



# Sutter Butte Flood Control Agency

Board of Directors Agenda – Regular Meeting, March 13, 2019, 1 p.m.

City of Yuba City Council Chambers - 1201 Civic Center Blvd., Yuba City, CA

The agenda is posted in the building of the Sutter Butte Flood Control Agency at 1130 Civic Center Blvd. Suite B, Yuba City, and at the Sutter County Library, 750 Forbes Avenue, Yuba City. The agenda summary, backup materials, and approved minutes are also posted on the Sutter Butte Flood Control Agency website at [sutterbutteflood.org](http://sutterbutteflood.org). Materials related to an item on this agenda and submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the office of the Board Clerk at 1130 Civic Center Blvd, Suite B, Yuba City, during normal business hours. In compliance with the American with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need, disability related modifications or accommodations to participate in this meeting, please contact the SBFCA office at 530-755-9859 or [admin@sutterbutteflood.org](mailto:admin@sutterbutteflood.org). Requests must be made one full business day before the start of the meeting.

#### County of Sutter

Mat Conant  
Mike Ziegenmeyer  
Alt. Ron Sullenger  
Alt. Jim Whiteaker

#### County of Butte

Bill Connelly  
Steve Lambert

#### City of Yuba City

Shon Harris  
Marc Boomgaarden  
Alt. Manny Cardoza  
Alt. Grace Espindola

#### City of Live Oak

Lakhvir Ghag

#### City of Gridley

Frank Hall  
Alt. Bruce Johnson

#### City of Biggs

Bo Sheppard  
Alt. Roger Firth

#### Levee District 1

Francis Silva  
Charlie Hoppin  
Alt. Sally Serger  
Alt. Drew Stresser

#### Levee District 9

Mike Morris  
Chris Schmidl

Persons wishing to address the Board during consideration of matters listed on the agenda will be allowed to do so. Testimony should always begin with the speaker giving his or her name and place of residence. Requests for assistive listening devices or other accommodations, such as interpretive services, should be made through the Sutter Butte Flood Control Agency office at 530-755-9859. Requests should be made at least 72 hours prior to the meeting. Later requests will be accommodated to the extent feasible.

## **AGENDA SUMMARY**

### **REGULAR MEETING/CALL TO ORDER**

- Roll Call
- Pledge of Allegiance

### **CONSENT CALENDAR**

The Consent Calendar groups together those items which are considered noncontroversial or for which prior policy direction has been given to staff and that require only routine action by the Board. The Chair will advise the audience that the matters may be adopted in total by one motion; however, the Board may, at its option or upon request of a member of the public, consider any matter separately.

1. Approval of the Minutes for the February 13, 2019 Board Meeting

2. Authorize the Interim Executive Director to Submit a Grant Application to the Department of Water Resources under the Central Valley Tributaries Program for the Oroville Wildlife Area Flood Stage Reduction Project.

#### **PRESENTATION, DISCUSSION & ACTION ITEMS**

3. Presentation of Agency Audited Financial Statements and Related Reports for Fiscal Year Ending June 30, 2018
4. Receive and File Monthly Financial Report

#### **INFORMATIONAL AND POSSIBLE APPROVAL ITEMS**

5. Receive and File Program/Project Update
6. Other Reports from Agency Staff and Consultants
7. Report by Member and Partner Agencies

#### **CORRESPONDENCE**

8. Report on Correspondence Sent by and Received by the Board

#### **PUBLIC COMMENT**

Members of the public will be allowed to address the Sutter Butte Flood Control Agency's Board of Directors on items of interest to the public that are within the subject matter jurisdiction of the Board. Any member of the audience who may wish to bring a matter before the Board that has not been placed on the agenda may do so at this time; however, State law provides that no action may be taken on any item not appearing on the posted Agenda.

#### **CLOSED SESSION**

1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION  
Initiation of litigation pursuant to Govt. Code Section 54956.9(d)(4): one potential case
2. Public Employee Appointment (Government Code Section 54957(b)(1) – Executive Director

#### **ADJOURNMENT**

The next regularly scheduled Board of Directors meeting will be held on Wednesday, April 10, 2019 at 1 p.m., Yuba City Council Chambers – 1201 Civic Center Blvd., Yuba City, CA 95993



## Sutter Butte Flood Control Agency

Board of Directors Minutes Regular Meeting, February 13, 2019, 1 p.m.  
City of Yuba City Council Chambers - 1201 Civic Center Blvd., Yuba City, CA

The Sutter Butte Flood Control Agency (Agency) Board of Directors (Board), State of California, met on the above date at 1 p.m. at the City of Yuba City Council Chambers - 1201 Civic Center Boulevard, Yuba City, CA.

These minutes do not represent a transcript of the meeting and are intended to be a summary of the most important points. For a complete record, please refer to the video recording of the meeting, which is posted on SBFCA's website: <http://sutterbutteflood.org/board/meetings-agendas/>

### MEMBERS PRESENT

County of Sutter:	Mat Conant, Ron Sullenger
County of Butte:	Steve Lambert, *Bill Connelly
City of Yuba City:	Marc Boongaarden, Manny Cardoza
City of Biggs:	Bo Sheppard
City of Gridley:	Bruce Johnson
Levee District 9:	Mike Morris, Chris Schmidl
Levee District 1:	Charlie Hoppin, Francis Silva

**MEMBERS ABSENT:** Lakhvir Ghag, Frank Hall

**STAFF PRESENT:** Michael Bessette, Director of Engineering; Scott Shapiro, Agency Counsel; Kim Floyd, Public Outreach Manager; Seth Wurzel, Budget Manager; and Terra Yaney, Board Clerk

### MEETING/CALL TO ORDER

At 1p.m., Director Steve Lambert opened the meeting and led the group in the pledge of allegiance.

\*Director Bill Connelly arrived after the roll call.

### CONSENT CALENDAR

1. Approval of the Minutes for the December 12, 2018 Board Meeting
2. Appointment of Michael Bessette as Interim Executive Director

A motion to approve the Consent Calendar was made by Director Manny Cardoza and seconded by Director Mike Morris. The motion passed with no objection. The Consent Calendar was approved as follows:

- Marc Boomgaarden - yes
- Manny Cardoza - yes
- Mat Conant - yes
- Bill Connelly - yes
- Charlie Hoppin - yes
- Bruce Johnson - yes
- Steve Lambert - yes
- Mike Morris – yes
- Larry Munger – yes
- Chris Schmidl – yes
- Bo Sheppard – yes
- Francis Silva - yes

### No public Comment

The entire discussion is available on the SBFCA website at: <http://sutterbutteflood.org/board/meetings-agendas/>

## PRESENTATION, DISCUSSION & ACTION ITEMS

### 3. Selection of 2019 SBFCA Chair and Vice Chair

Director Steve Lambert nominated Director Shon Harris as the Chair of the 2019 SBFCA Board of Directors and Director Mat Conant as Vice Chair.

**A motion to approve the Board nominations was made by Director Mike Morris and seconded by Director Manny Cardoza. The motion passed with no objection. The motion was approved as follows:**

- Marc Boomgaarden - yes
- Manny Cardoza - yes
- Mat Conant - yes
- Bill Connelly - yes
- Charlie Hoppin - yes
- Bruce Johnson - yes
- Steve Lambert - yes
- Mike Morris – yes
- Larry Munger – yes
- Chris Schmidl – yes
- Bo Sheppard – yes
- Francis Silva - yes

### 4. Recognition of Former Executive Director Mike Inamine

Director Mat Conant presented former Executive Director Mike Inamine with a plaque recognizing his dedication and contribution to the Agency and the community.

Directors Steve Lambert, Charlie Hoppin and Francis Silva each commended Mike on his accomplishments and thanked him for his service.

USACE Project Manager Patrick Howell presented and read a letter of appreciation from Sacramento District Commander Col. David Ray.

Director of Engineering Michael Bessette on behalf of SBFCA staff thanked Mike for his hard work and dedication that has lead this agency to success.

Agency Counsel Scott Shapiro commented that this is a great way to celebrate what the community has accomplished under Mike’s leadership.

Public Outreach Manager Kim Floyd thanked Mike for his leadership and service.

### 5. USACE Monthly Update

Project Manager Patrick Howell provided a status update on the Federal Project. He reported on the bid solicitation and opening. He announced that they received two bids with the lowest bid received from Great Lakes at \$35 million. The contract has not been officially awarded, they are scheduled to aware around February 20<sup>th</sup>. Mr. Howell reported that the Folsom field office will handle and oversee construction, they anticipate breaking ground in May 2019.

### 6. Receive and File Monthly Financial Report

Budget Manager Seth Wurzel presented the monthly financial reports for November and December and answered questions regarding operating revenue of advanced funding. The entire report, along with a PowerPoint presentation is available on the SBFCA website at: <http://sutterbutterflood.org/board/meetings-agendas/>

## INFORMATIONAL AND POSSIBLE APPROVAL ITEMS

### 7. Program/Project Update

Director of Engineering Michael Bessette gave a presentation outlining the highlights of 2018. He reported on completed construction projects and closeout activities for the Gaps projects and Laurel Avenue Critical Repair. He reported that we advanced right of way acquisition for Feather River West Levee Project, finalized real estate plans

and started receiving DWR reimbursements. We submitted encroachment permit amendments for Project Area B through the Central Valley Flood Protection board (CVFPB). We acquired grant funding, completed right-of-way, acquired permits and awarded a construction contract for the Oroville Wildlife Area Flood State Reduction Project. For the Sutter Basin Flood Risk Management Project, we acquired federal appropriations and State funding, completed the plans and specifications, acquired environmental permits, completed PPA and LPPA and acquired real estate for construction which allowed the Army Corps to go out to bid in December. We completed a final Agricultural Floodplain Ordinance Task Force report for the Feather River Regional Flood Management Plan and applied for and received \$1M project funding for the Small Communities Studies and began the studies for Sutter and Tudor communities.

