

# **Sutter Butte Flood Control Agency**

Sutter and Butte Counties, California

*Basic Financial Statements  
and Independent Auditors' Reports*

*For the year ended June 30, 2023*



# 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

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sutter Butte Flood Control Agency, California (Agency), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

To the Board of Directors  
of the Sutter Butte Flood Control Agency  
Yuba City, California  
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*Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

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

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

To the Board of Directors  
of the Sutter Butte Flood Control Agency  
Yuba City, California  
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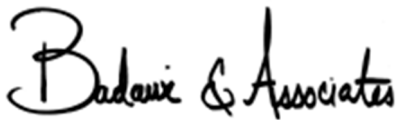
***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-9 and 39-40 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.

***Supplementary 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 is presented for purpose 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.



Badawi and Associates, CPAs  
Berkeley, California  
March 6, 2024

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**Sutter Butte Flood Control Agency  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2023**

**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, 2023. 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 thirteenth year of collecting assessments associated with the Sutter Butte Flood Control Agency Assessment District (the "Assessment District"). During the Fiscal Year SBFCA received 104.67% of budgeted assessment revenues.
  
- SBFCA's primary activities this year with respect to its budget were related to the advancement and completion of a substantial portion of the Sediment Removal, Oroville Wildlife Area, and Feather River West Levee Project Urban Flood Risk Reduction projects. In addition, the Agency advanced efforts related to the following:
  - Continued advancement toward completion and closeout of the Feather River West Levee Project Urban Flood Risk Reduction funding agreement with the State of California, Department of Water Resources, including efforts related to Right of Way, encroachments, and financial closeout;
  - Significant advancement toward completion of the Federal Increment (Tudor Rd. to Cypress Ave.) to of the Feather River West Levee Project;
  - Significant advancement toward completion of the Small Community Feasibility Studies for the communities of Tudor and Sutter;
  - Completion of the Oroville Wildlife Area efforts funded by Wildlife Conservation Board grants and significant advancement toward completion of the Oroville Wildlife Area projects funded by California Department of Fish and Wildlife grants;
  - Completion of a majority of the Sediment Removal Project with the Star Bend Boat ramp remaining;
  - Advancement of environmental review and design work on Sutter Bypass East Levee efforts with funding from the State Department of Water Resources;
  - Advancement of design efforts on the Tudor Flood Risk Reduction Project;
  - Facilitation of the stand-up of the Feather River West Levee Financing Authority (FRWLFA) during its first year of collection of its Operations and Maintenance Assessment District under the services agreement between SBFCA and FRWLFA; and,
  - Advancement of the establishment of the Sutter Butte Basin Regional Levee Improvement Program Development Impact Fee to help fund future projects within the basin.
  
- During the fiscal year, SBFCA spent nearly a total of \$6.27 million, net of debt service, advancing capital project and related work.

This fiscal year saw a decrease in financial activities for SBFCA, as expenditures decreased by 41% and revenues increased by 7.6% over last fiscal year. Despite these decrease in expenditures, fiscal year 2022-23 remained a very active year for the Agency as evidenced by the number of different projects and strategic planning efforts advanced by the Agency.

Financial Activities

- While SBFCA invested grant and assessment revenues and carried over fund balances into projects, SBFCA's net position increase by \$8,524,646 in fiscal year 2022-23. This increase in net position was due to a result in additional grant awards for efforts on the Sutter Bypass East Levee and collection of revenues from the previous

- year's near completion of construction activities for FRWLPI.
- Total assets increased by \$6,455,108 due to an increase collection of reimbursables from previous fiscal year work.
- Total liabilities decreased by \$2,069,538 due a combined a decrease in current liabilities and bonds payable at 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 liabilities exceeded assets by \$ 39,947,003 as of the close of the fiscal year. When comparing SBFCA's Net Position to the fiscal year ending June 30, 2022, there has been an increase of \$8,524,646 which primarily represents the retirement of accounts.

