Feather River West Levee Financing Authority

Board of Directors Regular Meeting Agenda – August 12, 2026 1:30 p.m.
City of Yuba City Council Chambers – 1201 Civic Center Blvd., Yuba City
(or upon conclusion of the Sutter Butte Flood Control Board Meeting)

The agenda is posted in the building of the Levee District No. 1 at 243 Second Street, Yuba City. The agenda summary, backup materials, and approved minutes are also posted on the Feather River West Levee Financing Authority website at FRWLFA.org. Materials related to an item on this agenda and submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Levee District 1 office at 243 Second Street, Yuba City, during normal business hours. In compliance with the American with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need, disability related modifications or accommodations to participate in this meeting, please contact the FRWLFA Board Clerk at 530-755-9859 or admin@sutterbutteflood.org. Requests must be made one full business day before the start of the meeting.

Levee District 1	**Levee District 9**	**Sutter County**
Charlie Hoppin	Mike Morris	Jeff Boone
Alt: Al Montna	Alt: Chris Schmidl	Alt: Jeff Stephens

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

AGENDA SUMMARY

SPECIAL MEETING/CALL TO ORDER

- Roll Call
- Pledge of Allegiance

PUBLIC COMMENT

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

CONSENT CALENDAR

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

1. Approval of the minutes from the June 10, 2026 Board Meeting.

PRESENTATION, DISCUSSION & POTENTIAL ACTION ITEMS

2. Receive and File Feather River West Levee Audit covering the Fiscal Year Ending June 30, 2025.

3. Executive Director Report of Activities – (Informational Only)

ADJOURNMENT

The next regularly scheduled Board of Directors meeting is scheduled for September 9, 2026 at 1:30 p.m. and will only be conducted if needed.

Feather River West Levee Financing Authority

Board of Directors Special Meeting Minutes, June 10, 2026, 1:30 p.m.

The Feather River West Levee Financing Authority (Agency) Board of Directors (Board), State of California, met on the above date at 1:30 p.m. at the City of Yuba City Council Chambers - 1201 Civic Center Boulevard, Yuba City, CA.

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

MEMBERS PRESENT

Levee District 1:	Charlie Hoppin
Levee District 9:	Mike Morris

MEMBERS ABSENT:

STAFF PRESENT: Drew Stresser, Executive Director; Michael Bessette, SBFCA Executive Director; Chris Fritz, SBFCA Director of Engineering; Brian Hamilton, SBFCA Counsel; Seth Wurzel, SBFCA Budget Manager; and Terra Yaney, Board Clerk

MEETING/CALL TO ORDER

At 1:30 p.m., Director Charlie Hoppin opened the meeting and led the group in the pledge of allegiance.

PUBLIC COMMENT

No Public Comment

CONSENT CALENDAR

1. **Approval of the minutes from the February 11, 2026 Board Meeting.**

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

- **Charlie Hoppin – yes**
- **Mike Morris - yes**

PRESENTATION, DISCUSSION & ACTION ITEMS

2. **Adoption of Resolution 2026-01 approving the 2026-27 Fiscal Year Assessment District Budget and levy and collection of assessments for the Feather River West Levee Financing Authority Operations and Maintenance Assessment District in Sutter County**

   Budget Manager Seth Wurzel reported that the resolution approves the annual budget of the assessment district including the authorized escalation of the maximum assessment rate for FY 2026-27. The recommendation is to approve the resolution authorizing the levy of assessments which will generate approximately $2.28 million in revenue for FY 2026-27.

A motion to approve Resolution 2026-01 approving the 2026-27 Assessment District Budget and Levy and collection of assessments for FRWLFA was made by Director Mike Morris and seconded by Director Charlie Hoppin. The motion passed with no objection. The motion was approved as follows:

- **Charlie Hoppin – yes**
- **Mike Morris - yes**

3. **Receive and File Feather River West Levee Audit covering the Fiscal Year Ending June 30, 2025.**
   A draft of the Agency's audit is currently under review by the Agency's auditor and has not yet been finalized. Staff will be prepared to present the Audit at the next board meeting.

4. **Executive Director Report of Activities – (Informational Only)**
   No report.

   The entire recording, along with a PowerPoint presentation is available on the FRWLFA website at: http://frwlfa.org/governance/meetings

PUBLIC COMMENT

No public comment

ADJOURNMENT

With no further business coming before the Board, the meeting was adjourned at 1:51 p.m.