Mr. Bessette continued his presentation by outlining the ongoing activities. He reported we completed phase one construction on the OWA project and we are processing submittals for year two. Construction will resume in the Spring. We continue to work with UPRR on the Closure Structure project in Yuba City. Negotiations are going well; we have agreed upon the final language to that agreement. We anticipate bidding the project in the next several months and beginning construction in the summer of 2019. It was reported that the design team submitted draft bid documents on Reach 25 pipe abandonment project for staff to review and approve. This project is scheduled to be bid in February with construction starting in late spring or early summer. The UPRR and Reach 25 projects are the final step for the FRWLP, once complete we will be able to finalize and certify the entire system. We continue to work with PG&E on pole relocations in advance of the federal project.

Mr. Bessette finalized his presentation by reviewing the agency's goal as lined out in the Strategic Plan for 2019.

The entire report, along with a PowerPoint presentation is available on the SBFCFA website at:  
<http://sutterbutterflood.org/board/meetings-agendas/>

**8. Other Reports from Agency Staff and Consultants**

Nothing to report.

**9. Report by Member and Partner Agencies**

Nothing to report.

**CORRESPONDENCE**

**10. Report on Correspondence Sent by and Received by the Board**

Nothing to report.

**PUBLIC COMMENT**

None

**CLOSED SESSION**

**11. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION**

**Initiation of litigation pursuant to Govt. Code Section 54956.9(d)(4): one potential case**

**12. Public Employee Appointment (Government Code Section 54957(b)(1) – Executive Director**

Board gave direction to legal counsel

**OPEN SESSION**

**ADJOURNMENT**

With no further business coming before the Board, the meeting was adjourned at 3:28 p.m.

ATTEST BY: \_\_\_\_\_

**Terra Yaney, Board Clerk**

\_\_\_\_\_

**Board Chair**



# Sutter Butte Flood Control Agency

*A Partnership for Flood Safety*

March 13, 2019

**TO:** Board of Directors

**FROM:** Michael Bessette, Interim Executive Director

**SUBJECT:** Authorize the Interim Executive Director to Submit a Grant Application to the Department of Water Resources under the Central Valley Tributaries Program for the Oroville Wildlife Area Flood Stage Reduction Project.

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## **Recommendation**

It is recommended that the Board of Directors approve the resolution and authorize the Executive Director to submit a grant application and execute a funding agreement for the Oroville Wildlife Area Flood Stage Reduction Project.

## **Background**

The Central Valley Tributaries Program is funded by the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1). The Central Valley Tributaries (CVT) Program is focused on flood risk reduction projects in the Central Valley that also enhance ecosystems and water quality downstream. The funding shall be spent in accordance with the framework established in the 2017 Central Valley Flood Protection Plan update and the CVFPP Conservation Strategy, where applicable. The Department has solicited for proposals for the Program, and individual grant amounts will be determined on a case-by-case basis. Projects eligible for funding under this Program must achieve flood risk reduction and must include fish and wildlife habitat benefits.

SBFCA's Oroville Wildlife Area proposal requests funding from the CVT program for construction of the remaining hydraulic and ecosystem restoration components.

## **Fiscal Impact**

Submittal of the grant application has no fiscal impact.

## **Attachments:**

Attachment A - Authorizing Resolution

## **Resolution No. 2019-01**

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE SUTTER BUTTE FLOOD CONTROL AGENCY AUTHORIZING A PROPOSAL FOR FUNDING FROM THE DEPARTMENT OF WATER RESOURCES AND DESIGNATING A REPRESENTATIVE TO EXECUTE THE AGREEMENT AND ANY AMENDMENTS THERETO, FOR THE OROVILLE WILDLIFE AREA FLOOD STAGE REDUCTION PROJECT

**WHEREAS**, the Sutter Butte Flood Control Agency (“SBFCA”) proposes the Oroville Wildlife Area Flood Stage Reduction Project;

**WHEREAS**, SBFCA wishes to seek funding for this project through the Department of Water Resources’ Central Valley Tributaries Program;

**WHEREAS**, SBFCA is authorized to enter into an agreement with the Department of Water Resources and the State of California;

**NOW, THEREFORE**, the Sutter Butte Flood Control Agency Resolves as follows:

1. That pursuant and subject to all of the terms and conditions of the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1; Wat. Code, § 79700 et seq.), SBFCA shall submit a proposal to obtain funding for the Oroville Wildlife Area Flood Stage Reduction Project from the Department of Water Resources.
2. That the Board of Directors authorizes the Executive Director, or designee, to execute the funding agreement with the Department of Water Resources and any amendments thereto.
3. That the Executive Director, or designee, shall prepare the necessary data, make investigations, and take other such actions as necessary and appropriate to execute the Oroville Wildlife Area Flood Stage Reduction Project.

PASSED AND ADOPTED by the Board of Directors of the Sutter Butte Flood Control Agency this 11<sup>th</sup> day of March 2019 by a two-thirds (2/3) or greater vote as follows:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
CHAIRPERSON



# Sutter Butte Flood Control Agency

*A Partnership for Flood Safety*

March 13, 2019

**TO:** Board of Directors

**FROM:** Michael Bessette, Interim Executive Director  
Seth Wurzel, Budget Manager

**SUBJECT:** Presentation of Agency Audited Financial Statements and Related Reports for Fiscal Year Ending June 30, 2018

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## Recommendation

Staff recommends that the Board accept the attached financial statements and related audit reports for filing.

## Background

In accordance with the Agency's Joint Exercise of Powers Agreement, the Agency's Board of Directors is to have an independent audit of its financial statements conducted on an annual basis. The purpose of this item is to present the resulting financial statements and related audit results and management report to the Board for its review and acceptance.

As has been the practice in the past, the Agency has engaged the same Auditor as the City of Yuba City. This is the second year the City and SBFCA have worked with Badawi & Associates.

The two documents provided to the Board's for its review and acceptance include:

- Basic Financial Statements and Independent Auditors' Report – Fiscal Year Ending June 30, 2018
- Auditors' Communication with Those Charged with Governance - Fiscal Year Ending June 30, 2018

## Analysis

The Management's Discussion and Analysis (MD&A) included within the Annual Financial Report provides an analysis of the financial activities that took place during Fiscal Year 2017-18 and a review of the accompanying financial statements. The MD&A also lists the major financial highlights of the year. The Board adopted the Agency's Strategic Plan in February 2016. Fiscal Year 2017-18 reflected the second year with that plan in place and the Board's adopted budget for the year was geared toward the Plan's implementation. In addition to the Board's efforts to implement the Strategic Plan, fiscal year 2017-18 also reflected the balance of the Agency's response to the storm events of February 2017. This response included the repairs made to the levee in Reaches 14 through 16 in downtown Yuba City. The following reflects SBFCA's financial activities consistent with the Strategic Plan and the significant emergency work completed in Fiscal Year 2017-18:

- During the Fiscal Year, SBFCA executed a UFRR funding agreement amendment with DWR adding \$29,201,000 of funding for the Emergency response efforts in February 2017 and the construction of emergency levee repairs in downtown Yuba City. SBFCA completed the levee repairs during the fiscal year.
- As of the construction season ending December 2018, completion of major construction of the Laurel Avenue Flood System Repair Project (FSRP) and SBFCA executed an amendment adding \$2,695,000 to its Laurel Avenue FSRP Project funding agreement with DWR.

- Execution of multiple agreements for additional work within the Oroville Wildlife Area totaling \$6.7 million.
- SBFCA received an allocation of \$50,000,000 in 2018 Civil Works Work Plan Construction Funding by the United States Army Corps of Engineers (USACE) in support of the authorized Sutter Basin Flood Risk Management Project. During the Fiscal year, SBFCA began negotiating a Project Partnership Agreement which was executed in August 2018 obligating the Non-Federal share split between SBFCA and Central Valley Flood Protection Board of \$18.9 million to the project. A companion Local Project Partnership Agreement was executed between SBFCA and the Central Valley Flood Protection Board in September 2018.

The major financial highlight of the year for SBFCA continues to be the significant investment in the Feather River West Levee Project. SBFCA's Construction in progress increased by \$34.0 million during the fiscal year. This is a direct reflection of the amount of money that continues to be invested in the levee system by SBFCA. While's SBFCA financial activities decreased slightly relative to Fiscal Year 2016-17, SBFCA has still been very active as evident with the near completion of all components of the Feather River West Levee Project.

### **Audit**

SBFCA again has received an unqualified opinion, otherwise known as a "clean audit," from the independent auditor for its Fiscal Year 2017-18 audited financial statements.

With regard to the Management Report covering the auditor's review of internal controls covering the fiscal year audited, the auditor made no findings. Further, there were no prior year findings made by our Audit firm to address with this year's audit.

The Audited Financial Report will be incorporated into the Agency's Continuing Disclosure report filed as part of our ongoing obligations associated with our outstanding Assessment Bonds. Staff will be posting the Continuing Disclosure Report to the Electronic Municipal Market Access website (<https://emma.msrb.org/>) prior to the March 13, 2019 Board meeting.

### **Fiscal Impact**

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

### **Attachments**

1. Sutter Butte Flood Control Agency Basic Financial Statements and Independent Auditors' Reports for the year ended June 30, 2018
2. Sutter Butte Flood Control Agency Auditor's Communication with Those Charged with Governance for the year ended June 30, 2018

# Sutter Butte Flood Control Agency

Sutter and Butte Counties, California

*Basic Financial Statements  
and Independent Auditors' Reports*

*For the year ended June 30, 2018*

# Sutter Butte Flood Control Agency

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the Sutter Butte Flood Control Agency  
Yuba City, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sutter Butte Flood Control Agency (Agency), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
of the Sutter Butte Flood Control Agency  
Yuba City, California  
Page 2

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Budgetary Comparison Schedule for the General Fund on pages 3-7 and 37-38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Budgetary Comparison Schedule for the Capital Projects Fund, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budgetary Comparison Schedule for the Capital Projects Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule for the Capital Projects Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Agency's internal control over financial reporting and compliance.