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 liabilities exceed assets by (\$39,947,003) at the end of fiscal year 2022-23. This amount is an increase from the fiscal year ended June 30, 2022 balance of (\$48,471,649). The key element to this increase is related to an increase in SBFCA's assets, primarily its cash and investments. During the year, SBFCA received reimbursements through its grant funded projects thereby increasing its liquid assets.

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. Previously, the vast majority of SBFCA's Net Position was invested in capital projects as Construction in progress. With the completion of construction and the assumption of operations and maintenance responsibilities of the completed works last fiscal year, SBFCA's remains in a negative net position when considering outstanding bonds payable. However, SBFCA continues to implement projects and Construction in progress increased by \$1,259,501. SBFCA's Net Position is expected to increase, but only nominally, as SBFCA advances additional projects while at the same transferring the underlying fee interest in the properties where prior improvements were been completed, to the State of California (specifically the Sacramento San Joaquin Drainage District). While there are certain regulatory and compliance hurdles to overcome related to the transfer of rights of way, the full acceptance and transfer process is expected to take place in fiscal year 2023-24.

### **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, 2023, SBFCA's governmental funds reported combined fund balances of \$28,574,355, an increase of \$5,057,149 in comparison to the fund balance as of June 30, 2022. This increase is primarily due to late receipt of payments from the State for completed construction prior to June 30, 2022. The delay of these payments was due to extended review times by DWR of costs incurred. 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, 2023, the Fund Balance was \$6,294,235 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 \$763,338, approximately 12.1% of the ending fund balance. The Unassigned fund balance was 824.6% of current fiscal year expenditures. The Agency expects that, with the completion of Capital Projects, 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. The active programs during Fiscal Year 2022-23 include the US Army Corps of Engineers Sutter Basin Flood Risk Management Project, the FRWLP, and the Oroville Wildlife Area Flood Stage Reduction and Restoration projects, the Small Community Grant program, Sediment Removal Project, Sutter Bypass East Levee Project, Tudor Flood Risk Reduction Project, and Compliance and Accreditation Program.

The Capital Project's Fund Balance on June 30, 2023 was \$22,280,120. The total expenditures of the fund were \$10,955,979. These represent 49.2% of the ending fund balance, indicating that liquidity is low. This is to be expected as SBFCA advanced much of the Capital Outlay work while waiting on reimbursements from its State grants. Finally, it is expected that construction related expenditures for the next fiscal year, 2023-24 are expected to be lower than prior years and construction is completed and the agency focuses more of its expenditures on planning and design for future project construction after 2024.

## **V. Budgetary Highlights**

A budgetary to actual comparison for the General Fund is included in the Required Supplementary Information. Total Actual Expenditures were \$763,338 (68.9%) 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 \$135,285 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 \$15,894,181 (80.82%) over the final budget of \$8,790,001. This is due to the extended time frame related to the closeout of the FRWLP Project and the resulting delay of revenues from the associated grant. Total actual expenditures were \$10,955,979 which was \$2,610,565 (31.3%) higher than the final budget due to construction and design contractor work being completed after June 30, 2022 on the OWA, FRWLP, Sediment Removal programs thus increasing expenditures in FY 2022-23.

## **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 \$1,259,501. As previously discussed, the majority of these capital assets represent Construction in progress. Through June 30, 2023, SBFCA was in the middle of a construction season and had finalized construction for the Oroville Wildlife Area Project, Sediment Removal Project, and FRWLP Phase 1.

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, 2023 the outstanding balance of the bonds payable was \$37,315,000. During the fiscal year SBFCA made interest payments on the outstanding debt amount totaling \$1,606,263 and retired \$680,000 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, 2023, the outstanding balance of the bonds payable remained \$40,585,000. During the fiscal year SBFCA made interest payments on the outstanding debt amount totaling \$1,801,344 and retired \$1,365,000 in principal.

