

# **Sutter Butte Flood Control Agency**

Sutter and Butte Counties, California

*Basic Financial Statements  
and Independent Auditors' Reports*

*For the year ended June 30, 2021*



# Sutter Butte Flood Control Agency

## Table of Contents

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	<u>Page</u>
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis .....	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	13
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	17
Reconciliation of the Governmental Funds Balance Sheet Balance Sheet to the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	20
Notes to Basic Financial Statements.....	21
<b>Required Supplementary Information</b>	
Note to Required Supplementary Information.....	37
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	38
<b>Other Supplementary Information</b>	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Projects Fund .....	40

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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, 2021, 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. 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, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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.



Badawi and Associates, CPAs  
Berkeley, California  
January 31, 2021

**Sutter Butte Flood Control Agency  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2021**

**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, 2021. 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 eleventh year of collecting assessments associated with the Sutter Butte Flood Control Agency Assessment District (the "Assessment District"). During the Fiscal Year SBFCA received 103.48% 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:
  - Significant 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 communities of Sutter and Tudor.
  - Completion of Oroville Wildlife Area efforts funded by Wildlife Conservation Board grants and significant advancement toward completion of Oroville Wildlife Area project funded by California Department of Fish and Wildlife grants.
  - Commencement of the Sediment Removal Project with the award of two construction contracts for work at the Yuba City and Live Oak Boat Ramps.
  
- During the fiscal year, SBFCA spent nearly a total of \$7.66 million, net of debt service, advancing capital project work.

This fiscal year saw a decrease in financial activities for SBFCA, as expenditures decreased by 39.0% and revenues decreased by nearly 21.6% over last fiscal year. Despite these decreases, fiscal year 2020-21 has been another 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 decreased by -\$309,785,239 in fiscal year 2020-21. This decrease in net position was because a significant portion of SBFCA's capitalized assets have been retired.
- Total assets decrease by \$-312,123,831 due to the retirement of capitalized assets.
- Total liabilities decreased by \$2,338,592 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 \$54,160,177 as of the close of the fiscal year. When comparing SBFCA's Net Position to the fiscal year ending June 30, 2020, there has been a decrease of \$309,785,239 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 \$54,160,177 at the end of fiscal year 2020-21. This amount is a significant decrease from the fiscal year ended June 30, 2020 balance of \$255,625,062 where assets exceeded liabilities. The key element to this decrease is related to the retirement of SBFCA's capital assets. The retirement of SBFCA's capital assets represents the transfer of SBFCA's completed construction works, primarily related to the Feather River West Levee Project, to the entities that will operate and maintain the completed improvements in the long term.

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, for fiscal year 2020-21, Construction in progress was decreased by \$312,068,855. SBFCA constructed more than \$8.04 million of improvements in the Oroville Wildlife Area during 2020-21 which offset a portion of the retirement's impact on Net Position. Net Position is expected to further decrease as SBFCA transfers remaining assets invested the underlying fee interest in the properties where the improvements have 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 2021-22.

### 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, 2021, SBFCA's governmental funds reported combined fund balances of \$20,145,170, an increase of \$194,316 in comparison to the fund balance as of June 30, 2020. This increase is primarily due to late receipt of payments from the State for completed construction prior to June 30, 2020. 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, 2021, the Fund Balance was \$5,718,769 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 \$295,983, approximately 5.2% of the ending fund balance. The Unassigned fund balance was 1932.1% 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 2020-21 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, and Compliance and Accreditation Program.

The Capital Project's Fund Balance on June 30, 2021 was \$14,426,401. The total expenditures of the fund were \$13,121,869. These represent 91.0% 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. Finally, it is expected that construction related expenditures for the next fiscal year, 2021-22 are expected to be lower than prior years.

## **V. Budgetary Highlights**

A budgetary to actual comparison for the General Fund is included in the Required Supplementary Information. Total Actual Expenditures were \$295,983 (29.4%) 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 \$59,695 as a result of unbudgeted interest income and other additional income.

