

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

LIST OF DIRECTORS	i
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	6
STATEMENTS OF ACTIVITIES	7
BALANCE SHEETS – GOVERNMENTAL FUND	8
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION	9
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES	11
NOTES TO BASIC FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – JUNE 30, 2023	17
BUDGETARY COMPARISON SCHEDULE – JUNE 30, 2022	18
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	19
OTHER REPORT	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	21
SCHEDULE OF FINDINGS	23

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
LIST OF DIRECTORS
YEAR ENDED JUNE 30, 2023**

NAME	AGENCY	POSITION
Janet Goodson	City of Oroville	Director
Bill Connelly	County of Butte	Director
Bruce Wristen	Thermalito Water & Sewer District	Director
William Bynum	Domestic User	Director
Kyle Daley	Agricultural User	Director
Eric Smith	City of Oroville	Alternate
Tod Kimmelshue	County of Butte	Alternate
Scott Koch	Thermalito Water & Sewer District	Alternate
Rick Wulbern	Domestic User	Alternate
Derek Cressman	Agricultural User	Alternate



INDEPENDENT AUDITORS' REPORT

Board of Directors
Wyandotte Creek Groundwater Sustainability Agency
Oroville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Wyandotte Creek Groundwater Sustainability Agency, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Wyandotte Creek Groundwater Sustainability Agency'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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Wyandotte Creek Groundwater Sustainability Agency, as of June 30, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wyandotte Creek Groundwater Sustainability Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Wyandotte Creek Groundwater Sustainability Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Wyandotte Creek Groundwater Sustainability Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wyandotte Creek Groundwater Sustainability Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 GAAS, 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 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 list of directors but does not include the basic financial statements and our auditors' 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 report dated May 17, 2024, on our consideration of the Wyandotte Creek Groundwater Sustainability Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Wyandotte Creek Groundwater Sustainability Agency'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 Wyandotte Creek Groundwater Sustainability Agency's internal control over financial reporting and compliance.

Board of Directors
Wyandotte Creek Groundwater Sustainability Agency

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
May 17, 2024

BASIC FINANCIAL STATEMENTS

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and Investments	\$ 16,857	\$ 19,463
Due from other Governments	5,000	-
Total Assets	21,857	19,463
LIABILITIES		
Accounts Payable	1,145	2,231
Total Liabilities	1,145	2,231
NET POSITION		
Unrestricted	20,712	17,232
Total Net Position	\$ 20,712	\$ 17,232

See accompanying Notes to Basic Financial Statements.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
EXPENSES		
Public Protection	\$ 11,852	\$ 12,708
Total Expenses	11,852	12,708
PROGRAM REVENUES		
Donations/Contributions	15,000	15,000
Net Program Revenues (Expenses)	3,148	2,292
GENERAL REVENUES		
Interest Income	332	70
Total General Revenues	332	70
CHANGE IN NET POSITION	3,480	2,362
Net Position - Beginning of the Year	17,232	14,870
NET POSITION - END OF YEAR	\$ 20,712	\$ 17,232

See accompanying Notes to Basic Financial Statements.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
BALANCE SHEETS – GOVERNMENTAL FUND
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and Investments	\$ 16,857	\$ 19,463
Due from other Governments	5,000	-
Total Assets	\$ 21,857	\$ 19,463
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 1,145	\$ 2,231
Total Liabilities	1,145	2,231
Deferred Inflows of Resources:		
Unavailable Revenue	5,000	-
Fund Balance:		
Unassigned	15,712	17,232
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,857	\$ 19,463

See accompanying Notes to Basic Financial Statements.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE GOVERNMENT-WIDE STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
Total Fund Balances - Governmental Funds	\$ 15,712	\$ 17,232
Unavailable revenue reported in the governmental fund was recorded as revenue in the statement of activities.	5,000	-
Net Position of Governmental Activities	\$ 20,712	\$ 17,232

See accompanying Notes to Basic Financial Statements.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUND
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
REVENUES		
Donations/Contributions	\$ 10,000	\$ 15,000
Interest Income	332	70
Total Revenues	10,332	15,070
EXPENDITURES		
Insurance	1,764	1,789
Office Expense	240	240
Professional Services	9,848	10,679
Total Expenditures	11,852	12,708
CHANGE IN FUND BALANCE	(1,520)	2,362
Fund Balance - Beginning of the Year	17,232	14,870
FUND BALANCE - END OF YEAR	\$ 15,712	\$ 17,232