Badawi and Associates, CPAs  
Oakland, California  
March 1, 2019

**Sutter Butte Flood Control Agency  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

**Management's Discussion and Analysis**

This document provides a narrative overview and analysis of the financial activities of the SBFCA for the fiscal year ended June 30, 2018. This document has been prepared by SBFCA management as required by the Governmental Accounting Standards Board Statement No. 34 (GASB No. 34). We encourage readers to consider the information presented here in conjunction with the basic financial statements and accompanying notes to those financial statements.

**I. Financial Highlights**

Major Milestones

- This fiscal year was SBFCA's eighth year of collecting assessments associated with the Sutter Butte Flood Control Agency Assessment District (the "Assessment District"). During the Fiscal Year SBFCA received 102% of budgeted assessment revenues.
- As of the completion of the construction season ending December 2018, SBFCA has completed major construction of the Laurel Avenue Flood System Repair Project (FSRP). Full close out of the Laurel Avenue FSRP is ongoing as of the date of this report. Through various agreements and associated amendments to agreements between SBFCA and the State of California, Department of Water Resources ("DWR"), SBFCA secured a total of \$9,919,500 for the Laurel Avenue FSRP Project. DWR granted \$2,695,000 through an amendment executed during the fiscal year.
- SBFCA has also received commitments and entered into agreements for additional work within the Oroville Wildlife Area totaling an additional \$6.7 million.
- SBFCA completed some of the emergency work required in response to the Oroville Dam crisis and the storms that took place in February 2017. SBFCA sought and received emergency repair funding from DWR in November 2017 and completed major construction in May 2018. In February 2017, SBFCA declared a state of emergency and approved emergency levee repair and protection work at various locations along the Feather River. Emergency response was swift and through an amendment to SBFCA's Funding Agreement with DWR for the Feather River West Levee Project, SBFCA secured an additional \$29,201,000 million in funding for these efforts.
- Consistent with the adopted Strategic Plan, during the Fiscal Year ending June 30, 2018, SBFCA;
  - Received additional funding through two separate Wildlife Conservation Board grants and a California Department of Fish and Wildlife grant for Oroville Wildlife Area Project totaling \$6.7 million.
  - SBFCA, in coordination with Sutter County is advancing two Small Communities Flood Risk Reduction Feasibility studies near the communities of Tudor and Sutter.
- During 2018, SBFCA advanced the design and permitting of the Federally authorized Sutter Basin Flood Risk Management Project. Upon the allocation of \$50,000,000 in 2018 Civil Works Work Plan Construction Funding by the United States Army Corps of Engineers (USACE), SBFCA began negotiating a Project Partnership Agreement. The agreement with the USACE was executed in August 2018 obligating the Non-Federal share split between SBFCA and Central Valley Flood Protection Board of \$18.9 million to the project. A companion Local Project Partnership Agreement was executed between SBFCA and the Central Valley Flood Protection Board in September 2018. Through that agreement, SBFCA's share of the project is up to \$8.09 million.
- In total, during the fiscal year, SBFCA received nearly \$36.1 million in funding through agreements with the State of California.
- During the fiscal year, SBFCA spent nearly \$7.9 million advancing the FRWLP, \$8 million advancing FSRP Laurel Avenue, and a total of \$47.4 million on all capital project work.

This fiscal year saw a decrease in financial activities for SBFCA, as expenditures increased by more than 12.9% and revenues decreased by nearly 26.3% over last fiscal year. Fiscal year 2017-18 has been another very active year for the Agency as evidenced by the number of different projects, emergency repair and response work, and flood risk reduction efforts advanced by the Agency.

### Financial Activities

- Primarily as a result of the grant awards, collection of assessment revenues and the investment of those resources in the FRWLP, SBFCA's net position increased by \$25,360,017 in fiscal year 2017-18. Until the completion and full transfer of a project to the ultimate owner and maintainer, SBFCA is capitalizing its investments in the FRWLP as Construction in progress.
- Total assets increased by \$25,781,760 mostly due to an increase in Construction in progress.
- Total liabilities increased by \$2,276,910 primarily due to a increase in payables pending at the end of the fiscal year. SBFCA's fiscal year end came near completion of construction at Laurel Avenue and the beginning of construction at the Oroville Wildlife Area. Most payments owed to contractors had been finalized by the end of the fiscal year.

## II. Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to SBFCA's Basic Financial Statements. SBFCA's Basic Financial Statements are composed of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains required supplementary information and other supplemental information in addition to the Basic Financial Statements themselves.

### Government-Wide Financial Statements

The *Government-Wide Financial Statements* provide a longer-term view of SBFCA's activities as a whole and comprise of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* provides information about the financial position of SBFCA as a whole, including all capital assets and liabilities on a full accrual basis of accounting. Over time, increases or decreases in SBFCA's net position may serve as one useful indicator of the Agency's overall financial position. In the case of SBFCA, total assets exceeded liabilities by \$221,318,832 as of the close of the fiscal year. When comparing SBFCA's Net Position to the fiscal year ending June 30, 2017, there has been an increase of \$25,360,017 which primarily represents the amount of construction activity that has taken place over the year primarily funded by California Department of Water Resources grant programs.

The *Statement of Activities* provides information about how SBFCA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, the revenues and all of the expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The Government-Wide Financial Statements are prepared on the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

In the *Statement of Net Position* and the *Statement of Activities*, all of SBFCA's activities are considered to be governmental activities.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SBFCA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, particularly those conditions related to its grants. All of the funds of SBFCA are governmental funds and the Fund Financial Statements provide detailed information about all of SBFCA's funds.

Governmental Funds - All of SBFCA's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of SBFCA's general operations. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance SBFCA's activities. Capital assets and other long-lived assets are not presented in the Governmental Fund Financial Statements. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds Financial Statements are explained in a reconciliation schedule following each Governmental Fund financial statement.

SBFCA currently maintains two major governmental funds: The General Fund and Capital Projects Fund. Information is presented separately for each of the funds in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

SBFCA adopts an annual appropriated budget for both of its funds. A budgetary comparison schedule has been provided for the General Fund and the Capital Projects Fund to demonstrate compliance with this budget and is included within the Required Supplementary Information and Other Supplemental Information, respectively.

#### **Notes to Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* and *Other Supplemental Information* with budgetary comparisons to demonstrate compliance with approved budgets.

### **III. Government-Wide Financial Analysis**

As noted earlier, SBFCA's assets exceed liabilities by \$221,318,832 at the end of fiscal year 2017-18. This amount is a significant increase from the fiscal year ended June 30, 2017 balance of \$195,958,815. The key element to this increase is related to SBFCA's Capital Asset Policy and the significant investment of funds from California Department of Water Resources through funding agreements and the associated investments made by SBFCA in levee improvements over the past fiscal year.

In fiscal year 2011-12, SBFCA implemented a policy to capitalize the work completed for its FRWLP in accordance with its Capital Asset policy implemented during that fiscal year. The vast majority of SBFCA's Net Position is invested in this capital project as Construction in progress. For fiscal year 2017-18, Construction in progress increased by \$34,012,576 during the fiscal year. The significant increase in Net Position from fiscal year 2016-17 represents the continued accomplishment of SBFCA's immediate primary goal, which is the construction of the FRWLP. During the fiscal year, SBFCA completed more than \$27 million of repairs to the FRWLP as a result of deficiencies identified during the February 2017 storms. In the future, SBFCA's Net Position is expected to increase as Oroville Wildlife Area construction is completed and other construction activities continue with the investment of grant revenues from the State of California. However, SBFCA's Net Position is expected to be offset when SBFCA transfers maintenance responsibility of the completed works to local maintaining agencies and improved facilities to the State of California (specifically the Sacramento San Joaquin Drainage District). While there are certain regulatory and compliance hurdles to overcome, the full acceptance and transfer process can begin as early as fiscal year 2018-19.

#### IV. Fund Financial Statements Analysis

SBFCA uses fund accounting to ensure and demonstrate compliance with finance-related legal and grant requirements.

Governmental Funds - The focus of the SBFCA's Governmental Fund Financial Statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SBFCA's financing requirements. In particular, any unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On June 30, 2017, SBFCA's governmental funds reported combined fund balances of \$15,804,185, a decrease of \$8,942,838 in comparison to the fund balance as of June 30, 2017. This decrease is primarily due to the delayed processing and agreement of several payments from the State of California. One such payment was for the release of withheld retention from the State of California related to EIP/UFRR Project. This delayed release exceeded more than \$9.065 million and was recently received in February 2019. Other payments for work completed were received well after their applicable period of service from the State total nearly \$4.0 million. The delay of these payments was due to extended review times by DWR of the claims and the resolution of policy issues related regarding the responsibility of ongoing maintenance for certain related infrastructure. In addition, no advanced funding was received for any project during the fiscal year.

The General Fund is the main operating fund of SBFCA. On June 30, 2018, the Fund Balance was \$4,142,534 and almost all of this was unassigned fund balance. A useful measurement of the fund liquidity is a comparison between total expenditures and the ending fund balance. Expenditures for the fiscal year were \$365,972, approximately 8.83% of the ending fund balance. The Unassigned fund balance was 1131.9% of current fiscal year expenditures. The Agency expects that in the future, as Capital Projects are completed, fewer operating costs will be able to be recovered from granting agencies and the General Fund balance will decline as the Agency completes the closeout activities related to its projects. At that time, the Agencies staffing levels and operating funding budget is expected to stabilize and be adjusted to match regularly available operating fund revenues.

The Capital Projects Fund is the main project fund of SBFCA and supports SBFCA's capital programs. These programs include the US Army Corps of Engineers Sutter Basin Flood Risk Management Project, the FRWLP, the Feather River Regional Flood Management Planning Effort, the Oroville Wildlife Area Flood Stage Reduction project, the Gridley Bridge Erosion Repair project, the Laurel Avenue Seepage Repair project, the Small Community Grant program, and Compliance and Accreditation Program.

