bids received exceed $220,000, the Board may, by resolution adopted by a four-fifths vote, award the contract at $235,000 or less to the lowest responsible bidder if the Board determines that the District's original cost estimate was reasonable, thereby avoiding the requirements for formal competitive bidding.

3010A.50 Public Projects Over $220,000. Public projects with an estimated cost of more than $220,000 shall, except where an exception applies, be let by formal bidding pursuant to Public Contract Code sections 22032(c) and 22037 through 22040, including:

1. adoption by the Board or its designated representative of plans, specifications, and working details for the project;

2. preparation of a notice inviting sealed bids stating the time and place for receipt and opening of bids and distinctly describing the project;
3. publication of the notice at least 14 calendar days before bid opening in accordance with Public Contract Code section 22037;
4. mailing and, if available, electronic transmission of the notice to all construction trade journals designated pursuant to Public Contract Code section 22036 at least 15 calendar days before bid opening;
5. making the adopted plans, specifications, and working details available for public examination; and
6. rejecting any bids in its discretion and awarding the contract to the lowest responsible bidder in accordance with Public Contract Code section 22038, unless all bids are rejected.

3010A.60 Exceptions. Notwithstanding the bidding requirements set forth above, the following exceptions shall excuse the District from following the bidding procedures set forth in this Policy. Work that is not subject to CUPCCAA's mandatory bidding procedures may remain subject to other bidding, contracting, or procurement requirements.

1. *Maintenance Work and Other Work Not Constituting a Public Project.* Work not constituting a public project as described in Section 3010A.20 includes "maintenance work," defined by Public Contract Code section 22002(d) as:
   a. Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.
   b. Minor repainting.
   c. Resurfacing of streets and highways at less than one inch.
   d. Landscape maintenance, including mowing, watering, trimming, planting, replacement of plants, and servicing of irrigation and sprinkler systems.
   e. Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.

   The following are categories of maintenance work that is performed by the District in accordance with the requirements set forth in the Standard Operation and Maintenance Manual for the Sacramento River Flood Control Project by the U.S. Army Corps of Engineers, dated May 1955. This work, as described below, is "maintenance work" as defined in Public Contract Code section 22002(d) and therefore does not constitute public projects that require bidding.

   a. **Levee maintenance and preservation**, including routine vegetation control; control of burrowing animals; filling animal burrows and other holes or washes in existing levee crowns, slopes, and landside berms; and routine, localized correction of minor erosion, scour, wave-wash damage, or displaced riprap or other existing bank protection, where the work preserves or restores the existing levee or bank protection to its existing condition and intended function.

b. **Maintenance of existing levee patrol roads, access roads, road ramps, and levee roadways**, including routine grading, shaping, and filling of worn or low areas as necessary to preserve existing access, drainage, and serviceability, but not reconstruction, widening, paving, or other improvement of an existing roadway.
c. **Maintenance of existing water-control, irrigation, and drainage structures**, including gates, valves, pipes, culverts, headwalls, riprap, and operating mechanisms; keeping inlet and outlet channels open; removal of trash, drift, debris, and other obstructions; routine inspection, cleaning, lubrication, and trial operation; and minor repair or replacement of worn, damaged, or missing parts as an incident to routine maintenance, where the work preserves the existing structure and keeps it in working condition rather than reconstructing, materially altering, improving, or substantially replacing the structure.

d. **Maintenance of existing drainage pumping plants**, including routine inspection, cleaning, lubrication, testing, trial operation, and servicing of pumps, motors, valves, gates, switchgear, transformers, engines, electrical equipment, and related equipment, together with minor repairs and replacement of worn or damaged parts undertaken as part of routine maintenance to keep existing equipment in operating condition. This example does not categorically include replacement of an entire pump, motor, electrical system, or other major unit, which shall be evaluated based on the nature and scope of the work.

e. **Maintenance of existing irrigation canals, drainage canals, channels, and ditches**, including routine vegetation and debris removal; routine removal of accumulated sediment, shoals, and other obstructions as necessary to preserve existing channel capacity; keeping drains and inlet and outlet areas unobstructed; and routine, localized correction of minor bank erosion, wave-wash damage, sloughing, displaced riprap, or similar deficiencies, where the work preserves the existing dimensions, alignment, capacity, and intended function of the facility rather than enlarging, deepening, widening, reconstructing, or improving it.

f. **Maintenance of existing drainage facilities associated with levees, canals, and channels**, including toe drainage systems, pressure-relief wells, drains through levees, and gates on such drains, including routine inspection, cleaning, clearing of obstructions or clogging, servicing, and minor repairs necessary to preserve the existing facilities and keep them in good working condition.

g. **Maintenance of existing appurtenant flood-control facilities**, including cattle guards, gates, fences, road crossings, and other structures or facilities that form part of, or affect the functioning of, the District's existing protective works, including routine inspection, servicing, and minor repair or replacement of damaged or unserviceable parts when undertaken as part of routine maintenance to preserve the facility's existing function.