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

The sole local source of funding for SBFCA's efforts during the Fiscal Year was the Assessment District. During the Fiscal Year, SBFCA worked to implement a new Development Impact Fee program, however, this program will not be effective until April 2024. SBFCA's Assessment District 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 thirteenth year of collection is very low. SBFCA's assessment revenues received were approximately 1.64% less than the approved property assessment roll levied in 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 and closing out 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 2022-23 was developed assuming that SBFCA completes the remaining FRWLP construction, advances the Oroville Wildlife Area Project and works to advance the closeout efforts of the DWR Urban Flood Risk Reduction Grant. These activities have extended into 2023-24. In addition, SBFCA continues to work to advance additional flood risk reduction projects in the rural portions of the basin. This includes continuing its local sponsor obligations as part of the Project Partnership Agreement with the USACE to construct the remaining increment of the Sutter Basin Flood Risk Management Project and advancing funding efforts to advance the design and environmental review for the Sutter Bypass East Levee and Tudor Flood Risk Reduction Projects. SBFCA management expects to continue to work with its Board of Directors to implement the adopted goals and objectives of SBFCA's Strategic Plan.

## **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 95992.

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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, 2023**

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<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 27,738,092
Cash and investments with fiscal agent	1,479,684
Receivables:	
Accounts	80,661
Interest	6,061
Total current assets	<u>29,304,498</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	<u>13,243,094</u>
Total capital assets, net	<u>13,243,094</u>
Total noncurrent assets	<u>13,243,094</u>
<b>Total assets</b>	<u><u>42,547,592</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	730,143
Interest payable	828,519
Bonds payable, due within one year	<u>2,145,000</u>
Total current liabilities	<u>3,703,662</u>
Noncurrent liabilities:	
Bonds payable, due in more than one year	<u>78,790,933</u>
Total noncurrent liabilities	<u>78,790,933</u>
<b>Total liabilities</b>	<u><u>82,494,595</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	(67,692,839)
Unrestricted	<u>27,745,836</u>
<b>Net position</b>	<u><u>\$ (39,947,003)</u></u>

See accompanying Notes to Basic Financial Statements.

**Sutter Butte Flood Control Agency**  
**Statement of Activities**  
**For the year ended June 30, 2023**

	Expenses	Program Revenues		Total	Net (Expense)
		Operating Grants and Contributions	Capital Grants and Contributions		Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental activities</b>					
Flood protection	\$ 5,007,209	\$ 750,000	\$ 14,500,363	\$ 15,250,363	\$ 10,243,154
Interest on long-term debt	3,244,611	-	-	-	(3,244,611)
<b>Total governmental activities</b>	<b>\$ 8,251,820</b>	<b>\$ 750,000</b>	<b>\$ 14,500,363</b>	<b>\$ 15,250,363</b>	<b>6,998,543</b>
<b>General Revenues:</b>					
					297,988
					1,228,115
					<b>1,526,103</b>
					<b>8,524,646</b>
					<b>(48,471,649)</b>
					<b>\$ (39,947,003)</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, 2023**

	General Fund	Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,385,400	\$ 21,352,692	\$ 27,738,092
Cash and investments with fiscal agent	-	1,479,684	1,479,684
Receivables:			
Accounts	-	80,661	80,661
Interest	-	6,061	6,061
<b>Total assets</b>	<b>\$ 6,385,400</b>	<b>\$ 22,919,098</b>	<b>\$ 29,304,498</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	91,165	638,978	730,143
<b>Total liabilities</b>	<b>91,165</b>	<b>638,978</b>	<b>730,143</b>
<b>Fund Balances:</b>			
Restricted for capital projects	-	22,280,120	22,280,120
Unassigned	6,294,235	-	6,294,235
<b>Total fund balances</b>	<b>6,294,235</b>	<b>22,280,120</b>	<b>28,574,355</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,385,400</b>	<b>\$ 22,919,098</b>	<b>\$ 29,304,498</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

June 30, 2023

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<b>Fund Balances of Governmental Funds</b>	\$ 28,574,355
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.	13,243,094
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.	(828,519)
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the funds.	
Long term debt due within one year	(2,145,000)
Long term debt due in more than one year	<u>(78,790,933)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ (39,947,003)</u></u>

See accompanying Notes to Basic Financial Statements.