The Capital Project's Fund Balance on June 30, 2018 was \$11,661,651. The total expenditures of the fund were \$51,499,535. These represent 4433% of the ending fund balance, indicating that liquidity is very low. This is to be expected as SBFCA advanced much of the Capital Outlay work while waiting on reimbursements from its State grants. Further, the Sutter Basin Flood Risk Management Project has become active and SBFCA advanced work on this project in order to ensure timely completion with the required time frame of the USACE.

#### V. Budgetary Highlights

A budgetary to actual comparison for the General Fund is included in the Required Supplementary Information. Total Actual Expenditures were \$274,639 (42.9%) under the final budget. SBFCA is able to allocate some of its costs for Salaries and benefits to its Capital Projects Fund and receive reimbursement for these costs. Throughout the fiscal year, this allocation was greater than originally budgeted resulting in less General Fund expenditures than original budgeted. Actual revenues were in excess of the final budgeted revenues by \$50,626 solely as a result of unbudgeted interest income.

A budgetary to actual comparison for the Capital Fund is also included as Other Supplemental Information. Total Actual Capital revenues were \$767,175, (1.79%) under the final budget of \$42,889,218. Total actual expenditures were \$4,632,459 (8.3%) lower than the final budget due to construction and design contractor work being completed after June 30, 2018 on the Laurel Avenue, OWA, and Emergency Work programs.

## **VI. Capital Asset and Long-Term Obligations**

Capital Assets - During fiscal year 2011-12, SBFCA implemented its capital asset policy. This fiscal year SBFCA continued its significant levee improvement investments and increased its capital assets by \$34,012,576. As previously discussed, the majority of these capital assets represent Construction in progress. Through June 30, 2018, SBFCA was in the middle of a construction season and had finalized major construction for the repairs of the FRWLP at Reaches 14 through 16 in Yuba City and the FSRP at Laurel Avenue.

Long-Term Obligations - In May 2013, SBFCA issued its first series of Assessment Revenue Bonds in the amount of \$41,035,000 for capital improvements. As of June 30, 2018 the outstanding balance of the bonds payable was \$40,215,000. During the fiscal year SBFCA made interest payments on the outstanding debt amount totaling \$1,718,463 and retired \$320,000 in principal.

In June 2015, SBFCA issued its second series of Assessment Revenue Bonds in the amount of \$47,070,000 for capital improvements. As of June 30, 2018 the outstanding balance of the bonds payable remained \$47,070,000. During the fiscal year SBFCA made interest payments on the outstanding debt amount totaling \$2,065,619 and retired no principal.

## **VII. Economic Factors and Next Year's Budget**

The sole local source of funding for SBFCA's efforts is the Assessment District. As this property assessment is not tied to property values, it is a direct charge on the property tax roll, and assessment revenue is somewhat insulated from local economic factors that might impact home values. To the extent local economic factors impact a property owner's ability to pay the assessment, SBFCA's revenues and future ability to service this debt could be impacted. The property assessment non-collection rate for this eighth year of collection is very low; approximately 0.28% for the assessment collected above the secured property tax roll amount for Sutter and Butte Counties.

As previously noted, as part of SBFCA's implementation of its Strategic Plan, SBFCA has adopted a 3-Year budget that continues the primary goal of completing the FRWLP project while at the same time prioritizing the remaining work needed to provide flood protection to the basin with the remaining resources available. The budget for fiscal year 2018-19 was developed assuming that SBFCA completes the remaining FRWLP construction and Emergency Repair Work, advances the Oroville Wildlife Area Project and works to advance the closeout efforts of the DWR Urban Flood Risk Reduction Grant. These activities are expected to extend into 2019-20. In addition, SBFCA will continue to work to advance additional flood risk reduction projects in the rural portions of the basin. This includes entering into the Project Partnership Agreement with the USACE to help fund efforts to construct the Sutter Basin Flood Risk Management Project. SBFCA management expects to continue to work with its Board of Directors to implement the Strategic Plan and advance additional work related to the Feather River West Levee and the rural portion of the basin.

## **VIII. Requests for Information**

This financial report is designed to provide a general overview for all those with an interest in SBFCA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Sutter Butte Flood Control Agency, Post Office Box M, Yuba City, CA 95991.

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**BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**Sutter Butte Flood Control Agency**  
**Statement of Net Position**  
**June 30, 2018**

**ASSETS**

Current assets:	
Cash and investments	\$ 16,323,965
Cash and investments with fiscal agent	1,529,183
Receivables:	
Accounts	2,500,458
Interest	2,007
Prepaid items	17,606
Total current assets	<u>20,373,219</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	<u>297,677,640</u>
Total capital assets, net	<u>297,677,640</u>
Total noncurrent assets	<u>297,677,640</u>
Total assets	<u>318,050,859</u>

**LIABILITIES**

Current liabilities:	
Accounts payable	2,963,566
Accrued liabilities	1,605,468
Interest payable	1,104,436
Compensated absences, due within one year	12,796
Bonds payable, due within one year	1,725,000
Total current liabilities	<u>7,411,266</u>
Noncurrent liabilities:	
Compensated absences, due in more than one year	19,188
Bonds payable, due in more than one year	<u>89,301,573</u>
Total noncurrent liabilities	<u>89,320,761</u>
Total liabilities	<u>96,732,027</u>

**NET POSITION**

Net investment in capital assets	206,651,067
Unrestricted	<u>14,667,765</u>
Net position	<u>\$ 221,318,832</u>

See accompanying Notes to Basic Financial Statements.

**Sutter Butte Flood Control Agency**  
**Statement of Activities**  
**For the year ended June 30, 2018**

	Program Revenues				Net (Expense)
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Total	Revenue
					and Changes
					in Net Position
					Governmental
					Activities
<b>Governmental activities</b>					
Flood protection	\$ 13,757,923	\$ 750,000	\$ 42,008,825	\$ 42,758,825	\$ 29,000,902
Interest on long-term debt	3,804,729	-	-	-	(3,804,729)
<b>Total governmental activities</b>	<b>\$ 17,562,652</b>	<b>\$ 750,000</b>	<b>\$ 42,008,825</b>	<b>\$ 42,758,825</b>	<b>25,196,173</b>
<b>General Revenues:</b>					
					163,844
					Investment earnings
					<b>Total general revenues</b>
					163,844
					Change in net position
					25,360,017
					Net position - beginning of year
					195,958,815
					Net position - end of year
					<b>\$ 221,318,832</b>

See accompanying Notes to Basic Financial Statements.

**FUND FINANCIAL STATEMENTS**

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**Sutter Butte Flood Control Agency**  
**Balance Sheet - Governmental Funds**  
**June 30, 2018**

	General Fund	Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 4,166,283	\$ 12,157,682	\$ 16,323,965
Cash and investments with fiscal agent	-	1,529,183	1,529,183
Receivables:			
Accounts	-	2,500,458	2,500,458
Interest	-	2,007	2,007
Prepaid items	880	16,726	17,606
<b>Total assets</b>	<b>\$ 4,167,163</b>	<b>\$ 16,206,056</b>	<b>\$ 20,373,219</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	19,995	2,943,571	2,963,566
Accrued liabilities	4,634	1,600,834	1,605,468
<b>Total liabilities</b>	<b>24,629</b>	<b>4,544,405</b>	<b>4,569,034</b>
<b>Fund Balances:</b>			
Nonspendable: prepaid items	880	16,726	17,606
Restricted for capital projects	-	11,644,925	11,644,925
Unassigned	4,141,654	-	4,141,654
<b>Total fund balances</b>	<b>4,142,534</b>	<b>11,661,651</b>	<b>15,804,185</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,167,163</b>	<b>\$ 16,206,056</b>	<b>\$ 20,373,219</b>

See accompanying Notes to Basic Financial Statements.

# Sutter Butte Flood Control Agency

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

For the year ended June 30, 2018

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<b>Fund Balances of Governmental Funds</b>	<b>\$ 15,804,185</b>
Amounts reported for governmental activities in the Statement of Net Position are different	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	297,677,640
In the governmental funds balance sheet, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of net position, it is recognized in the period that it is incurred.	(1,104,436)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the funds.	
Compensated absences	(31,984)
Long term debt due within one year	(1,725,000)
Long term debt due in more than one year	<u>(89,301,573)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 221,318,832</u></u></b>

**Sutter Butte Flood Control Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

	General Fund	Capital Projects Fund	Total
<b>REVENUES:</b>			
Intergovernmental	\$ -	\$ 36,112,706	\$ 36,112,706
Assessment revenue	750,000	5,896,119	6,646,119
Investment earnings	50,626	113,218	163,844
<b>Total revenues</b>	<b>800,626</b>	<b>42,122,043</b>	<b>42,922,669</b>
<b>EXPENDITURES:</b>			
Current:			
Operational:			
Telephone	562	-	562
Postage and freight	691	-	691
Forms and supplies	5,243	-	5,243
Printing and binding	182	-	182
Professional services	135,909	-	135,909
Salaries and benefits	219,754	-	219,754
Dues and subscriptions	1,690	-	1,690
Rentals	839	-	839
Insurance	1,102	-	1,102
Capital:			
USACE Feasibility Study	-	3,310,789	3,310,789
State EIP Funded	-	820,354	820,354
Local EIP Funded	-	259,169	259,169
Regional Flood Management Planning - State Funded	-	41,441	41,441
Emergency Flood Fighting	-	266,126	266,126
Flood Systems Repair Project - State Funded	-	50,056	50,056
ULOP - Local Funded	-	712	712
Stakeholder Management	-	36,675	36,675
Oroville Wildlife Area Planning	-	1,117	1,117
Grindley Bridge Project	-	135	135
Capital outlay	-	42,608,879	42,608,879
Debt service:			
Principal	-	320,000	320,000
Interest and fiscal charges	-	3,784,082	3,784,082
<b>Total expenditures</b>	<b>365,972</b>	<b>51,499,535</b>	<b>51,865,507</b>
<b>Net change in fund balances</b>	<b>434,654</b>	<b>(9,377,492)</b>	<b>(8,942,838)</b>
<b>FUND BALANCES:</b>			
Beginning of year	3,707,880	21,039,143	24,747,023
End of year	<b>\$ 4,142,534</b>	<b>\$ 11,661,651</b>	<b>\$ 15,804,185</b>

See accompanying Notes to Basic Financial Statements.