See accompanying Notes to Basic Financial Statements.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
Net Change in Fund Balances - Governmental Funds	\$ (1,520)	\$ 2,362
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	5,000	-
Change in Net Position of Governmental Activities	\$ 3,480	\$ 2,362

See accompanying Notes to Basic Financial Statements.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Wyandotte Creek Groundwater Sustainability Agency was created in 2017 in response to the Sustainability Groundwater Management Act. Its responsibilities include sustainably managing groundwater resources in a portion of the Wyandotte Creek Subbasin, a portion of the larger Sacramento Valley Groundwater Basin covering approximately 59,382 acres. The subbasin is located entirely within Butte County and is generally bounded on the north and west by the Feather River, on the south by the Butte-Yuba county line and on the east by the edge of the alluvial basin.

The state of California under the Sustainable Groundwater Management Act (SGMA) law requires all lands within a high or medium priority designated groundwater basin to be covered by a Groundwater Sustainability Plan developed by Groundwater Sustainability Agencies that must be completed by January 31, 2022, in noncritically over-drafted basins. These plans will require steps to achieve and maintain sustainability of groundwater conditions for all parts of the basins throughout California, and will potentially require data collection and management actions such as requiring meters, reporting of groundwater use, and a plan to recharge depleted aquifers.

A Joint Exercise of Powers Agreement establishes the Wyandotte Creek Groundwater Sustainability Agency for the purpose of forming a Groundwater Sustainability Agency and achieving groundwater sustainability in a portion of the Wyandotte Creek Groundwater Subbasin.

Wyandotte Creek Groundwater Agency Member Agencies include:

- City of Oroville
- County of Butte
- Thermalito Water & Sewer District

The basic financial statements present information on the financial activities of the Agency. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation and Accounting

Government-Wide Statements

The statements of net position and statements of activities display information about the primary government (the Agency). These statements include the financial activities of the overall Agency.

The statement of activities demonstrates the degree to which program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include Agency contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include intergovernmental revenues. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund Financial Statements

The Agency is engaged in a single-governmental activity and has only a general fund. The governmental fund financial statements 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 (susceptible to accrual). Revenues are accrued when their receipt occurs within 60 days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred.

C. Fund Balances – Governmental Fund Financial Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.
- Restricted fund balance – amounts with constraints placed on their use by those external to the Agency, including creditors, grantors, contributors, or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Balances – Governmental Fund Financial Statements (Continued)

- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the Agency’s highest level of decision-making authority and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the Agency’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designed for that purpose.
- Unassigned fund balance – the residual classification that includes amounts not contained in the other classifications.

The Agency’s governing board establishes, modifies, or rescinds fund balance commitments and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, it is the Agency’s policy to use restricted resources first, followed by unrestricted committed, assigned, and unassigned resources as they are needed.

D. Deferred Inflows of Resources

The Agency has one item, unavailable revenue, which qualifies for reporting in this category. The item, *unavailable revenue*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: agency contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

E. Use of 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.

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2023 and 2022, consisted of the following:

	2023	2022
Cash in County Treasury	\$ 16,857	\$ 19,463

The Agency maintains all of its cash and investments in the County of Butte’s pooled cash and investments. On a quarterly basis, the County of Butte allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County of Butte’s financial statements. The County of Butte’s financial statements may be obtained by contacting the County of Butte’s Auditor-Controller’s Office at 25 County Center Drive, Suite 120, Oroville, CA 95965.

GASB Statement No. 40 requires additional disclosures about a government’s deposits and investment risks that include credit risk, custodial risk, concentration risk, and interest rate risk. The Agency has established no separate deposit or investment risk policies, as it only participates in the County of Butte’s pooled cash and investments.

Investments held in the County’s investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

NOTE 3 RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions and natural disasters. The Agency purchases commercial liability insurance.

NOTE 4 SUBSEQUENT EVENT

In July 2023, The Agency approved a resolution to allow for the placement of special assessments on the Butte County secured property tax roll for fiscal year 2023/24 to achieve compliance with the Sustainability Groundwater Management Act of 2014. The Agency established an operating budget projecting \$246 thousand of special assessment revenue for fiscal year 2023/24.