**Sutter Butte Flood Control Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2023**

	General Fund	Capital Projects Fund	Total
<b>REVENUES:</b>			
Intergovernmental	\$ -	\$ 8,578,926	\$ 8,578,926
Assessment revenue	750,000	5,921,437	6,671,437
Investment earnings	132,285	165,703	297,988
Other	-	1,228,115	1,228,115
<b>Total revenues</b>	<b>882,285</b>	<b>15,894,181</b>	<b>16,776,466</b>
<b>EXPENDITURES:</b>			
Current:			
Operational:			
Telephone	2,000	-	2,000
Postage and freight	165	-	165
Forms and supplies	381	-	381
Printing and binding	829	-	829
Professional services	272,176	-	272,176
Salaries and benefits	389,529	-	389,529
Dues and subscriptions	32,963	-	32,963
Rentals	24,981	-	24,981
Insurance	40,314	-	40,314
Capital:			
USACE Sutter Basin FRM Project	-	25,427	25,427
State EIP Funded	-	1,195,524	1,195,524
Local EIP Funded	-	197,434	197,434
Regional Flood Management Planning - State Funded	-	27,103	27,103
ULOP Certification	-	27,988	27,988
Flood Systems Repair Project - State Funded	-	19,923	19,923
Sediment Removal	-	45,540	45,540
Oroville Wildlife Area Planning	-	329,853	329,853
Local Funded Projects	-	67,086	67,086
Capital outlay	-	3,567,494	3,567,494
Debt service:			
Principal	-	2,045,000	2,045,000
Interest and fiscal charges	-	3,407,607	3,407,607
<b>Total expenditures</b>	<b>763,338</b>	<b>10,955,979</b>	<b>11,719,317</b>
<b>Net change in fund balances</b>	<b>118,947</b>	<b>4,938,202</b>	<b>5,057,149</b>
<b>FUND BALANCES:</b>			
Beginning of year	6,175,288	17,341,918	23,517,206
End of year	<u>\$ 6,294,235</u>	<u>\$ 22,280,120</u>	<u>\$ 28,574,355</u>

\*Sutter Bypass East Levee and Tudor Flood Risk Reduction project expenditures are included in capital outlay.

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, 2023**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 5,057,149

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 1,259,501

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.

21,868

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 2,045,000

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

**Change in Net Position of Governmental Activities** \$ 8,524,646

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# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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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, 2023.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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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

For the year ended June 30, 2023

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### 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.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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

#### G. *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.

#### H *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

For the year ended June 30, 2023

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

#### H. 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.

#### I. 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.

#### J. 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

For the year ended June 30, 2023

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

#### K. *New Pronouncements*

In 2023, the Agency adopted the new accounting standards to conform to the following Governmental Accounting Standards Board Statements:

- *GASB Statement No. 91, Conduit Debt Obligations* – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The City updated disclosures relating to conduit debt obligations to meet the requirements of this statement.
- *GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP in an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the City for the current fiscal year.
- *GASB Statement No. 96, Subscription-based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement did not apply to the City for the current fiscal year.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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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.

#### A. Summary of Cash and Investments

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

Cash and investments	\$ 27,738,092
Cash and investments with fiscal agent	1,479,684
Total cash and investments	<u>\$ 29,217,776</u>

Cash and investments held by the Agency at June 30, 2023, consisted of the following:

Deposits with City of Yuba City	\$ 27,738,092
Investments	1,479,684
Total cash and investments	<u>\$ 29,217,776</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

For the year ended June 30, 2023

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### 2. CASH AND INVESTMENTS, Continued

#### B. 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

#### C. 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

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

### 2. CASH AND INVESTMENTS, Continued

#### D. 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.

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
Yuba City Cash Pool	\$ 27,738,092	\$ 27,738,092	\$ -
Held by Bond Trustees:			
Money Market Funds	1,479,684	1,479,684	-
Total	\$ 29,217,776	\$ 29,217,776	\$ -

