

# **NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

Audit Report

## **FLOOD CONTROL SUBVENTIONS PROGRAM**

Napa County Flood Control Project

*Claims Submitted on November 30, 2001, to November 30, 2008*



**JOHN CHIANG**  
California State Controller

August 2010



**JOHN CHIANG**  
*California State Controller*

August 11, 2010

Mark Cowin, Director  
Department of Water Resources  
1416 9<sup>th</sup> Street, Room 1115-1  
Sacramento, CA 95814

Dear Mr. Cowin:

The State Controller's Office (SCO) audited claims submitted by the Napa County Flood Control and Water Conservation District under the Flood Control Subventions Program. The district claimed a total of \$129,912,950 on claims submitted from November 30, 2001, through November 30, 2008, for the Napa County Flood Control Project.

Our audit disclosed that \$83,921,472 is allowable and \$45,991,478 is unallowable. Our audit result is consistent with the determinations of the Department of Water Resources (DWR) which identified \$45,879,192 in ineligible expenditures on the claims submitted.

In its response to the SCO's draft report, the district disagreed with Finding 1 of the report that identified \$45,879,192 in audit adjustments. The issues in dispute include:

- DWR adjusted the district's claims by \$2,913,176 for purchasing land in excess of appraisal value (by \$2,413,176) and for an amount (\$500,000) already received from another grant. DWR adjusted the district's claim by another \$716,986 for purchasing land at 1/3 above the appraisal value and acquired more land than what was needed without obtaining prior approval from the DWR. The district contends that the DWR made the adjustment without understanding the facts of the settlement.
- DWR adjusted the district's claims by \$97,954 for "inadequate documentation" and another \$16,931,247 for "additional documentation pending." The district stated that it has submitted reconsideration claims totaling more than \$20 million for DWR's review and approval. One of the disputes involves DWR's decision to withhold payments on projects that have not been started. The district disagrees with DWR's position because they already have made payments to the other parties in order to proceed with the project.

In addition, our audit disclosed a \$19,443 accounting error made by the DWR, \$28,816 in interest income not offset on claims, and an overstatement of \$64,027 in labor costs. The district concurred with these audit findings.

If you have any questions, please contact Seven Mar, Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD**

Chief, Division of Audits

JVB/sk:wm

cc: Varda Disho, Chief of Flood Control Subventions Program  
Division of Flood Management, Department of Water Resources  
The Honorable Tracy Schulze, Auditor-Controller  
Napa County Auditor-Controller  
Don Ridenhour, District Engineer  
Napa County Flood Control and Water Conservation District  
Daisy Lee, Senior Flood Project Analyst  
Napa County Flood Control and Water Conservation District

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the reimbursement claims of the Napa County Flood Control and Water Conservation District under the Flood Control Subventions Program. Our audit included costs incurred for the Napa County Flood Control Project, for the period of November 30, 2001, through November 30, 2008.

The district claimed a total of \$129,912,950 on claims submitted from November 30, 2001, through November 30, 2008, for the Napa County Flood Control Project. Our audit disclosed that \$83,921,472 is allowable and \$45,991,478 is unallowable. The unallowable costs of \$45,991,478 consisted of \$45,879,192 in costs that were specifically identified as ineligible and disallowed by the Department of Water Resources (DWR), a \$19,443 accounting error made by the DWR, and \$28,816 in interest income not offset on claims. The costs also included an overstated labor rate adjustment of \$64,027.

## Background

The State of California provides financial assistance to local agencies participating in the construction of federal flood control projects. Under the Flood Control Subventions Program (State Water Code, Division 6, Part 6, Chapters 1 through 4), the California Department of Water Resources pays a portion of the local agency's share of flood control project costs, including the costs of rights of way, relocation, and recreation and fish and wildlife enhancements.

State Water Code section 12832 authorizes the State Controller to audit the books and records of local agencies to determine whether the state funds received were expended for the purposes and under the conditions authorized.

## Objective, Scope, and Methodology

Our audit objective was to determine whether the costs claimed as presented in the Summary of Project Costs (Schedule 1) are allowable and in compliance with the DWRs' *Guidelines for State Reimbursement on Flood Control Projects*.