A budgetary to actual comparison for the Capital Fund is also included as Other Supplemental Information. Total Actual Capital revenues were \$12,803,188 (41.1%) under the final budget of \$21,739,093. 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 \$670,111 (4.9%) lower than the final budget due to construction and design contractor work being completed after June 30, 2021 on the OWA, FRWLP, and Sediment Removal 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 \$13,683,208. As previously discussed, the majority of these capital assets represent Construction in progress. Through June 30, 2021, SBFCA was in the middle of a construction season and had finalized major construction for the Oroville Wildlife Area Project.

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, 2021 the outstanding balance of the bonds payable was \$38,650,000. During the fiscal year SBFCA made interest payments on the outstanding debt amount totaling \$1,662,063 and retired \$630,000 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, 2021, the outstanding balance of the bonds payable remained \$43,250,000. During the fiscal year SBFCA made interest payments on the outstanding debt amount totaling \$1,986,019 and retired \$1,190,000 in 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 ninth year of collection is very low. SBFCA's assessment revenues received were approximately 0.52% in excess of 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 2-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 2020-21 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 are expected to extend into 2021-22. 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 of improvements to the Sutter Bypass East Levee. 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 95991.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# Sutter Butte Flood Control Agency

## Statement of Net Position

June 30, 2021

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<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 19,706,144
Cash and investments with fiscal agent	1,417,192
Receivables:	
Accounts	324,087
Interest	6
Prepaid items	21,971
Total current assets	<u>21,469,400</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	<u>11,918,952</u>
Total capital assets, net	<u>11,918,952</u>
Total noncurrent assets	<u>11,918,952</u>
<b>Total assets</b>	<u><u>33,388,352</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,296,061
Accrued liabilities	27,454
Interest payable	1,006,825
Bonds payable, due within one year	<u>1,955,000</u>
Total current liabilities	<u>4,285,340</u>
Noncurrent liabilities:	
Bonds payable, due in more than one year	<u>83,263,189</u>
Total noncurrent liabilities	<u>83,263,189</u>
<b>Total liabilities</b>	<u><u>87,548,529</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	(73,299,237)
Unrestricted	<u>19,139,060</u>
<b>Net position</b>	<u><u>\$ (54,160,177)</u></u>

See accompanying Notes to Basic Financial Statements.

**Sutter Butte Flood Control Agency**  
**Statement of Activities**  
**For the year ended June 30, 2021**

	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	\$ 319,772,653	\$ 750,000	\$ 12,683,912	\$ 13,433,912	\$(306,338,741)
Interest on long-term debt	3,625,469	-	-	-	(3,625,469)
<b>Total governmental activities</b>	<b>\$ 323,398,122</b>	<b>\$ 750,000</b>	<b>\$ 12,683,912</b>	<b>\$ 13,433,912</b>	<b>(309,964,210)</b>
<b>General Revenues:</b>					
					176,906
					2,065
				<b>Total general revenues</b>	<b>178,971</b>
				<b>Change in net position</b>	<b>(309,785,239)</b>
				<b>Net position - beginning of year</b>	<b>255,625,062</b>
				<b>Net position - end of year</b>	<b>\$ (54,160,177)</b>

See accompanying Notes to Basic Financial Statements.

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## **FUND FINANCIAL STATEMENTS**

**Sutter Butte Flood Control Agency**  
**Balance Sheet - Governmental Funds**  
**June 30, 2021**

	General Fund	Capital Projects Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 5,733,338	\$ 13,972,806	\$ 19,706,144
Cash and investments with fiscal agent	-	1,417,192	1,417,192
Receivables:			
Accounts	-	324,087	324,087
Interest	-	6	6
Prepaid items	715	21,256	21,971
<b>Total assets</b>	<b>\$ 5,734,053</b>	<b>\$ 15,735,347</b>	<b>\$ 21,469,400</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	14,569	1,281,492	1,296,061
Accrued liabilities	-	27,454	27,454
<b>Total liabilities</b>	<b>14,569</b>	<b>1,308,946</b>	<b>1,323,515</b>
<b>Fund Balances:</b>			
Nonspendable: prepaid items	715	21,256	21,971
Restricted for capital projects	-	14,405,145	14,405,145
Unassigned	5,718,769	-	5,718,769
<b>Total fund balances</b>	<b>5,719,484</b>	<b>14,426,401</b>	<b>20,145,885</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,734,053</b>	<b>\$ 15,735,347</b>	<b>\$ 21,469,400</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, 2021