**Sutter Butte County Flood Control Agency**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the year ended June 30, 2018**

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Net Change in Fund Balances - Total Governmental Funds \$ (8,942,838)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Capital outlay	42,608,879
Expenses for future projects that do not meet capitalization criteria	(8,596,303)

In the governmental funds balance sheet, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of net position, it is recognized in the period that it is incurred. This amount represents the change in interest payable. (161,775)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt related items:

Repayment of debt principal	320,000
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Original issue premiums on long-term debt issuances increases the proceeds and are reported as other financing sources in the governmental funds, but are deferred and amortized throughout

Amortization of original issue premium	141,128
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Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Increase in compensated absences payable	<u>(9,074)</u>
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**Change in Net Position of Governmental Activities** **\$ 25,360,017**

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The Sutter Butte Flood Control Agency (Agency) is a joint powers agency formed in December 2007 by the Counties of Butte and Sutter, the Cities of Biggs, Gridley, Live Oak, and Yuba City, and Levee Districts No. 1 and No. 9. The Agency has the power and authority to plan, finance, acquire, construct, and improve regional facilities for the purpose of providing flood protection to the Yuba City/Sutter Basin. The Agency is governed by a 13-member Board comprised of elected officials from the member cities, counties, and levee districts.

The Agency's Boundaries encompass approximately 34,200 properties in Butte and Sutter Counties.

#### B. Basis of Presentation and Accounting Measurement Focus

The accounts of the Agency are organized and operated on the basis of funds, each of which is defined as a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenue, and expenditures. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

*Government-wide Financial Statements* - The Agency's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the Agency. The Agency has no Business-type or Fiduciary Activities.

The Government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the Agency's assets and liabilities, including capital assets and long-term debt, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. In the Statement of Activities, interfund transfers have been eliminated.

*Major Funds* - An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Agency or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Agency has no enterprise funds as of June 30, 2018.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### B. *Basis of Presentation and Accounting Measurement Focus, Continued*

*Governmental Fund Financial Statements* – Governmental Fund Financial Statements include a Balance Sheet, and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the difference in fund balances as presented in these statements to the net position presented in the Government-wide financial statements. The Agency has presented all funds as major funds.

The following are descriptions of the major governmental funds:

- The **General Fund** is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the Agency that are not accounted for through other funds.
- The **Capital Projects Fund** is used to account for capital project activities of the Agency.

All governmental funds are accounted for on a spending or “current financial sources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end, except for grant revenues which are 9 months) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

A reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the difference created by the integrated approach.

#### C. *Use of Restricted/Unrestricted Net Position*

When an expense is incurred for a purpose for which both restricted and unrestricted net position are available, the Agency’s policy is to apply restricted net position first.

#### D. *Cash and Investments*

The Agency pools cash resources from all funds with the City of Yuba City’s cash in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. The Agency also has two bank accounts with Wells Fargo Bank which are used for payroll and payroll taxes, and a state grant.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### E. Investment Valuation

The Agency has implemented GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Interest earned on investments is allocated to all funds on the basis of quarterly cash and investment balances.

#### F. Capital Assets

Capital assets are those assets acquired for general governmental purposes and are reported in the governmental activities in the Government-wide Financial Statements. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed. All purchased capital assets are recorded at historical or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date received. Capital assets are defined by the Agency as assets with an estimated useful life of more than one year and a cost according to the table below:

Class	Capitalization Threshold
Land	\$ -
Land Improvements	\$ 100,000
Buildings	\$ 100,000
Building Improvements	\$ 100,000
Infrastructure: Pavement, Bridges, All Other	\$ 100,000
Equipment, Furniture, & Vehicles	\$ 5,000
Intangible Assets	\$ 5,000
Capital Lease Property	\$ 5,000
Leasehold Improvements	\$ 100,000
Works of Art/Historical Treasures	\$ -
Construction in Progress for Year End Reporting	Projects to exceed \$100,000 at completion

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

#### G. Compensated Absences

As of June 30, 2018, there were two employees of the Agency, and \$31,984 had been accrued as debt. This debt represented the balance of the employees' vacation leave as of June 30, 2018.

The Agency also leases an employee from the City of Yuba City. The leased employee's compensatory time has not been accrued as of June 30, 2018.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### H. *Net Position and Fund Equity*

In the Government-wide Financial Statements, net position is classified in the following categories:

Net investment in capital assets - This amount is the portion of net position, which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

#### I. *Fund Balances*

Fund balances are divided into five classifications based primarily on the extent to which the Agency is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Agency ordinances).

Enabling legislation authorizes the Agency to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Agency can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### I. *Fund Balances, Continued*

Constraints imposed on the use of committed amounts are imposed by the Board of Directors, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Agency for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or an Agency official delegated that authority by Agency ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Agency applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

#### J. *Use of Estimates*

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

#### K. *Interfund Transactions*

Quasi-external transactions are accounted for as revenues or expenditures (governmental fund types). Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recovered as a reduction in expenditures in the user fund. All other interfund transactions are reported as transfers.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 2. CASH AND INVESTMENTS

The Agency maintains a cash and investment pool with the City of Yuba City (City) for all funds. In addition, the Agency has two accounts with Wells Fargo Bank for payroll and payroll taxes and a state grant.

The investments made by the City are limited to those allowable under State statutes as incorporated into the Agency's Joint Powers Agreement, which is more conservative than that allowed by State statute.

See the City's Comprehensive Annual Financial Report for disclosures related to the pooled cash and investments and the related interest rate risk, credit risk, custodial risk, and concentration of risk.

#### *Summary of Cash and Investments*

The cash and investments are classified in the financial statements as shown below:

Cash and investments	\$ 16,323,965
Cash and investments with fiscal agent	1,529,183
Total cash and investments	<u>\$ 17,853,148</u>

Cash and investments held by the Agency at June 30, 2018, consisted of the following:

Deposits with financial institutions	\$ 205,069
Deposits with City of Yuba City	16,118,896
Investments	1,529,183
Total cash and investments	<u>\$ 17,853,148</u>

The Agency categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on valuation inputs used to measure the fair value of an asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency had investments in the City's Investment Pool, however, this external pool is not measured under Level 1, 2, or 3.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 2. CASH AND INVESTMENTS, Continued

#### *Investments Authorized by the California Government Code*

The table below identifies the investment types that are authorized for the Agency by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The Agency has not adopted a formal investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
City Cash Pool	None	None	None

#### *Investments Authorized by Debt Agreements*

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Money Market Funds	N/A	None	None
State Investment Fund (LAIF)	N/A	None	None

#### *Disclosures Relating to 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. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

### 2. CASH AND INVESTMENTS, Continued

#### *Disclosures Relating to Interest Rate Risk, Continued*

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)	
		12 Months or Less	More Than 12 Months
Cash	\$ 205,069	\$ 205,069	
Yuba City Cash Pool	16,118,896	16,118,896	\$ -
Held by Bond Trustees:			
Money Market Funds	1,529,183	1,529,183	-
<b>Total</b>	<b>\$ 17,853,148</b>	<b>\$ 17,853,148</b>	<b>\$ -</b>

#### *Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations*

The Agency's investments (including investments held by bond trustees) do not include any investments that are highly sensitive to interest rate fluctuations.

#### *Disclosures Relating to 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	Ratings as of Fiscal Year End			
				AAA	AA	A	Not Rated
Cash	\$ 205,069	N/A	\$ 205,069				
Yuba City Cash Pool	16,118,896	N/A	-	\$ -	\$ -	\$ -	\$ 16,118,896
Held by Bond Trustees:							
Money Market Funds	1,529,183	N/A	-	1,529,183	-	-	-
<b>Total</b>	<b>\$ 17,853,148</b>		<b>\$ -</b>	<b>\$ 1,529,183</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,118,896</b>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 2. CASH AND INVESTMENTS, Continued

#### *Concentration of Credit Risk*

The California Government Code contains limitations on the amount that can be invested in any one issuer. There are no investments (other than the money market funds) that represent 5% or more of total Agency investments.

#### *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The District had no deposits with financial institutions in excess of federal depository insurance limits as of June 30, 2018.

### 3. RISK MANAGEMENT

#### *Custodial Credit Risk*

Coverage is maintained with the Special District Risk Management Authority with coverage limits of \$10,000,000 per occurrence.

#### *Workers' Compensation Insurance*

Coverage is maintained with Special District Risk Management Authority.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

### 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not depreciated				
Construction in progress	\$ 263,665,064	\$ 34,012,576	\$ -	\$ 297,677,640
Total capital assets, not depreciated	263,665,064	34,012,576	-	297,677,640
Capital assets, net	\$ 263,665,064	\$ 34,012,576	\$ -	\$ 297,677,640

### 5. LONG-TERM DEBT

#### *Bonds Payable*

##### Assessment Revenue Bonds Series 2013

On May 16, 2013, the Agency issued \$41,035,000 of Assessment Revenue Bonds bearing interest between 3.0% and 5.0% and payable semi-annually on October 1 and April 1, maturing on October 1, 2043. These bonds were used to finance the construction of certain public capital improvements related to levee improvements and flood control, to provide funds for a reserve fund for the bonds, to provide capitalized interest through October 1, 2013, and to pay costs of issuance of the bonds. The outstanding principal balance of the 2013 Assessment Revenue Bonds at June 30, 2018 was \$40,215,000.