We conducted this performance audit under the authority of Government Code section 12410. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

**Conclusion**

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are shown on the Summary of Project Costs (Schedule 1) and described in the Findings and Recommendations section. The district claimed a total of \$129,912,950 on claims submitted from November 30, 2001, through November 30, 2008, for the Napa County Flood Control Project. Our audit disclosed that \$83,921,472 is allowable and \$45,991,478 is unallowable.

**Views of  
Responsible  
Officials**

We issued a draft audit report dated June 9, 2010. Donald Ridenhour, P.E., District Engineer and Tracy Schulze, Auditor-Controller, responded by letter dated June 28, 2010. They agreed with the audit results with the exception of Finding 1. This final report includes the district's response as an attachment.

**Restricted Use**

This report is solely for the information and use of Napa County Flood Control District, the California Department of Water Resources, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

August 11, 2010

**Schedule 1—  
Summary of Project Costs  
November 30, 2001, through November 30, 2008**

<u>DWR Project Claim Number/ District Claim Number</u>	<u>Costs Claimed</u>	<u>Allowable Per Audit</u>	<u>Audit Adjustments</u>	<u>Reference</u> <sup>1</sup>	<u>State Share of Allowable Costs</u> <sup>2</sup>
Napa County Flood Control Project:					
NAR 2001-03/11	\$ 6,531,413	\$ 6,164,005	\$ (367,408)	Findings 1, 2	\$ 4,659,979
NAR 2002-02/13A	3,113,807	3,113,807	—		2,335,355
NAR 2002-03/14	8,019,042	4,719,536	(3,299,506)	Finding 1	4,188,815
14X-EXPEDITE CLAIM	3,034,584	3,034,584	—		2,275,938
NAR 2003-01/15	12,127,750	991,063	(11,136,687)	Finding 1	768,896
15X-EXPEDITE CLAIM	7,146,018	6,776,841	(369,177)	Finding 1	5,082,630
NAR 2003-02/16	11,248,594	10,285,458	(963,136)	Finding 1	9,049,868
NAR 2003-03/17	3,198,696	2,264,614	(934,082)	Finding 1	1,954,062
17X-EXPEDITE CLAIM	17,667	17,667	—		13,250
NAR 2003-04/18	2,295,833	1,756,132	(539,701)	Finding 1	1,548,093
18X-EXPEDITE CLAIM	310,337	310,337	—		232,753
NAR 2004-01/19	4,909,530	1,551,128	(3,358,402)	Finding 1	1,321,491
19X-EXPEDITE CLAIM	3,352,986	3,063,718	(289,268)	Finding 1	2,297,789
NAR 2004-02/20	2,455,044	1,351,956	(1,103,088)	Finding 1	1,080,428
20X-EXPEDITE CLAIM	1,093,315	1,093,315	—		819,986
NAR 2005-01/21	8,523,695	6,044,547	(2,479,148)	Finding 1	5,341,968
21X-EXPEDITE CLAIM	987,387	987,387	—		740,540
NAR 2005-02/22	3,159,335	2,267,393	(891,942)	Finding 1	1,963,198
22X-EXPEDITE CLAIM	437,851	437,851	—		328,388
NAR 2006-01/23	2,039,754	2,030,318	(9,436)	Findings 1, 4	1,757,921
NAR 2006-02/24	1,405,684	896,727	(508,957)	Finding 1	692,428
24X-EXPEDITE CLAIM	227,745	227,745	—		170,809
NAR 2006-03/25	7,596,538	1,282,286	(6,314,252)	Finding 1	1,006,743
25X-EXPEDITE CLAIM	5,522,202	5,009,026	(513,176)	Finding 1	4,151,025
25XA-EXPEDITE CLAIM	—	—	—		—
NAR2006-04/26	2,705,216	1,337,921	(1,367,295)	Finding 1	1,111,840
26X-EXPEDITE CLAIM	817,420	17,420	(800,000)	Finding 1	13,065
26XA-EXPEDITE CLAIM	—	—	—		—
NAR 2006-05/27	3,339,562	662,154	(2,677,408)	Findings 1, 4	543,497
27X-EXPEDITE CLAIM	249,058	249,058	—		188,339
NAR 2007-01/28	5,577,302	4,756,612	(820,690)	Findings 1, 4	3,746,170
NAR 2007-02/29	1,382,160	638,086	(744,074)	Findings 1, 4	492,801
NAR 2007-03/30	2,345,809	1,371,351	(974,458)	Findings 1, 4	1,148,994
NAR 2007-04/31	1,667,492	857,370	(810,122)	Finding 1	730,673
NAR 2007-05/32	1,648,042	819,048	(828,994)	Finding 1	684,178
NAR 2007-06/33	1,089,839	1,055,905	(33,934)	Finding 1	882,495
NAR 2007-07/34	619,205	596,223	(22,982)	Finding 1	458,929
NAR 2007-08/35	675,663	571,530	(104,133)	Finding 1	451,395
NAR 2008-01/36	2,717,236	2,692,294	(24,942)	Finding 1	2,228,582
NAR 2008-02/37	4,557,317	894,742	(3,662,575)	Finding 1	719,345
NAR 2008-03/38	1,370,416	1,357,436	(12,980)	Finding 1	1,118,894
NAR 2008-04/39	396,406	395,697	(709)	Finding 1	333,794
Interest earned on condemnation	—	(28,816)	(28,816)	Finding 3	(21,612)
<b>Totals</b>	<b>\$ 129,912,950</b>	<b>\$ 83,921,472</b>	<b>\$ (45,991,478)</b>		<b>\$ 68,613,732</b>