#### E. 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.

#### F. 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	Ratings as of Fiscal Year End	
			AAA	Not Rated
Yuba City Cash Pool	\$ 27,738,092	N/A	\$ -	\$ 27,738,092
Held by Bond Trustees:				
Money Market Funds	1,479,684	N/A	1,479,684	-
Total	\$ 29,217,776		\$ 1,479,684	\$ 27,738,092

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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### 2. CASH AND INVESTMENTS, Continued

#### G. *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.

#### H. *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, 2023.

### 3. RISK MANAGEMENT

#### A. *Custodial Credit Risk*

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

#### B. *Workers' Compensation Insurance*

Coverage is maintained with Special District Risk Management Authority.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

### 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets, not depreciated				
Construction in progress	\$ 11,983,598	\$ 1,259,496	\$ -	\$ 13,243,094
Total capital assets, not depreciated	11,983,598	1,259,496	-	13,243,094
Capital assets, net	\$ 11,983,598	\$ 1,259,496	\$ -	\$ 13,243,094

### 5. LONG-TERM DEBT

#### A. 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, 2023 was \$37,315,000.

The scheduled annual minimum debt service requirements at June 30, 2023 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 715,000	\$ 1,571,388	\$ 2,286,388
2025	750,000	1,534,763	2,284,763
2026	790,000	1,496,263	2,286,263
2027	830,000	1,455,763	2,285,763
2028	1,395,000	1,400,138	2,795,138
2029-2033	8,095,000	5,865,925	13,960,925
2034-2038	9,965,000	3,978,994	13,943,994
2039-2043	12,065,000	1,786,100	13,851,100
2043-2044	2,710,000	54,200	2,764,200
	<u>\$ 37,315,000</u>	<u>\$ 19,143,534</u>	<u>\$ 56,458,534</u>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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### 5. LONG-TERM DEBT, Continued

#### A. 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, 2023 was \$40,585,000.

The scheduled annual minimum debt service requirements at June 30, 2023 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,430,000	\$ 1,731,469	\$ 3,161,469
2025	1,505,000	1,658,094	3,163,094
2026	1,575,000	1,581,094	3,156,094
2027	1,655,000	1,500,344	3,155,344
2028	1,215,000	1,428,594	2,643,594
2029-2033	6,915,000	6,320,391	13,235,391
2034-2038	8,320,000	4,877,156	13,197,156
2039-2043	10,515,000	2,674,000	13,189,000
2044-2046	7,455,000	455,300	7,910,300
	<u>\$ 40,585,000</u>	<u>\$ 22,226,442</u>	<u>\$ 62,811,442</u>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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### 5. LONG-TERM DEBT, Continued

#### B. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 79,945,000	\$ -	\$ (2,045,000)	\$ 77,900,000	\$ 2,145,000
Original issue premium	3,177,061	-	(141,128)	3,035,933	-
Governmental activities					
Long-term liabilities	<u>\$ 83,122,061</u>	<u>\$ -</u>	<u>\$ (2,186,128)</u>	<u>\$ 80,935,933</u>	<u>\$ 2,145,000</u>

### 6. COMMITMENTS AND CONTINGENCIES

#### A. Lawsuits

The agency is not a defendant in any lawsuits as of June 30, 2023.

#### 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, 2023 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, 2023, 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.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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### 6. COMMITMENTS AND CONTINGENCIES, Continued

#### C. Construction Commitments

In September of 2022, the Agency entered into a construction contract with Escherman Construction Company for work associated with Second Street Vegetation Removal and Fence Installation Project. The original contract executed in September 2022 of \$732,050 was amended in February 2023 to bring the total contract budget to \$766,733.

### 7. OPERATING LEASE

In April 2019, the Agency executed a new Lease Agreement with Yuba River Molding & Millworks for office space located at 1445 Butte House Road, Yuba City, CA effective June 1, 2019. The lease terms extends through June 30, 2024.