The scheduled annual minimum debt service requirements at June 30, 2018 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	\$ 330,000	\$ 1,705,463	\$ 2,035,463
2020	605,000	1,686,763	2,291,763
2021	630,000	1,662,063	2,292,063
2022	655,000	1,636,363	2,291,363
2023	680,000	1,606,263	2,286,263
2024 - 2028	4,480,000	7,458,315	11,938,315
2029 - 2033	8,095,000	5,865,928	13,960,928
2034 - 2038	9,965,000	3,978,994	13,943,994
2039 - 2043	12,065,000	1,786,100	13,851,100
2044	2,710,000	54,200	2,764,200
	<u>\$ 40,215,000</u>	<u>\$ 27,440,452</u>	<u>\$ 67,655,452</u>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 5. LONG-TERM DEBT, Continued

#### *Bonds Payable, Continued*

##### Assessment Revenue Bonds Series 2015

On May 28, 2015, the Agency issued \$47,070,000 of Assessment Revenue Bonds bearing interest between 3.375% and 5.000% and payable semi-annually on October 1 and April 1, maturing on October 1, 2045. These bonds were used to refund the Rabobank loan, finance the construction of certain public capital improvements related to levee improvements and flood control, to provide funds for a reserve fund for the bonds in the form of a debt service reserve surety, to pay capitalized interest on the bonds through October 1, 2015, and to pay costs of issuance of the bonds. The bonds are secured on parity with the 2013 Bonds. The outstanding principal balance of the 2015 Assessment Revenue Bonds at June 30, 2018 was \$47,070,000.

The scheduled annual minimum debt service requirements at June 30, 2018 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,395,000	\$ 2,037,719	\$ 3,432,719
2020	1,190,000	1,986,019	3,176,019
2021	1,235,000	1,931,344	3,166,344
2022	1,300,000	1,867,969	3,167,969
2023	1,365,000	1,801,344	3,166,344
2024 - 2028	7,380,000	7,899,595	15,279,595
2029 - 2033	6,915,000	6,320,393	13,235,393
2034 - 2038	8,320,000	4,877,157	13,197,157
2039 - 2043	10,515,000	2,674,000	13,189,000
2044 - 2046	7,455,000	455,300	7,910,300
	<u>\$ 47,070,000</u>	<u>\$ 31,850,840</u>	<u>\$ 78,920,840</u>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

### 5. LONG-TERM DEBT, Continued

#### *Changes in Long-Term Liabilities*

Long-term liability activity for the fiscal year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 87,605,000	\$ -	\$ (320,000)	\$ 87,285,000	\$ 1,725,000
Original issue premium	3,882,701	-	(141,128)	3,741,573	-
Compensated absences	22,910	9,074	-	31,984	12,796
Governmental activities					
Long-term liabilities	<u>\$ 91,510,611</u>	<u>\$ 9,074</u>	<u>\$ (461,128)</u>	<u>\$ 91,058,557</u>	<u>\$ 1,737,796</u>

### 6. COMMITMENTS AND CONTINGENCIES

#### A. *Lawsuits*

The agency is not a defendant in any lawsuits as of June 30, 2018.

#### B. *Federal and State Grant Programs*

The Agency participates in a number of State programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the Agency may be required to reimburse the grantor government. As June 30, 2018 the Agency believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the Agency.

As of June 30, 2018, in the opinion of Agency management and legal counsel, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the Agency.

#### C. *Construction Commitments*

In June 2016, the Agency entered into its third construction contract with Nordic/Great Lakes Joint Venture for \$5,968,943.00. As of June 30, 2018, due to additional change orders and field instructions, the contract amount had increased to \$6,404,003.89. As of June 30, 2018, all contract work was completed by the Contractor for a value of \$6,317,677.99. As of June 30, 2018, 5% of the contract value had been retained from the contractor and was released in September 2018.

In February 2017, the Agency entered into a fourth construction contract with Nordic/Great Lakes Joint Venture in response to the heavy rains and storms experienced in January and February 2017. Work was completed under the force account provisions of this contract in response to emergency situation. Costs were paid on a time and materials basis.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

June 30, 2018

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### 6. COMMITMENTS AND CONTINGENCIES, Continued

#### C. Construction Commitments, Continued

In July 2017, the Agency entered into a fifth construction contract with Nordic/Great Lakes Joint Venture in order to complete repairs to the levee as a result of the heavy rains and storms experienced in January and February 2017 for a maximum amount up to \$22,100,000. As of June 30, 2018, \$476,981 remained on the contract. Subsequent to June 30, 2018 additional agreed upon change orders increased the contract amount to \$22,342,451.11. A final payment including all retention for the finalized amount totaling \$22,329,225.51 in costs was made in September 2018.

In July 2018, the Agency entered into a sixth construction contract with Nordic Industries in order to construct improvements within the Oroville Wildlife Area (OWA) for \$12,477,770.

### 7. OPERATING LEASE

On July 1, 2017, the Agency was co-located with its Construction Manager, Parsons Brinkerhoff, at 1441 Garden Highway, Yuba City, CA. In November 2017, the Agency executed a Lease Agreement with Sutter County effective December 1, 2017 for office space located at 1130 Civic Center Boulevard, Yuba City, CA. The lease term extends through November 30, 2020.

### 8. EMPLOYEE RETIREMENT PLANS

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all eligible employees, as defined by the Board of Directors. As of June 30, 2018, the Executive Director was the only eligible employee. The Agency does not match an employee's contribution. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, specific in-service distributions, or unforeseeable emergency.

The Agency also provides its employees a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The plan is available to all eligible employees, as defined by the plan. The Agency makes contributions to the plan on behalf of each participant pursuant to terms of the plan and employment agreements specifying the amount of contribution. The balance in each employee's account is not available to the employee until normal retirement age, late retirement, disability retirement, death, or termination.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust. For the deferred compensation plan, this is the Sutter Butte Flood Control Agency 457(b) Deferred Compensation Plan and Trust. For the profit sharing plan, this is the Sutter Butte Flood Control Agency Profit Sharing Plan and Trust. The assets in these trusts are held by TD Ameritrade and are for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Sections 457 and 401 (a). The third-party administrator is Bidwell Consulting. Accordingly, these assets have been excluded from the accompanying financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Sutter Butte Flood Control Agency**  
**Note to Required Supplementary Information**  
**June 30, 2018**

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**1. BUDGETARY CONTROL AND ACCOUNTING**

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In May and/or June of each year, the Executive Director submits to the Board of Directors a proposed operating budget for the following fiscal year. This budget includes proposed expenditures by fund and the revenues expected to finance them.
2. The budget is legally enacted through passage of a resolution before July 1.
3. The Executive Director is authorized to transfer budgeted amounts; however, any revisions which alter total expenditures of any fund must be approved by the Board of Directors
4. Formal budgetary integration is employed as management control device during the year for the General Fund.
5. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the fiscal year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The Executive Director must approve any adjustments to the budget.
6. Operating Fund appropriations lapse at the end of the fiscal year. Capital Fund appropriations carry-over at the end of the fiscal year per the budget resolution.
7. Budgeted appropriations for the various governmental funds become effective each July 1. The Board of Directors may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level.

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual for the General Fund presents comparisons of the legally-adopted budget with actual data on a basis consistent with accounting principles generally accepted in the United States of America.

**Sutter Butte Flood Control Agency**  
**Required Supplementary Information**  
**For the year ended June 30, 2018**

**1. BUDGETARY CONTROL AND ACCOUNTING, Continued**

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual for the General Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Assessment revenue	\$ -	\$ 750,000	\$ 750,000	\$ -
Investment earnings	-	-	50,626	50,626
<b>Total revenues</b>	<b>-</b>	<b>750,000</b>	<b>800,626</b>	<b>50,626</b>
<b>EXPENDITURES:</b>				
Current:				
Operational:				
Telephone	1,800	615	562	53
Postage and freight	900	331	691	(360)
Forms and supplies	31,100	1,002	5,243	(4,241)
Printing and binding	1,200	129	182	(53)
Professional services	632,930	291,486	135,909	155,577
Salaries and benefits	525,412	327,507	228,827	98,680
Dues and subscriptions	500	3,760	(7,383)	11,143
Rentals	15,000	1,337	839	498
Insurance	15,918	14,444	1,102	13,342
<b>Total expenditures</b>	<b>1,224,760</b>	<b>640,611</b>	<b>365,972</b>	<b>274,639</b>
<b>Net change in fund balances</b>	<b>(1,224,760)</b>	<b>109,389</b>	<b>434,654</b>	<b>325,265</b>
<b>FUND BALANCES:</b>				
Beginning of year	3,707,880	3,707,880	3,707,880	-
End of year	\$ 2,483,120	\$ 3,817,269	\$ 4,142,534	\$ 325,265

**OTHER SUPPLEMENTARY INFORMATION**

**Sutter Butte Flood Control Agency**  
**Other Supplementary Information**  
**For the year ended June 30, 2018**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL FOR THE CAPITAL PROJECTS FUND**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 40,203,685	\$ 46,686,698	\$ 36,112,706	\$ (10,573,992)
Assessment revenues	5,750,000	5,750,000	5,896,119	146,119
Interest revenues			113,218	113,218
<b>Total revenues</b>	<b>45,953,685</b>	<b>52,436,698</b>	<b>42,122,043</b>	<b>(10,314,655)</b>
<b>EXPENDITURES:</b>				
Capital:				
USACE Feasibility Study	2,257,760	2,631,286	3,310,789	(679,503)
State EIP Funded	1,321,004	791,519	820,354	(28,835)
Local EIP Funded	394,359	236,033	259,169	(23,136)
Regional Flood Management Planning - State Funded	90,687	11,407	41,441	(30,034)
Emergency Flood Fighting	-	967,492	266,126	701,366
Flood Systems Repair Project - State Funded	172,503	29,091	50,056	(20,965)
ULOP - Local Funded	269,814	8,442	712	7,730
Stakeholder Management	-	5,762	36,675	(30,913)
Oroville Wildlife Area Planning	-	1,118	1,117	1
Grindley Bridge Project	-	-	135	(135)
Capital outlay	52,142,507	42,878,875	42,608,879	269,996
Debt service:				
Principal	320,000	320,000	320,000	-
Interest and fiscal charges	3,784,081	3,784,081	3,784,082	(1)
<b>Total expenditures</b>	<b>60,752,715</b>	<b>51,665,106</b>	<b>51,499,535</b>	<b>165,571</b>
<b>Net change in fund balances</b>	<b>(14,799,030)</b>	<b>771,592</b>	<b>(9,377,492)</b>	<b>(10,149,084)</b>
<b>FUND BALANCES:</b>				
Beginning of year	21,039,143	21,039,143	21,039,143	-
End of year	\$ 6,240,113	\$ 21,810,735	\$ 11,661,651	\$ (10,149,084)



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

To the Board of Directors  
of the Sutter Butte Flood Control Agency  
Yuba City, 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 governmental activities, and each major fund of the Sutter Butte Flood Control Agency (Agency), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 1, 2019.