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> The State share of allowable project costs represents the percentage of state funding, as stipulated in the California Water Code, for each project cost category.

**Schedule 2—  
Summary of Audit Adjustments  
November 30, 2001, through November 30, 2008**

<u>DWR Project Claim Number/ District Claim Number</u>	<u>DWR Adjustment (Finding 1) <sup>1</sup></u>	<u>DWR Accounting Error (Finding 2) <sup>1</sup></u>	<u>Interest Earned on Condemnation Deposits (Finding 3) <sup>1</sup></u>	<u>Labor rate Adjustment (Finding 4) <sup>1</sup></u>	<u>Total</u>
Napa County Flood Control Project:					
NAR 2001-03/11	\$ (347,965)	\$ (19,443)	\$ —	\$ —	\$ (367,408)
NAR 2002-02/13A	—	—	—	—	—
NAR 2002-03/14	(3,299,506)	—	—	—	(3,299,506)
14X-EXPEDITE CLAIM	—	—	—	—	—
NAR 2003-01/15	(11,136,687)	—	—	—	(11,136,687)
15X-EXPEDITE CLAIM	(369,177)	—	—	—	(369,177)
NAR 2003-02/16	(963,136)	—	—	—	(963,136)
NAR 2003-03/17	(934,082)	—	—	—	(934,082)
17X-EXPEDITE CLAIM	—	—	—	—	—
NAR 2003-04/18	(539,701)	—	—	—	(539,701)
18X-EXPEDITE CLAIM	—	—	—	—	—
NAR 2004-01/19	(3,358,402)	—	—	—	(3,358,402)
19X-EXPEDITE CLAIM	(289,268)	—	—	—	(289,268)
NAR 2004-02/20	(1,103,088)	—	—	—	(1,103,088)
20X-EXPEDITE CLAIM	—	—	—	—	—
NAR 2005-01/21	(2,479,148)	—	—	—	(2,479,148)
21X-EXPEDITE CLAIM	—	—	—	—	—
NAR 2005-02/22	(891,942)	—	—	—	(891,942)
22X-EXPEDITE CLAIM	—	—	—	—	—
NAR 2006-01/23	(33,504)	—	—	24,068	(9,436)
NAR 2006-02/24	(508,957)	—	—	—	(508,957)
24X-EXPEDITE CLAIM	—	—	—	—	—
NAR 2006-03/25	(6,314,252)	—	—	—	(6,314,252)
25X-EXPEDITE CLAIM	(513,176)	—	—	—	(513,176)
25XA-EXPEDITE CLAIM	—	—	—	—	—
NAR2006-04/26	(1,367,295)	—	—	—	(1,367,295)
26X-EXPEDITE CLAIM	(800,000)	—	—	—	(800,000)
26XA-EXPEDITE CLAIM	—	—	—	—	—
NAR 2006-05/27	(2,655,384)	—	—	(22,024)	(2,677,408)
27X-EXPEDITE CLAIM	—	—	—	—	—
NAR 2007-01/28	(798,666)	—	—	(22,024)	(820,690)
NAR 2007-02/29	(722,050)	—	—	(22,024)	(744,074)
NAR 2007-03/30	(952,435)	—	—	(22,023)	(974,458)
NAR 2007-04/31	(810,122)	—	—	—	(810,122)
NAR 2007-05/32	(828,994)	—	—	—	(828,994)
NAR 2007-06/33	(33,934)	—	—	—	(33,934)
NAR 2007-07/34	(22,982)	—	—	—	(22,982)
NAR 2007-08/35	(104,133)	—	—	—	(104,133)
NAR 2008-01/36	(24,942)	—	—	—	(24,942)