REQUIRED SUPPLEMENTARY INFORMATION

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES				
Agency Contributions	\$ 15,000	\$ 15,000	\$ 10,000	\$ (5,000)
Interest Revenue	59	59	332	273
Total Revenues	<u>15,059</u>	<u>15,059</u>	<u>10,332</u>	<u>(4,727)</u>
EXPENDITURES				
Insurance	1,789	1,789	1,764	25
Office Expense	240	240	240	-
Professional Services	10,000	10,000	9,848	152
Contingency	530	530	-	530
Specialized Sup/Svc	2,500	2,500	-	2,500
Total Expenditures	<u>15,059</u>	<u>15,059</u>	<u>11,852</u>	<u>3,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>\$ -</u>	<u>\$ -</u>	(1,520)	<u>\$ (1,520)</u>
Fund Balance - Beginning of the Year			<u>17,232</u>	
FUND BALANCE - END OF YEAR			<u>\$ 15,712</u>	

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES				
Agency Contributions	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Interest Revenue	179	179	70	(109)
Total Revenues	<u>15,179</u>	<u>15,179</u>	<u>15,070</u>	<u>(109)</u>
EXPENDITURES				
Insurance	1,789	1,789	1,789	-
Office Expense	360	360	240	120
Professional Services	10,000	10,000	10,679	(679)
Contingency	530	530	-	530
Specialized Sup/Svc	2,500	2,500	-	2,500
Total Expenditures	<u>15,179</u>	<u>15,179</u>	<u>12,708</u>	<u>2,471</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>\$ -</u>	<u>\$ -</u>	2,362	<u>\$ 2,362</u>
Fund Balance - Beginning of the Year			<u>14,870</u>	
FUND BALANCE - END OF YEAR			<u>\$ 17,232</u>	

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2022 AND 2023**

NOTE 1 BUDGET AND BUDGETARY REPORTING

The Agency prepares and legally adopts a final budget on or before June 30 of each fiscal year. The Agency operation, commencing July 1, is governed by the proposed budget, adopted by the Board of Directors in June of the prior year.

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Agency resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Agency.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchased commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level. Object category levels of expenditures are as follows: salaries and benefits, services and supplies, and other charges.

OTHER REPORT



**INDEPENDENT AUDITORS' 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***

Board of Directors
Wyandotte Creek Groundwater Sustainability Agency
Oroville, 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 the Wyandotte Creek Groundwater Sustainability Agency (Agency) of the County of Butte (County) for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free of 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*.

Wyandotte Creek Groundwater Sustainability Agency’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Wyandotte Creek Groundwater Sustainability Agency’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Wyandotte Creek Groundwater Sustainability Agency’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Agency’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.



CliftonLarsonAllen LLP

Roseville, California
May 17, 2024

**WYANDOTTE CREEK
GROUNDWATER SUSTAINABILITY AGENCY
SCHEDULE OF FINDINGS
YEARS ENDED JUNE 30, 2023 AND 2022**

2023-001 Year-End Cutoff

Type of Finding: Material Weakness in Internal Control over Financial Reporting.

Condition: The Agency did not properly accrue for a contribution which was formally budgeted and approved for the year ended June 30, 2023.

In addition, the Agency did not properly accrue for payments made for professional services which were performed prior to the years ended June 30, 2022 and 2023.

Criteria or specific requirement: Under generally accepted accounting principles, revenue should be recognized when realized, unearned and available, and expenditures for goods and services should be recorded in the correct period regardless of when the payment is made.

Effect: An audit adjustment of \$5,000 increasing both due from other governments and unavailable revenue in the fund statements was made for fiscal year ended June 30, 2023.

Audit adjustments of \$858 and \$1,145 increasing accounts payable and professional services expense/expenditures were made for fiscal years ended June 30, 2022 and 2023, respectively.

Cause: The Agency did not consider any outstanding contributions from members at June 30 or payments to vendors subsequent to year-end when reviewing cut-off for the year-end close.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the Agency implement additional year-end closing procedures to identify revenues and expenses recorded in the wrong accounting period.

Views of responsible officials and planned corrective actions: The Agency agrees with the finding and the proposed adjusting journal entries. In future years, the Agency will implement new accounting procedures to identify expenditures recorded in the wrong accounting period.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.