**Internal Control Over Financial Reporting**

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

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

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

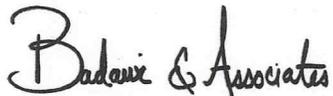
To the Board of Directors  
of the Sutter Butte Flood Control Agency  
Yuba City, California  
Page 2

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Badawi & Associates, CPAs  
Oakland, California  
March 1, 2019

# Sutter Butte Flood Control Agency

Sutter and Butte Counties, California

*Auditors' Communication with  
Those Charged with Governance*

*For the year ended June 30, 2018*



March 1, 2019

To the Board of Directors  
of Sutter Butte Flood Control Agency  
Yuba City, California

We have audited the financial statements of the governmental activities and each major fund information of Sutter Butte Flood Control Agency (Agency) for the year ended June 30, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 10, 2018, 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, and budgetary comparison information, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we did not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the capital projects budgetary comparison schedule which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

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

Our audit included obtaining an understanding of the entity and its environment, including 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.

We performed the audit according to the timing previously communicated to you on the engagement letter.

To the Board of Directors  
of Sutter Butte Flood Control Agency  
Yuba City, California  
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### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements.

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 Agency's financial statements were:

- Allowance for Doubtful Accounts

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

- Summary of Significant Accounting Policies
- Cash and Investments
- Long Term Debt

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. We did not identify any material misstatements during our audit.

#### *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.

To the Board of Directors  
of Sutter Butte Flood Control Agency  
Yuba City, California  
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#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 1, 2019.

#### *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 governmental unit'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 Audit Findings or 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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to management's discussion and analysis, and budgetary comparison 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.

We were engaged to report on the capital project fund budgetary schedule, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Directors  
of Sutter Butte Flood Control Agency  
Yuba City, California  
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Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Badawi & Associates". The signature is written in black ink and is positioned above the typed name of the firm.

Badawi & Associates,  
Certified Public Accountants  
Oakland, California  
March 1, 2019



# Sutter Butte Flood Control Agency

*A Partnership for Flood Safety*

March 13, 2019

**TO:** Board of Directors

**FROM:** Michael Bessette, Interim Executive Director  
Seth Wurzel, Budget Manager

**SUBJECT:** Receive and File Monthly Financial Reports (January 2019)

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## **Recommendation**

Staff recommends that the Board receive and file the January 2019 Financial Report and receive staff's monthly financial report update.

## **Background**

Staff will provide a brief presentation of SBFCA's current financial position and financial activities at the Board meeting and will be prepared to answer any questions. For this report, staff is presenting financial information for January 2019. Staff's oral presentation will cover the financial activities of the Agency through January 2019.

The monthly financial reports include the following information:

- Current Working Capital Position: The reports provide an update as to the liquidity of the Agency and ability to cover current obligations. This information is presented within the monthly financial reports prepared in coordination with Yuba City finance staff. The current month financial report reflects the financial information as of January 2019. The information presented is compared to the Final Amended Final Budget for FY 2018/19.

## **Fiscal Impact**

This is an informational item with no fiscal impact.

## **Attachments**

Yuba City Finance Department Memorandum, March 13, 2019 re: Monthly Financial Report: January 2019  
*(As materials were not available prior to the preparation of the Board Packet, the materials will be provided at the Board Meeting)*



# Sutter Butte Flood Control Agency

*A Partnership for Flood Safety*

March 13, 2019

**TO:** Board of Directors

**FROM:** Michael Bessette – Interim Executive Director

**SUBJECT:** Receive and File Program/Project Update Report

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## Recommendation

Receive and file the March 2019 Program/Project update report.

## Background

The purpose of this report is to provide a regular, monthly update on SBFCA program and project activities:

### *Engineering Design*

The design team completed the bid documents for the Reach 25 pipe abandonment project and staff has put this project out for bids. The team will conduct a pre-bid job walk on March 6 and the bid open date is scheduled for March 20. This project involves removal of pipe facilities outside the levee prism and grouting of the existing pipes within the levee prism. This project is scheduled to be brought to the SBFCA Board in April for contract award, with construction anticipated to start in late spring or early summer 2019.

The design team submitted a geotechnical analysis technical memorandum to USACE concerning the Reaches 14-16 emergency levee repair project in Yuba City. This document analyzed the continuity of the landside subsurface conditions around the 5<sup>th</sup> Street Bridge area as requested by USACE. The team is coordinating the Corps' review and will address any concerns that they have. This work is part of the project close-out process.

Negotiations with Union Pacific Railroad (UPRR) on the UPRR Closure Structure project in Yuba City (Live Oak Boulevard) continue. A revised agreement was received from UPRR on March 1 and is currently under staff review. The design team has completed the bid documents and is waiting to incorporate the terms of the Construction & Use agreement once completed. We anticipate bidding the project next month and beginning construction in the summer of 2019.

### *Construction Management (Project Areas B, C & D, and Completion Projects)*

The Construction management team completed their work on the construction completion report for the Completion Project (Gaps). This report was submitted to DWR, USACE, and the CVFPB for their review and approval. The completion report for the Reaches 14-16 emergency levee repair project in Yuba City will be completed in March and submitted for review and approval to these same agencies.

### *Environmental Documentation/Permitting/Monitoring*

The Environmental consulting team is working on permit mitigation and closeout work for the Reaches 14-16 emergency levee repair project now that biological and cultural monitoring activities have concluded. However, one biologist will be needed when PG&E performs utility pole relocations in the near future. Biological and cultural monitoring for the Oroville Wildlife Area Project has also concluded for the winter (see OWA item below). SBFCA staff is coordinating with the Sacramento Valley Conservancy (SVC) on the Star Bend and Mathews Property environmental mitigation sites.

### *Right of Way*

The right-of-way team continues to work on the land acquisition necessary for the federal project (between Tudor Road and Cypress Avenue) and the associated federal credit package. The team completed the right of way certification report for USACE and this report was approved. The team is also working on closing out all acquisitions needed for the FRWLP. The Department of Water Resources (DWR) has directed SBFCA to acquire the permanent real estate rights from the Laurel Avenue project limits needed in order to incorporate that levee improvement project into the federal crediting package. That work has just recently been initiated. DWR will cost share in this acquisition through SBFCA's UFRR Funding Agreement. Staff will begin working with DWR to process a 6th amendment to cover these costs. The SBFCA right-of-way team and DWR continue to conduct monthly coordination meetings to streamline the real estate acquisition reimbursement process and ultimate transfer of property to the State. Staff is working with DWR to prioritize the high-dollar reimbursements to SBFCA. DWR has recently hired new staff within their real estate division to help minimize the delays we experienced over the last several months on the review and reimbursement process.

### *State & Local Funding and Coordination*

#### EIP / UFRR Agreement

SBFCA staff continues to work with DWR to process additional payments and reimbursement requests for various items of work. Staff had recently reported that issues regarding the release of retention had been resolved and payment was in process. Staff is pleased to report the receipt of \$9.07 million on February 20, 2019 representing the release of a significant portion of the withheld retention on the State's share of costs previously incurred. The status below presents an updated projection of future payments.

<b>Payment Request Summary</b>		
<b>Payment Item (UFRR Agreement)</b>	<b>Amount</b>	<b>Status</b>
Pmt #17 – True-Up through 9/30/2017	\$1,215,179	Received on December 18, 2018.
Pmt #18 – True-Up through 12/31/2017	\$386,622.20	Received on January 18, 2019.
Pmt #19 – True-Up through 3/31/2018	\$993,408	Received on January 18, 2019.
Partial Retention Release	\$9,065,639	Received on February 20, 2019.
True-Up on 18 <sup>th</sup> Quarter SOC (6/30/2018)	\$1,372,904	Currently Under DWR Review
True-Up on 19 <sup>th</sup> Quarter SOC (9/30/2018)	\$2,560,430	Currently Under DWR Review
True-Up on 20 <sup>th</sup> Quarter SOC (12/31/2018)	\$3,120,991	Currently Under DWR Review
<b>Total Pending Payments</b>	<b>\$7,054,324</b>	

The following table summarizes SBFCA's EIP/UFRR grant funding committed, in process and received to date.