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<b>Fund Balances of Governmental Funds</b>	\$ 20,145,885
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.	11,918,952
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.	(1,006,825)
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	(1,955,000)
Long term debt due in more than one year	<u>(83,263,189)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ (54,160,177)</u></u>

**Sutter Butte Flood Control Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2021**

	General Fund	Capital Projects Fund	Total
<b>REVENUES:</b>			
Intergovernmental	\$ -	\$ 6,707,666	\$ 6,707,666
Assessment revenue	750,000	5,976,246	6,726,246
Investment earnings	59,695	117,211	176,906
Other	-	2,065	2,065
<b>Total revenues</b>	<b>809,695</b>	<b>12,803,188</b>	<b>13,612,883</b>
<b>EXPENDITURES:</b>			
Current:			
Operational:			
Telephone	390	-	390
Postage and freight	50	-	50
Forms and supplies	1,991	-	1,991
Printing and binding	31	-	31
Professional services	131,680	-	131,680
Salaries and benefits	158,816	-	158,816
Dues and subscriptions	1,585	-	1,585
Rentals	1,210	-	1,210
Insurance	230	-	230
Capital:			
USACE Feasibility Study	-	88,363	88,363
State EIP/UFRR Funded	-	682,822	682,822
Local EIP/UFRR Funded	-	212,941	212,941
Regional Flood Management Planning - State Funded	-	11,570	11,570
ULOP - Local Funded	-	285,460	285,460
Flood Systems Repair Project - State Funded	-	31,629	31,629
Stakeholder Management	-	17,139	17,139
Capital outlay	-	6,077,891	6,077,891
Debt service:			
Principal	-	1,865,000	1,865,000
Interest and fiscal charges	-	3,849,054	3,849,054
<b>Total expenditures</b>	<b>295,983</b>	<b>13,121,869</b>	<b>13,417,852</b>
<b>Net change in fund balances</b>	<b>513,712</b>	<b>(318,681)</b>	<b>195,031</b>
<b>FUND BALANCES:</b>			
Beginning of year	5,205,772	14,745,082	19,950,854
End of year	<u>\$ 5,719,484</u>	<u>\$ 14,426,401</u>	<u>\$ 20,145,885</u>

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, 2021**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 195,031
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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	3,533,489
Transfer of completed projects to maintainance agencies	(315,602,344)

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.

82,457

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	1,865,000
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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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<b>Change in Net Position of Governmental Activities</b>	<b>\$ (309,785,239)</b>
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# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

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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, 2021.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

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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, 2021

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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, 2021

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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, 2021

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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, 2021

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

#### K. *New Pronouncements*

In 2021, the Agency adopted the new accounting standards to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 84, *Fiduciary Activities* - The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. There was no impact on net position as a result of implementation of this statement.
- GASB Statement No. 90, *Majority Equity Interest* - The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government's holding of the equity meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. There was no impact on net position as a result of implementation of this statement.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates* - The objective of this statement is to address the accounting and financial reporting implications that result from the elimination of the London Interbank Offered Rate (LIBOR) that is notably used in most agreements in which variable payments made or received depend on an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. There was no impact on net position as a result of implementation of this statement.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

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

#### K. *New Pronouncements, Continued*

- GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 – The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. There was no impact on net position as a result of implementation of this statement.