ATTEST BY: ____________________________________ ____________________________________

Terra Yaney, Board Clerk **Board Chair**

Feather River West Levee Financing Authority

August 12, 2026

TO: Board of Directors

FROM: Drew Stresser, FRWLFA Executive Director

SUBJECT: Approval of FRWLFA Audit for the Fiscal Year Ending June 30, 2025

Recommendation
Receive and approve the Agency's financial audit and accompanying reports covering the period through June 30, 2025.

Discussion
A draft of the Agency's audit is attached to this staff report for review by Board. Staff will be prepared to present and discuss the Audit at the meeting.

Fiscal Impact
This is informational only. There is no fiscal impact related to the Audit.

Attachments

Feather River West Levee Financing Authority Financial Statements together with Independent Auditor's Report for the Fiscal Year Ended June 30, 2025 prepared by Smith & Newell CPA's dated June 12, 2026

FEATHER RIVER WEST LEVEE FINANCING AUTHORITY,

(A Joint Powers Agency)

FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2025

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FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
(A Joint Powers Agency)
Annual Financial Report
For the Year Ended June 30, 2025

Table of Contents

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INTRODUCTORY SECTION

- **List of Officials**

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FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
(A Joint Powers Agency)
List of Officials
For the Year Ended June 30, 2025

Board of Directors

Mike Ziegenmeyer	Sutter County
Charlie Hoppin	Levee District No. 1
Mike Morris	Levee District No. 9

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FINANCIAL SECTION

- Independent Auditor's Report
- Basic Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Feather River West Levee Financing Authority
Yuba City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Feather River West Levee Financing Authority (Authority), a joint powers agency, California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority as of June 30, 2025, 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

950 THARP ROAD, SUITE 502 YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305 ACCOUNTING@SMITHANDNEWELL.COM

To the Governing Board
Feather River West Levee Financing Authority
Yuba City, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 Governing Board
Feather River West Levee Financing Authority
Yuba City, California

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reported dated June 12, 2026, on our consideration of the Authority's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Smith ~ Newell

Smith & Newell CPAs
Yuba City, California
June 12, 2026

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Basic Financial Statements

- **Government-Wide Financial Statements**

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FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
Statement of Net Position
June 30, 2025

	Total Governmental Activities
ASSETS	
Cash and investments	$ 102,468
Receivables:	
Interest	17,494
Prepaid costs	3,251
Total Assets	123,213
LIABILITIES	
Accounts payable	4,837
Long-term liabilities:	
Due within one year	47,640
Due in more than one year	571,686
Total Liabilities	624,163
NET POSITION	
Unrestricted	(500,950)
Total Net Position	$ (500,950)

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

FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Total Governmental Activities**
Governmental activities:					
Public ways and facilities	$ 2,060,330	$ 2,139,169	$ -	$ -	$ 78,839
Total Governmental Activities	2,060,330	2,139,169	-	-	78,839
Total	$ 2,060,330	$ 2,139,169	$ -	$ -	78,839
General revenues:					
Interest and investment earnings					44,737
Total General Revenues					44,737
Change in Net Position					123,576
Net Position - Beginning					(624,526)
Net Position - Ending					$ (500,950)

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

Basic Financial Statements

- **Fund Financial Statements**

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FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
Balance Sheet
Governmental Fund
June 30, 2025

	General Fund
ASSETS	
Cash and investments	$ 102,468
Receivables:	
Interest	17,494
Prepaid costs	3,251
Total Assets	$ 123,213
LIABILITIES	
Accounts payable	$ 4,837
Total Liabilities	4,837
FUND BALANCE	
Unassigned	118,376
Total Fund Balance	118,376
Total Liabilities and Fund Balance	$ 123,213

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

FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2025

Total Fund Balance - Total Governmental Fund	$ 118,376
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.	
Funding and services agreement	(619,326)
Net Position of Governmental Activities	$ (500,950)

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

FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Fund For the Year Ended June 30, 2025

	General Fund
REVENUES	
Assessments	$ 2,139,169
Use of money	44,737
Total Revenues	2,183,906
EXPENDITURES	
Current:	
Pass through allocations	2,020,370
Public ways and facilities	39,960
Debt service - principal	95,281
Total Expenditures	2,155,611
Net Change in Fund Balance	28,295
Fund Balance - Beginning	90,081
Fund Balance - Ending	$ 118,376