**FRWLP DWR EIP/UFRR Funding**

	<u>Agreement</u>		
	<u>Design</u>	<u>Construction</u>	<u>Total</u>
Agreement No.	#4600009480	#4600010296	
Capital Outlay Amount	\$9,000,000	\$56,780,000	\$65,780,000
Amendment 1	\$0 [1]	\$0 [2]	\$0
Amendment 2	\$14,869,280 [3]	\$57,803,791 [4]	\$72,673,071
Amendment 3	\$0	\$43,861,587	\$43,861,587
Amendment 4	\$0	\$40,828,931	\$40,828,931
Amendment 5	-\$2,529,451 [5]	\$31,730,451 [5]	\$29,201,000
<b>TOTAL FUNDING</b>	<b>\$21,339,829</b>	<b>\$231,004,760</b>	<b>\$252,344,589</b>
<b>Receipts</b>			
PMT 1	\$2,328,141	\$14,103,457	\$16,431,597
PMT 2	\$1,160,580	\$18,447,722	\$19,608,302
PMT 3	\$4,842,366	\$19,469,632	\$24,311,998
PMT 4	\$8,704,665	\$15,358,844	\$24,063,509
PMT 5	\$2,709,411	\$13,846,991	\$16,556,402
PMT 6	\$0	\$14,479,664	\$14,479,664
PMT 7	\$0	\$13,168,126	\$13,168,126
PMT 8	\$0	\$26,429,866	\$26,429,866
PMT 9	\$0	\$181,266	\$181,266
PMT 10	\$0	\$2,928,803	\$2,928,803
PMT 11	\$0	\$7,898,917	\$7,898,917
PMT 12	\$0	\$4,448,651	\$4,448,651
PMT 13	\$0	\$10,874,296	\$10,874,296
PMT 14	\$0	\$7,437,563	\$7,437,563
PMT 16	\$0	\$23,700,719	\$23,700,719
PMT 17	\$0	\$1,215,179	\$1,215,179
PMT 18	\$0	\$386,622	\$386,004
PMT 19	\$0	\$993,407	\$993,408
PMT 20	\$0	\$9,065,639	\$9,065,639
RET. & FINAL PMT	\$1,594,667	\$0	\$1,594,667
ROW Payment	\$0	\$251,595	\$251,595
Pending	\$0	\$7,054,324 [6]	\$7,054,324
<b>TOTAL PAYMENTS</b>	<b>\$21,339,829</b>	<b>\$211,741,282</b>	<b>\$233,081,111</b>
<b>GRANT BALANCE</b>	<b>\$0</b>	<b>\$19,263,478</b>	<b>\$19,263,478</b>

- [1] Amendment 1 to the Design Agreement amended the term of the agreement.
- [2] Amendment 1 to the Construction Agreement amended the scope agreement to include the closure of gaps (at reaches 13 and 24) in Area C.
- [3] Amendment 2 to the Design Agreement increased the cost share from 50% to 76% State Cost Share and increased the State funding limit.
- [4] Amendment 2 to the Construction Agreement increased the scope to include Areas B & D2A and increased the State funding limit. It also incorporated many of the guideline provisions of the UFRR Program.
- [5] Reflects pending transfer of remaining design funding to the CFA and additional funding from DWR for emergency work (\$25,000,000 for R 14 – 16 and \$4,201,000 for emergency storm response).
- [6] Pending Payments per above listing.

*FEMA/Cal OES Public Assistance Request for 2017 Storm Damage*

As previously reported, SBFCA has received payments from CalOES and FEMA for all three of the Public Assistance program projects coming out of the 2017 storm emergency work. The three Project requests cover the following work and the status of each Project is noted in the matrix below:

<b>PW #</b>	<b>Scope</b>	<b>Project. Amount</b>	<b>Funding Received</b>	<b>Status</b>
SUBFB01	Flood fighting in Yuba City	\$92,397	\$83,049	Approved by FEMA (Documentation and funding received)
SUBFD02	Elderberry Habitat and Irrigation System	\$45,817	\$42,954	Approved by FEMA (Documentation and funding received, portion of denied claim appealed by SBFCA.)
SUBFB03	Rock Berm and Flood Fighting	\$3,658,515	\$3,734,658	Approved by FEMA (Documentation and funding received)

All three worksheets have been formally approved and funding has been received. The funding received is different than the Project amount as it reflects a Local Cost share of 6.25% of the total project plus an estimate for administrative costs (administrative allowance). The funding received will be reconciled with DWR as part of our UFRR Funding Agreement. This reconciliation effort is in process and a payment request will be submitted and incorporated into the UFRR funding processes noted above. That payment request will also incorporate a request for funding for SBFCA’s share of the road repairs to Laurel Avenue that are taking place in coordination with Sutter County.

*Laurel Ave Flood System Repair Project (FSRP) Agreement*

SBFCA and DWR are working closely on the financial closeout of this project. SBFCA has submitted its final funding requests for this project which includes a request to release all withheld retention by the State. The following table summarizes the final funding for SBFCA’s Laurel Avenue FSRP grant. SBFCA is expecting to receive one final payment totaling approximately \$470,325.

**LAUREL AVE DWR FSRP Funding**

Agreement No.	<u>#4600011319</u>
Agreement Amount	\$7,225,000
Amendment 1	\$2,694,500
<b>TOTAL FUNDING</b>	<b>\$9,919,500</b>
Receipts	
PMT 1 - Advance	\$4,188,375
PMT 2 - Q4 Reim. & Retention	\$1,395,573
PMT 3 - Q5 Reim.	\$1,135,013
PMT 4 - Q6 Reim.	\$1,850,497
PMT 5 – Q7 & 8 Reim.	\$402,270
RET. / FINAL PMT *	\$470,325
<b>TOTAL PAYMENTS</b>	<b>\$9,442,053</b>
<b>GRANT BALANCE</b>	<b>\$477,447</b>

[\*] Remaining payments submitted to DWR in early December are in process.

### *Oroville Wildlife Area (OWA) Flood Stage Reduction Project*

Construction work on the interior channels and fish berm improvements remains suspended for winter and will resume again in late spring of 2019. The project team is coordinating closely with both DWR and CDFW as part of the construction effort and continues to process contractor submittals for the upcoming work this year. The project team continues to progress on the design of the recreational improvements and on the invasive species removal efforts. The 100% design plans for the new recreational footbridges are currently under review by DWR and CDFW. In regards to funding, SBFCA staff continues to coordinate with both American Rivers and River Partners to implement the recent grants which they received from the Wildlife Conservation Board and CDFW. The team also continues to research additional opportunities to fund the remaining restoration related work. SBFCA is still awaiting responses on two grant applications submitted to CDFW and WCB late last year. In addition, SBFCA also submitted two new grant applications in February, one to DWR and one to the California Natural Resources Agency. SBFCA staff has also been in contact with DWR to acquire additional funding. If funding for some of the features is not secured by early Spring, construction of these features could be delayed until funding is obtained.

### *Sutter Basin Flood Risk Management Project (federal project)*

USACE opened bids for the project on January 23<sup>rd</sup> and received two bids. The lowest priced bid was submitted by Great Lakes E&I. USACE awarded the contract to Great Lakes on February 20. Once USACE approves the contractor's bonds and insurance that they received on February 28 they will issue the Notice to Proceed. A contract for tree removals was issued in January by SBFCA to W.C. Maloney. The tree removal work began in late January and will be completed this month. Removing trees before spring minimizes potential impacts to the project schedule from nesting birds. SBFCA staff and consultants are providing engineering (including cost engineering), economics, Right-of-Way, and cultural and environmental permitting support. SBFCA's environmental consultant is clearing the PG&E pole relocation sites from a cultural resources impacts standpoint. Staff continues to participate in frequent USACE project management team and related meetings in order to advance the project. Staff conducted a workshop with the USACE construction management team to brief them on details of the project. Staff will also conduct a follow-up field meeting at the project site with USACE representatives on March 7.

### *Small Community Studies-Sutter and Tudor*

The project team continues to update the existing conditions 100-year H&H (hydrology and hydraulics) modeling and provided a project milestone briefing to the Department of Water Resources on January 28th. Public outreach meetings intended to share project alternative information with the public were conducted on the evenings of February 12<sup>th</sup> (Sutter Community) and February 20<sup>th</sup> (Tudor). About 10 people attended the Sutter public meeting and about 20 people attended the Tudor meeting. Next, the team will incorporate the feedback provided by stakeholders during the outreach meetings and will begin the alternatives evaluation process.

### *Resource Conservation Investment Strategy*

Staff and consultants are participating on the Steering Committee of this Pilot Project. Depending on timing, this Pilot could result in savings of time, money and process required for environmental mitigation for the federal project in the near term and other projects in the long term. In January 2019 the California Department of Fish and Wildlife (CDFW) deemed the draft form of the RCIS "complete". The RCIS is now undergoing a 60-day public review period. More coordination with CDFW will occur this month to advance this mitigation credit program.

### *Proposition 68*

Staff continues to scope work with the California Resources Agency and local stakeholders for \$5 million of direct funding for SBFCA-led projects. Staff met with DWR to resolve concerns for the use of survey data that will be used to design the project and has since received that data. The data is currently being reviewed for applicability during design. Staff will continue to coordinate with both CNRA and Nor-Cal Guides & Sportsmen's Association in order to finalize the scope of work and funding agreement. Staff is also coordinating with DWR on scope, schedule and budget for the proposed work covered by the direct funding.

*Oroville AdHoc Group*

Staff met with DWR regarding downstream impacts of Oroville Dam operation, and coordinated concerns with the UC Berkeley representative. Staff will continue to attend AdHoc group meetings in the future.

**Fiscal Impact**

This is an informational item only with no fiscal impact to SBFCA.



# Sutter Butte Flood Control Agency

*A Partnership for Flood Safety*

March 13, 2019

## **Item 5**

**TO:** Board of Directors  
**FROM:** Michael Bessette, Acting Executive Director  
**SUBJECT:** Program/Project Update

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This time has been set aside on the agenda for a report and discussion (if necessary) by member and partner agency representatives.

## **Item 6**

**TO:** Board of Directors  
**FROM:** Mike Inamine, Executive Director  
**SUBJECT:** Other Reports by Agency Staff and Consultants

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This time has been set aside on the agenda for Board discussion and staff response regarding correspondence received by the Agency.

## **Item 7**

**TO:** Board of Directors  
**FROM:** Mike Inamine, Executive Director  
**SUBJECT:** Report by Member Partner Agencies

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This time has been set aside on the agenda for Board discussion and staff response regarding correspondence received by the Agency.

## **Item 8**

**TO:** Board of Directors  
**FROM:** Mike Inamine, Executive Director  
**SUBJECT:** Report on Correspondence Sent by and Received by the Board

## **Fiscal Impact**

The above items are informational only with no fiscal impact to the Agency.