### 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	\$ 19,706,144
Cash and investments with fiscal agent	1,417,192
Total cash and investments	<u>\$ 21,123,336</u>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

### 2. CASH AND INVESTMENTS, Continued

Cash and investments held by the Agency at June 30, 2021, consisted of the following:

Deposits with City of Yuba City	\$	19,706,144
Investments		1,417,192
Total cash and investments	\$	<u>21,123,336</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.

#### *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

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

### 2. CASH AND INVESTMENTS, Continued

#### *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	\$ 19,706,144	\$ 19,706,144	\$ -
Held by Bond Trustees:			
Money Market Funds	1,417,192	1,417,192	-
Total	<u>\$ 21,123,336</u>	<u>\$ 21,123,336</u>	<u>\$ -</u>

#### *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	Ratings as of Fiscal Year End			
			AAA	AA	A	Not Rated
Yuba City Cash Pool	\$ 19,706,144	N/A	\$ -	\$ -	\$ -	\$ 19,706,144
Held by Bond Trustees:						
Money Market Funds	1,417,192	N/A	1,417,192	-	-	-
Total	<u>\$ 21,123,336</u>		<u>\$ 1,417,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,706,144</u>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

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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, 2021.

### 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

For the year ended June 30, 2021

### 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Capital assets, not depreciated				
Construction in progress	\$ 323,987,807	\$ 3,533,489	\$(315,602,344)	\$ 11,918,952
Total capital assets, not depreciated	323,987,807	3,533,489	(315,602,344)	11,918,952
Capital assets, net	\$ 323,987,807	\$ 3,533,489	\$(315,602,344)	\$ 11,918,952

### 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, 2021 was \$38,650,000.

The scheduled annual minimum debt service requirements at June 30, 2021 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 655,000	\$ 1,636,363	\$ 2,291,363
2023	680,000	1,606,263	2,286,263
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
2027-2031	6,845,000	6,612,688	13,457,688
2032-2036	9,230,000	4,736,331	13,966,331
2037-2041	11,165,000	2,714,700	13,879,700
2042-2044	7,820,000	477,400	8,297,400
	<u>\$ 38,650,000</u>	<u>\$ 22,386,159</u>	<u>\$ 61,036,159</u>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

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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, 2021 was \$43,250,000.

The scheduled annual minimum debt service requirements at June 30, 2021 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 1,300,000	\$ 1,867,969	\$ 3,167,969
2023	1,365,000	1,801,344	3,166,344
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
2027-2031	6,865,000	6,872,397	13,737,397
2032-2036	7,705,000	5,517,163	13,222,163
2037-2041	9,545,000	3,632,625	13,177,625
2042-2046	11,960,000	1,233,600	13,193,600
	<u>\$ 43,250,000</u>	<u>\$ 25,895,755</u>	<u>\$ 69,145,755</u>

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

### 5. LONG-TERM DEBT, Continued

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

Long-term liability activity for the fiscal year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 83,765,000	\$ -	\$ (1,865,000)	\$ 81,900,000	\$ 1,955,000
Original issue premium	3,459,317	-	(141,128)	3,318,189	-
Governmental activities					
Long-term liabilities	<u>\$ 91,510,611</u>	<u>\$ -</u>	<u>\$ (2,006,128)</u>	<u>\$ 85,218,189</u>	<u>\$ 1,955,000</u>

### 6. COMMITMENTS AND CONTINGENCIES

#### A. *Lawsuits*

The agency is not a defendant in any lawsuits as of June 30, 2021.

#### 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, 2021 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, 2021, 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 April 2021, the Agency entered into a construction contract with Dixon Marine Services, Inc. for work associated with the Live Oak Sediment Removal Project (Contract 01-2021-LO). The total value of this contract was \$317,854. As of June 30, 2021, approximately 1% of the contract work was completed by the Contractor for a value of \$2,551. There have been no approved contract change orders associated with this Project. 100% of the contract work has been completed as of the date of this report, January 2022.