The foregoing examples are illustrative and not exhaustive. Whether particular work constitutes maintenance work shall depend on the nature and scope of the work actually performed.

2. *Emergency Work.* In the case of an emergency, the District may proceed at once to repair or replace a public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The District may also take any directly related and immediate action required by the emergency and procure the necessary equipment, services, and supplies without competitive bidding, in accordance with Public Contract Code sections 22035 and 22050. (Pub. Contract Code, §§ 22035, 22050.)

   The Board shall make the findings and comply with the voting and continuing-review requirements of Public Contract Code section 22050, including the two-thirds voting requirement applicable to a three-member governing body.

3. *No Bids Received.* If no bids are received through an informal or formal bidding procedure, the project may be performed by District employees by force account or by negotiated contract without further compliance with otherwise applicable bidding procedures. (Pub. Contract Code, § 22038(c).)

4. *Other Exceptions.* Nothing in this Policy limits any other exception from competitive bidding expressly authorized by applicable law.

<u>EXHIBIT B</u>

Policy Number 3010B
Bidding Procedures for Goods and Materials

RECLAMATION DISTRICT NO. 2035
POLICY HANDBOOK

POLICY TITLE: **<u>Bidding Procedures for Goods and Materials</u>**
POLICY NUMBER: **3010B**

3010B.10 Whenever the District participates in any federal or state assistance program, the District shall comply with the procurement requirements of that program to the extent that the requirements are more restrictive than those set forth below.

3010B.20 All contracts for goods and materials that are contracted for as a stand-alone contract and not included as part of the contract for a "public project" as described in <u>Section 3010A.20</u> and in excess of $25,000 must be advertised for competitive bidding, except as otherwise provided in <u>Section 3010B.60</u> and <u>Section 3010B.70</u> of this Policy.

3010B.30 The Board shall advertise for bids by at least two publications, not less than five days apart, in a newspaper of general circulation circulated within and in the vicinity of the District, or if there is none, shall post notice at least ten (10) days before the date of opening of bids in at least three public places in the District that have been designated by resolution of the District as the places for posting public notices. The notice inviting sealed bids shall state the proposed improvement or work and shall set a date for opening of bids.

3010B.40 The contract shall be awarded to the lowest responsive, responsible bidder, except as otherwise provided in <u>Section 3010B.50</u> of this Policy.

3010B.50 The Board shall have the right to reject any and all bids not suitable to the best interests of the District. In its discretion, the Board may re-advertise for new bids or negotiate an offered bid, if it is the sole bid received and the negotiated price does not exceed the offered bid for the work as advertised. If two or more bids are the same and are the lowest, the Board may accept the one it chooses. If no bids are received, the Board may proceed to complete the project by force account or contract without further advertisement for bids.

3010B.60 (a) In the event of any emergency, the Board may negotiate and award a contract for construction of work to prevent damage or repair damaged works without advertising for bids and expend any sum reasonably required in the emergency. If notice for bids to let contracts will not be given, the Board shall comply with the procedures set forth in Public Contract Code section 22050.

(b) Notwithstanding any other provision of this section, the Board or any trustee authorizing or contracting for work in an emergency shall, if practicable, informally solicit bids or requests for proposals to seek to obtain the best terms possible, including the lowest price term, given the urgent circumstances of the emergency, and, promptly after the emergency ends, shall document the circumstances of the emergency and the bid or proposal accepted.

(c) Work to further reconstruct or rehabilitate damaged works after the emergency ends shall be subject to the bidding requirements set forth in this Policy, if applicable.

3010B.70 The twenty-five thousand dollar limit set forth in Section 3010B.20 of this Policy may be exceeded to a maximum of fifty thousand dollars ($50,000) for projects, and purchases of materials for projects, for which no assistance from federal, state, or other local governmental agencies is requested, if approval for the project and purchase is secured from the landowners of the District representing at least two-thirds of the assessment valuation of the District, or if no assessment has been collected within the prior year, by the landowners representing at least two-thirds of the acreage within the District. The approval may be obtained either through a special election held for that purpose or by written consent of the approving landowners. The special election may be conducted by mail ballot.

3010B.80 Before awarding any contract or procurement involving federal funding, District staff shall verify that the proposed contractor, vendor, subrecipient, or other participant is not suspended, debarred, or otherwise excluded from participation in federal programs. Verification shall be performed in accordance with applicable federal requirements, including through the U.S. Government's System for Award Management (SAM.gov) when required or appropriate. Documentation of the verification shall be maintained in the applicable contract or procurement file. (2 C.F.R. § 200.214; 2 C.F.R. pt. 180.)