### 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 plan and the Board of Directors. As of June 30, 2023, the Executive Director and the Administrative Analyst are the only eligible employees. 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. In combination with the deferred compensation plan, 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 matching contributions under the 457 plan or defined benefit 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.

During the year, the Agency paid \$91,227 in contributions (pension expense) to the plan.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Sutter Butte Flood Control Agency**  
**Note to Required Supplementary Information**  
**For the year ended June 30, 2023**

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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, 2023**

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

Schedule 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	\$ 750,000	\$ -
Investment earnings	-	-	132,285	132,285
<b>Total revenues</b>	<b>750,000</b>	<b>750,000</b>	<b>882,285</b>	<b>132,285</b>
<b>EXPENDITURES:</b>				
Current:				
Operational:				
Telephone	4,500	4,500	2,000	2,500
Postage and freight	2,250	2,250	165	2,085
Forms and supplies	2,250	10,900	381	10,519
Printing and binding	3,000	3,000	829	2,171
Professional services	657,533	657,533	272,176	385,357
Salaries and benefits	365,295	365,295	389,529	(24,234)
Dues and subscriptions	1,000	1,000	32,963	(31,963)
Rentals/Utilities	46,950	46,950	24,981	21,969
Insurance	15,918	30,000	40,314	(10,314)
<b>Total expenditures</b>	<b>1,098,696</b>	<b>1,121,428</b>	<b>763,338</b>	<b>358,090</b>
<b>Net change in fund balances</b>	<b>(348,696)</b>	<b>(371,428)</b>	<b>118,947</b>	<b>490,375</b>
<b>FUND BALANCES:</b>				
Beginning of year	6,175,288	6,175,288	6,175,288	-
End of year	\$ 5,826,592	\$ 5,803,860	\$ 6,294,235	\$ 490,375

**OTHER SUPPLEMENTARY INFORMATION**

**Sutter Butte Flood Control Agency**  
**Other Supplementary Information**  
**For the year ended June 30, 2023**

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 3,040,001	\$ 8,578,926	\$ 5,538,925
Assessment revenues	5,750,000	5,750,000	5,921,437	171,437
Interest revenues	-	-	165,703	165,703
Other	-	-	1,228,115	1,228,115
<b>Total revenues</b>	<b>5,750,000</b>	<b>8,790,001</b>	<b>15,894,181</b>	<b>7,104,180</b>
<b>EXPENDITURES:</b>				
Capital:				
USACE Sutter Basin FRM Project	20,165	-	25,427	(25,427)
State EIP Funded	1,060,200	26,600	1,195,524	(1,168,924)
Local EIP Funded	150,000	6,000	197,434	(191,434)
Regional Flood Management Planning - State Funded	120,000	127,000	27,103	99,897
ULOP Certification	50,000	-	27,988	(27,988)
Flood Systems Repair Project - State Funded	57,568	-	19,923	(19,923)
Stakeholder Management	-	-	-	-
Sediment Removal	100,000	195,000	45,540	149,460
Veg Planting	370,000	186,542	329,853	(143,311)
Local Funded Projects	93,739	49,820	67,086	(17,266)
Capital outlay	3,789,708	2,301,845	3,567,494	(1,265,649)
Debt service:				
Principal	2,045,000	2,045,000	2,045,000	-
Interest and fiscal charges	3,407,607	3,407,607	3,407,607	-
<b>Total expenditures</b>	<b>11,263,987</b>	<b>8,345,414</b>	<b>10,955,979</b>	<b>(2,610,565)</b>
<b>Net change in fund balances</b>	<b>(5,513,987)</b>	<b>444,587</b>	<b>4,938,202</b>	<b>4,493,615</b>
<b>FUND BALANCES:</b>				
Beginning of year	17,341,918	17,341,918	17,341,918	-
End of year	<u>\$ 11,827,931</u>	<u>\$ 17,786,505</u>	<u>\$ 22,280,120</u>	<u>\$ 4,493,615</u>

\*Sutter Bypass East Levee and Tudor Flood Risk Reduction project expenditures are included in capital outlay.