## Schedule 2 (continued)

<u>DWR Project Claim Number/ District Claim Number</u>	DWR Adjustment (Finding 1) <sup>1</sup>	DWR Accounting Error (Finding 2) <sup>1</sup>	Interest Earned on Condemnation Deposits (Finding 3) <sup>1</sup>	Labor rate Adjustment (Finding 4) <sup>1</sup>	Total
NAR 2008-02/37	(3,662,575)	—	—	—	(3,662,575)
NAR 2008-03/38	(12,980)	—	—	—	(12,980)
NAR 2008-04/39	(709)	—	—	—	(709)
Interest earned on condemnation	—	—	(28,816)	—	(28,816)
Totals	<u>\$ (45,879,192)</u>	<u>\$ (19,443)</u>	<u>\$ (28,816)</u>	<u>\$ (64,027)</u>	<u>\$ (45,991,478)</u>

<sup>1</sup> See the Findings and Recommendations section.

# Findings and Recommendations

**FINDING 1—  
Department of  
Water Resources  
adjustments**

The district’s claims included \$45,879,192 in costs that were specifically identified as ineligible and disallowed by the Department of Water Resources (DWR). We concur with the DWR’s determinations.

The DWR’s *Guidelines for State Reimbursement on Flood Control Projects* (February 1974), Section VI, Part D, specifies that the DWR will reduce a local agency’s reimbursement claims for any item that is determined to be ineligible.

As a result, costs totaling \$45,879,192 for the Napa County Flood Control Project are unallowable, as summarized below and detailed on Schedule 2 of this report:

Category	Audit Adjustments
Unallowable costs	\$ (1,311,760)
Inadequate documentation	(97,954)
Costs previously reimbursed	(23,196,572)
Land purchase in need of appraisal	(52,760)
Land purchase in excess of appraisal	(716,986)
Unallowable land purchase and duplicate revenue of \$500,000 from other sources per DWR Amendment A, expedited claim	(2,913,176)
Betterment	(658,445)
Cost deleted at Napa’s request	(292)
Additional documentation pending	(16,931,247)
<b>Audit adjustment</b>	<b>\$ (45,879,192)</b>

Recommendation

The district should reduce its claims for reimbursement by \$45,879,192 for the Napa County Flood Control Project. In the future, the district should ensure that costs claimed are eligible for reimbursement under DWR guidelines.

District’s Response

1. The District disagrees with DWR’s adjustments in the amounts of \$716,986 and \$2,913,176 pertaining to “land purchase in excess of appraisal” and “unallowable land purchase and duplicate revenue,” respectively. DWR deducted the amounts on the claims without consulting with the District and the licensed appraisers and without understanding the facts of the settlement. The deductions had no basis, and the District awaits DWR’s response to our rebuttal of the denied amounts.
2. In regard to the “inadequate documentation” of \$97,954 and “additional documentation pending” of \$16,931,247, the District has submitted two reconsideration claims totaling over \$20 million in the past year. One of the claims is comprised of the expenses for the replacement of the Maxwell Bridge, a state highway. DWR rejected the original bridge claims due to their lack of understanding of the bridge’s relationship, which was completed by Caltrans, to the

Project. The District had invited DWR on numerous occasions to meet and tour the bridge in order for them to gain a better understanding, but they have yet to accept our offer. Other claims under reconsideration were initially rejected due to insufficient information. In the past DWR would automatically deny the claims instead of contacting the District if information was lacking. DWR staff has since made significant improvements in communicating with the District if additional information is needed to support a claim.