RESOLUTION OF THE BOARD OF TRUSTEES
OF RECLAMATION DISTRICT NO. 2035

RESOLUTION NO. 2026-007

APPROVING PROCUREMENT OF MATERIALS AND INSTALLATION SERVICES FOR CANAL MAINTENANCE WORK

WHEREAS, Reclamation District No. 2035 ("District") is a California reclamation district formed and operating pursuant to Water Code section 50000 et seq.; and

WHEREAS, the District has received disaster-assistance funding from the Federal Emergency Management Agency ("FEMA") and California Governor's Office of Emergency Services ("Cal OES") associated with repair and reinforcement of the District's Cross Canal, and approximately $79,000 of such funding remains available for erosion-protection measures; and

WHEREAS, the District desires to use the remaining available funds to purchase erosion-control geofabric and related materials and, as appropriate, obtain labor and services necessary for installation, whether through a single contract or through separate contracts or purchase orders (collectively, the "Canal Maintenance"); and

WHEREAS, the Canal Maintenance is intended to preserve and protect the existing Cross Canal from recurring bank erosion and similar deficiencies and to maintain the Cross Canal for its existing and intended function, without enlarging, deepening, or widening the Cross Canal or increasing its existing capacity; and

WHEREAS, Public Contract Code section 22002(d) defines "maintenance work" to include routine, recurring, and usual work for the preservation or protection of a publicly owned or operated facility for its intended purposes, as well as work performed to keep, operate, and maintain publicly owned water systems; and

WHEREAS, District Policy No. 3010A, section 3010A.60(1), defines "maintenance work" to include maintenance of existing irrigation canals, drainage canals, channels, and ditches—including routine, localized correction of bank erosion and similar deficiencies where the work preserves the existing dimensions, alignment, capacity, and intended function of the facility; and

WHEREAS, based upon the nature and scope of the Canal Maintenance, the Board of Trustees ("Board") finds that the Canal Maintenance constitutes "maintenance work" within the meaning of Public Contract Code section 22002(d) and District Policy No. 3010A, section 3010A.60(1); and

WHEREAS, the Board desires to authorize the General Manager to procure the materials, supplies, labor, installation services, and other items necessary to complete the Canal Maintenance, subject to the amount of FEMA/Cal OES funds remaining and available for that purpose and compliance with applicable District procurement and bidding policies, if any; and

WHEREAS, the Board finds that the Canal Maintenance is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to section 15301 of the CEQA Guidelines, because it consists of maintenance and minor alteration of an existing publicly owned water facility involving negligible or no expansion of existing use and will not increase the existing dimensions, alignment, or capacity of the Cross Canal.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Reclamation District No. 2035 as follows:

1. The above recitals are true and correct and are incorporated into this Resolution.

2. The Board finds and determines that the Canal Maintenance constitutes maintenance work pursuant to Public Contract Code section 22002, subdivision (d), and District Policy No. 3010A, section 3010A.60(1).

3. The General Manager is authorized to procure and execute, on behalf of the District, one or more contracts, purchase orders, or other agreements necessary for the Canal Maintenance, including for the purchase of erosion-control geofabric and related materials and supplies, installation services and labor, or any combination thereof, provided that the aggregate amount expended pursuant to this authorization shall not exceed the amount of FEMA/Cal OES funds remaining and available for the Canal Maintenance, estimated at approximately $79,000.

4. The General Manager is further authorized to solicit and evaluate bids, quotes, proposals, or pricing as applicable; determine whether the Canal Maintenance should be procured through one or more contracts or purchase orders; negotiate contract terms; execute all necessary agreements and related documents; and take such other actions as the General Manager determines are reasonably necessary or appropriate to procure and complete the Canal Maintenance consistent with this Resolution.

5. The Board finds that the Canal Maintenance is categorically exempt from CEQA pursuant to CEQA Guidelines section 15301, because it consists of maintenance and minor alteration of an existing publicly owned water facility involving negligible or no expansion of existing use or capacity. The District's staff or Legal Counsel is authorized and directed to prepare and file a Notice of Exemption in accordance with CEQA Guidelines section 15062.

6. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

PASSED AND ADOPTED by the Board this 31st day of August, 2026, by the following vote on roll call:

AYES: ____________________
NOES: ____________________
ABSTAIN: ____________________
ABSENT: ____________________

I, Kyriakos Tsakopoulos, President and Trustee of the District, do hereby certify that the above is a true and correct copy of the resolution that the District's Board of Trustees adopted on the date set forth above.

____
Kyriakos Tsakopoulos
President

ATTEST:

____
Denise Costa
Board Secretary