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

FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2025

Net Change in Fund Balance - Total Governmental Fund	$	28,295
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal retirements		95,281
Change in Net Position of Governmental Activities	$	123,576

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

Basic Financial Statements

- **Notes to Basic Financial Statements**

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FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
(A Joint Powers Agency)
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Authority was established in May 2020, by the execution of a Joint Exercise of Powers Agreement between Levee District No. 1, Levee District No. 9, and Sutter County. The primary purpose of this Agreement is to provide for the financing of operation and maintenance of the Feather River West Levee through preparation and creation of a new special benefit assessment district for the purpose of assessing lands within Sutter County that benefit from the levees operated and maintained by Levee District No. 1 and Levee District No. 9.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the Authority. These statements include the financial activities of the overall Authority. These statements report the governmental activities of the Authority, which are normally supported by assessment revenues. The Authority had no business-type activities at June 30, 2025.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the Authority are organized into one fund which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The fund of the Authority is organized into the governmental category and is treated as a major fund.

The Authority reports the following major governmental fund:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the Authority.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Under the accrual basis, revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes and assessments, certain state and federal grants, charges for services, and use of money and property are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Cash and Investments

The Authority pools all cash and investments with the County of Sutter. The Sutter County Treasury is an external investment pool for the Authority and the Authority is considered an involuntary participant. The Authority's share in this pool is displayed in the accompanying financial statements as cash and investments.

E. Assessments

Feather River West Levee Financing Authority (FRWLFA) levees and collects a special benefit assessment to provide funding for the ongoing operations and maintenance of the locally maintained levees within the Sutter Butte Basin.

Once the assessment levy is collected, after the payment of FRWLFA's administrative expenses, the assessments are transferred through the County from the Authority to the local maintaining agencies, Levee District No. 1 and Levee District No. 9.

F. Compensated Absences, Pension, and Other Postemployment Benefits

The Authority has no employees. Therefore, there is no liability for compensated absences, pension, or other postemployment benefits.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. At June 30, 2025, the Authority did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2025, the Authority did not have any deferred inflows of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Estimates

The preparation of basic 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.

I. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, Certain Risk Disclosures. The objective of this statement is to provide users of government financial statements with essential information about its risks related to a government's vulnerabilities due to certain concentrations or constraints.

J. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 103 "Financial Reporting Model Improvements" The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 104 "Disclosure of Certain Capital Assets" The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 105 "Subsequent Events" The requirements of this statement are effective for fiscal years beginning after June 15, 2026. (FY 26/27)

NOTE 2: CASH AND DEPOSITS

A. Financial Statement Presentation

As of June 30, 2025, the Authority's cash consisted of the following:

Cash:	
Deposits with fiscal agents	$ 102,468
Total Cash	$ 102,468

The Authority adheres to Sutter County's investment policy in addressing specific types of risk for cash and investments.

NOTE 2: CASH AND DEPOSITS (CONTINUED)

B. Investments

The Joint Powers Agreement allows the Authority to invest in the Treasury. At June 30, 2025, all investments of the Authority were in the County of Sutter investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

U.S. Treasury Notes, Bonds, Bills
U.S. Government Agencies
Medium-Term Notes
Commercial Paper of Prime Quality
Negotiable Certificates of Deposit
Local Agency Investment Fund (LAIF)
California Asset Management Program (CAMP)
Investment Trust of California (CalTrust)
Bankers' Acceptances
Repurchase Agreements
Certificates of Deposit
Money Market Mutual Funds
State or Local Agency Obligations

Fair Value of Investments - The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs

The Authority's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the Authority's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2025, the Authority had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level				
None	$ -	$ -	$ -	$ -
Total Investments Measured at Fair Value	-	$ -	$ -	$ -
Investments in External Investment Pool				
Sutter County Treasurer's Pool	102,468			
Total Investments	$ 102,468			

NOTE 2: CASH AND DEPOSITS (CONTINUED)

B. Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2025, the Authority's investments were all held in the County of Sutter investment pool, which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. As of June 30, 2025, all investments of the District were in the Sutter County investment pool which contains a diversification of investments.

C. Investments in External Pool

The Sutter County Pooled Investment Fund (the Pool) is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Sutter County Pooled Investment Fund are regarded as highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Sutter's financial statements may be obtained by contacting the County of Sutter Auditor-Controller's office at 1160 Civic Center Blvd., Suite D, Yuba City, CA 95993.