Two other significant expenditures under the “additional document pending” are the Gasser culvert at \$2.3 million and the mitigation of City of Napa parking spaces at \$3.6 million. The District does not concur with the DWR’s decision to deny these claims pending the actual expenditure of the funds by the other parties. The District was merely fulfilling its obligations per the requirements of the Project Environmental Impact Report as in the case of the parking spaces in which the District must mitigate the impacted public parking spaces. To do so, the District submitted \$3.6 million to the City of Napa. The issue of when the parking spaces will be replaced by the City of Napa is irrelevant to when the District should be reimbursed by the Subventions Program. The denial of the \$2.3 million for the Gasser culvert falls under the same scenario. District feels that once we expended the funds as required, DWR should not hold back the District’s reimbursement as long as the claim meets the Subvention Program requirements. DWR’s position to deny these claims pending the actual expenditure by others is unjust.

The recommendation provided in Finding No. 1 states that the District should ensure that costs claimed are eligible for reimbursement under DWR guidelines. The District firmly believes that, in almost all cases, our claims are all eligible for reimbursement; and we have submitted all relevant information to support them.

#### SCO’s Comment

The district and DWR should resolve the eligibility issues pertaining to the disallowed costs prior to closing out the project claims.

**FINDING 2—  
Department of  
Water Resources  
accounting error**

The DWR made an error when it approved a credit for eligible indirect costs. The credit for indirect costs was applied twice in the final calculations of total allowable claimed costs. This resulted in an overstatement of \$19,443 for the district’s total allowable claimed costs.

The DWR’s *Guidelines for State Reimbursement on Flood Control Projects* (February 1974), section VI, Part D, specifies that the State will correct any item (costs/credits) which cannot be verified. In this case, the SCO cannot verify the double credit to Claim Number 11.

As a result, total allowable claimed costs are overstated by \$19,443.

Audit adjustment	<u>\$ (19,443)</u>
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Recommendation

The DWR should reduce allowable reimbursement by \$19,443. In the future, the district should review the reimbursement amounts and compare them to the claim to ensure that it was reimbursed properly and accurately.

District’s Response

The district agreed with the audit finding.

**FINDING 3—  
Interest Income not  
offset on claim**

The district did not offset interest income of \$28,816 earned on condemnation deposits on the Napa County Flood Control Project against claimed costs.

The DWR’s *Guidelines for State Reimbursement on Flood Control Projects* (February 1974), Section VI, Part C1, requires that interest earned on deposits with the State Condemnation Fund be credited against claimed costs.

Audit adjustment	<u>\$ (28,816)</u>
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Recommendation

The district should offset its claims by interest income earned on condemnation deposits by \$28,816 in accordance with DWR guidelines.

District’s Response

The district agreed with the audit finding.

**FINDING 4—  
Labor rate  
adjustments**

We noted inconsistencies in the actual rates claimed for certain employees for fiscal year (FY) 2004-05 and FY 2005-06. In FY 2004-05, the labor rates were not changed from the FY 2003-04 rates until September 2004 for two employees and until August 2004 for 15 employees. This delay resulted in underclaimed labor costs of \$24,068. We found that in FY 2005-06, three employees’ labor rates for regular time were entered at overtime rates and were charged out for the entire fiscal year resulting in overclaimed labor costs of \$88,095. As a result, the district overclaimed net labor costs by \$64,027.

The DWR’s *Guidelines for State Reimbursement on Flood Control Projects* (February 1974), Section VI, Part D, specifies that the DWR will reduce a local agency’s reimbursement claims for any item that cannot be verified.