# Sutter Butte Flood Control Agency

## Notes to Basic Financial Statements

For the year ended June 30, 2021

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### 6. COMMITMENTS AND CONTINGENCIES, Continued

#### C. Construction Commitments, Continued

In May 2021, the Agency entered into a construction contract with Dixon Marine Services, Inc. for work associated with the Yuba City Board Ramp Sediment Removal Project (Contract 02-2021-YC). The total value of this contract was \$1,785,704. As of June 30, 2021, approximately 14.6% of the contract work was completed by the Contractor for a value of \$266,407. As of January 2022, contract change orders have approved totaling \$114,573 bringing the total contract value to \$1,900,277.

### 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, 2021, 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 \$62,124 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, 2021**

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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, 2021**

**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	-	-	59,695	59,695
<b>Total revenues</b>	<b>841,351</b>	<b>750,000</b>	<b>809,695</b>	<b>59,695</b>
<b>EXPENDITURES:</b>				
Current:				
Operational:				
Telephone	1,800	1,800	390	1,410
Postage and freight	900	900	50	850
Forms and supplies	4,300	4,300	1,991	2,309
Printing and binding	1,200	1,200	31	1,169
Professional services	604,854	604,854	131,680	473,174
Salaries and benefits	352,710	352,710	158,816	193,894
Dues and subscriptions	500	500	1,585	(1,085)
Rentals	23,100	23,100	1,210	21,890
Insurance	15,918	15,918	230	15,688
<b>Total expenditures</b>	<b>1,005,282</b>	<b>1,005,282</b>	<b>295,983</b>	<b>709,299</b>
<b>Net change in fund balances</b>	<b>(163,931)</b>	<b>(255,282)</b>	<b>513,712</b>	<b>768,994</b>
<b>FUND BALANCES:</b>				
Beginning of year	5,205,772	5,205,772	5,205,772	-
End of year	\$ 5,041,841	\$ 4,950,490	\$ 5,719,484	\$ 768,994

**OTHER SUPPLEMENTARY INFORMATION**

**Sutter Butte Flood Control Agency**  
**Other Supplementary Information**  
**For the year ended June 30, 2021**

**SCHEDULE 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	\$ 15,989,093	\$ 15,989,093	\$ 6,707,666	\$ (9,281,427)
Assessment revenues	5,750,000	5,750,000	5,976,246	226,246
Interest revenues	-	-	117,211	117,211
Other	-	-	2,065	2,065
<b>Total revenues</b>	<b>21,739,093</b>	<b>21,739,093</b>	<b>12,803,188</b>	<b>(8,935,905)</b>
<b>EXPENDITURES:</b>				
Capital:				
USACE Sutter Basin FRM Project	160,200	160,200	88,363	71,837
State EIP Funded	701,274	701,274	682,822	18,452
Local EIP Funded	216,655	216,655	212,941	3,714
Regional Flood Management Planning - State Funded	7,000	7,000	11,570	(4,570)
ULOP - Local Funded	253,756	253,756	285,460	(31,704)
Flood Systems Repair Project - State Funded	88,532	88,532	31,629	56,903
Stakeholder Management	30,000	30,000	17,139	12,861
Capital outlay	6,826,814	6,826,814	6,077,891	748,923
Debt service:				
Principal	1,865,000	1,865,000	1,865,000	-
Interest and fiscal charges	3,642,749	3,642,749	3,849,054	(206,305)
<b>Total expenditures</b>	<b>13,791,980</b>	<b>13,791,980</b>	<b>13,121,869</b>	<b>670,111</b>
<b>Net change in fund balances</b>	<b>7,947,113</b>	<b>7,947,113</b>	<b>(318,681)</b>	<b>(8,265,794)</b>
<b>FUND BALANCES:</b>				
Beginning of year	14,745,082	14,745,082	14,745,082	-
End of year	<u>\$ 22,692,195</u>	<u>\$ 22,692,195</u>	<u>\$ 14,426,401</u>	<u>\$ (8,265,794)</u>