NOTE 3: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

Type of Indebtedness	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Amounts Due Within One Year
Governmental Activities					
Funding and services agreement	$ 714,607	($ 95,281)	$ -	$ 619,326	$ 47,640
Total Governmental Activities	$ 714,607	($ 95,281)	$ -	$ 619,326	$ 47,640

Individual issues of debt payable outstanding at June 30, 2025, are as follows:

Governmental Activities

Funding and Services Agreement:

In June 2020, the Feather River West Levee Financing Authority (FRWLFA) entered into a funding and services agreement with Sutter Butte Flood Control Agency (SBFCA) whereby SBFCA agreed to provide services to advance the formation of an assessment district to provide funding for the long-term operations and maintenance of the locally maintained levees within the Sutter Butte Basin. SBFCA agreed to cover the costs of these services and, FRWLFA agreed to reimburse SBFCA for these costs if FRWLFA was successful forming the assessment district, subsequent to the successful formation of the assessment district in June 2022. In October 2022, FRWLFA and SBFCA amended the services agreement to define the repayment provisions of the services provided by SBFCA. The total cost of the services was to be limited to $750,000 and would be repaid in 15 equal installments commencing after June 2024 once a final accounting of the actual costs incurred was provided by SBFCA to FRWLFA. On August 20, 2024, SBFCA informed FRWLFA that the final cost of the services was $714,606.88 and that the equal installment payments due to SBFCA would be $47,640.46 with the first payment due on September 18, 2024, and each June thereafter until June 2038. $ 619,326

Total Funding and Services Agreement	619,326
Total Governmental Activities	$ 619,326

Following is a schedule of debt payment requirements to maturity for long-term debt.

Governmental Activities

Year Ended June 30	Loans from Direct Borrowings: Principal	Interest	Total
2026	$ 47,640	$ -	$ 47,640
2027	47,640	-	47,640
2028	47,640	-	47,640
2029	47,640	-	47,640
2030	47,640	-	47,640
2031-2035	238,200	-	238,200
2036-2038	142,926	-	142,926
Total	$ 619,326	$ -	$ 619,326

NOTE 4: NET POSITION

The government-wide fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- **Unassigned fund balance** – the residual classification for the Authority's General fund that includes all amounts not contained in the other classifications.

The fund balance for the governmental fund as of June 30, 2025, was distributed as follows:

	General Fund
Unassigned	$ 118,376
Total	$ 118,376

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 5: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases coverage from a commercial carrier.

NOTE 6: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2025, through June 12, 2026, the date on which the financial statements were available for issuance. Management has determined no subsequent events, except for the item above, requiring disclosure have occurred.

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Required Supplementary Information
(Unaudited)

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FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Assessments	$ 2,125,900	$ 2,125,900	$ 2,139,169	$ 13,269
Use of money	-	-	44,737	44,737
Total Revenues	2,125,900	2,125,900	2,183,906	58,006
EXPENDITURES				
Current public ways and facilities:				
Pass through allocations	2,125,900	2,125,900	2,020,370	105,530
Public ways and facilities	-	-	39,960	(39,960)
Debt service - principal	99,980	99,980	95,281	4,699
Total Expenditures	2,225,880	2,225,880	2,155,611	70,269
Net Change in Fund Balances	(99,980)	(99,980)	28,295	128,275
Fund Balances - Beginning	90,081	90,081	90,081	-
Fund Balances - Ending	$ (9,899)	$ (9,899)	$ 118,376	$ 128,275

FEATHER RIVER WEST LEVEE FINANCING AUTHORITY
(A Joint Powers Agency)
Required Supplementary Information
Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2025

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The Authority presents a comparison of annual budget to actual results for the General fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the Authority in establishing the budgetary data reflected in the financial statements:

(1) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.

(2) Prior to July 1, the budget is adopted through the passage of a resolution.

(3) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations to the Authority. The Board may amend the budget by motion during the fiscal year.

The Authority does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

OTHER REPORT

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

To the Governing Board
Feather River West Levee Financing Authority
Yuba City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Feather River West Levee Financing Authority (Authority), California as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 12, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

950 THARP ROAD, SUITE 502 YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305 ACCOUNTING@SMITHANDNEWELL.COM

To the Governing Board
Feather River West Levee Financing Authority
Yuba City, California

Report on Compliance and Other Matters

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

Purpose of this Report

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

Smith & Newell

Smith & Newell CPAs
Yuba City, California
June 12, 2026