Labor costs claimed totaling \$64,027 for the Napa County Flood Control Project are unallowable, as summarized below and detailed on Schedule 2 of this report:

	<u>Audit Adjustments</u>
FY 2004-05	\$ 24,068
FY 2005-06	<u>(88,095)</u>
Audit adjustment	<u>\$ (64,027)</u>

Recommendation

The district should reduce its claims for reimbursements by \$64,027 for the Napa County Flood Control Project. In the future, the district should ensure that costs claimed are eligible for reimbursement under DWR guidelines.

District’s Response

The district agreed with the audit finding.

**Attachment—  
District's Response to  
Audit Report**

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# Napa County Flood Control and Water Conservation District

**DONALD G. RIDENHOUR, P.E.**  
**DISTRICT ENGINEER**

June 28, 2010

Mr. Steven Mar, Chief  
Local Government Audits Bureau  
State of California Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, California 94250-5874

RE: Napa River/Napa Creek Flood Protection Project, State Flood Control Subventions Program

Dear Mr. Mar:

The Napa County Flood Control and Water Conservation District (District) received your Audit Report dated June 2010 on the Napa River/Napa Creek Flood Protection Project (Project). The District would like to thank you for providing us with the opportunity to comment on the draft audit report prepared by your office on the Project claim submittals to the State Flood Control Subventions Program implemented by the Department of Water Resources (DWR). In general, we agree with the findings with the exception of Finding No. 1. Our comments are provided below:

1. The District disagrees with DWR's adjustments in the amounts of \$716,986 and \$2,913,176 pertaining to "land purchase in excess of appraisal" and "unallowable land purchase and duplicate revenue," respectively. DWR deducted the amounts on the claims without consulting with the District and the licensed appraisers and without understanding the facts of the settlement. The deductions had no basis, and the District awaits DWR's response to our rebuttal of the denied amounts.
2. In regard to the "inadequate documentation" of \$97,954 and "additional documentation pending" of \$16,931,247, the District has submitted two reconsideration claims totaling over \$20 million in the past year. One of the claims is comprised of the expenses for the replacement of the Maxwell Bridge, a state highway. DWR rejected the original bridge claims due to their lack of understanding of the bridge's relationship, which was completed by Caltrans, to the Project. The District had invited DWR on numerous occasions to meet and tour the bridge in order for them to gain a better understanding, but they have yet to accept our offer. Other claims under reconsideration were initially rejected due to insufficient information. In the past DWR would automatically deny the claims instead of contacting the District if information was lacking. DWR staff has since made significant improvements in communicating with the District if additional information is needed to support a claim.

Two other significant expenses under the "additional documentation pending" are the Gasser culvert at \$2.3 million and the mitigation of City of Napa parking spaces at \$3.6 million. The

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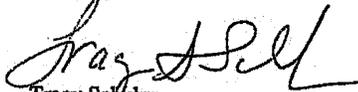
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District does not concur with the DWR's decision to deny these claims pending the actual expenditure of the funds by the other parties. The District was merely fulfilling its obligations per the requirements of the Project Environmental Impact Report as in the case of the parking spaces in which the District must mitigate the impacted public parking spaces. To do so, the District submitted \$3.6 million to the City of Napa. The issue of when the parking spaces will be replaced by the City of Napa is irrelevant to when the District should be reimbursed by the Subventions Program. The denial of the \$2.3 million for the Gasser culvert falls under the same scenario. District feels that once we expended the funds as required, DWR should not hold back the District's reimbursement as long as the claim meets the Subvention Program requirements. DWR's position to deny these claims pending the actual expenditure by others is unjust.

The recommendation provided in Finding No. 1 states that the District should ensure that costs claimed are eligible for reimbursement under DWR guidelines. The District firmly believes that, in almost all cases, our claims are all eligible for reimbursement; and we have submitted all relevant information to support them.

Please feel free to contact Daisy Lee, Senior Flood Analyst, at (707) 253-4514 if you have any questions.

Sincerely,



Tracy Schulze  
Auditor-Controller



Donald Ridenhour, P.E.  
District Engineer

TS/DR/bf

cc: Roger Leung, State Controller's Office

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, California 94250-5874**

**<http://www.sco.ca.gov>**