

Requested Action:

Reservoir Committee and Authority Board consider approval of the 2023 Financial Auditor's Report which includes a Federal Single Audit.

Detailed Description/Background:

The Authority is required under the Joint Powers Agreement to have an annual audit performed. Fechter and Company, CPA (Fechter) continues to be the Authority's auditor and has concluded an examination of the Authority's 2023 financial information and Authority information required for a federal Single Audit.

The 2023 Financial Audit of the Authority's financial statement found that all information was presented in a manner that fairly, in all material respects, represents the Authority's financial position as of December 31, 2023. A supplementary analysis is required due to the receipt of federal funding, typically referred to as a single audit. This is the fourth-year that included a federal Single Audit. The previous three years of single audits did not identify any deficiencies but this year one significant deficiency was identified. Training and process improvements are recommended for strengthening internal controls related to the Schedule of Expenditures of Federal Awards (SEFA) identified in the 2023 report. All other aspects of the single audit were sufficient which is notable because under Uniform Guidance, increased audit standards were put in place to achieve a higher degree of accountability over all federal expenditures. This year's single audit incurred substantial more staff and auditor effort than past years..

Regarding the specific issue cited in the Authority's 2023 single audit, the issue relates strictly to how expenditures were reported. The audit did not identify any inappropriate, unnecessary, or non-compliant expenditures of federal funds. As stated in the Management's Response to the finding, the core issue is staff did not understand the requirements that expenditures included in the SEFA are to be provided on an accrual basis. Staff's initial SEFA was submitted based on a cash basis rather than the required accrual basis of accounting. Staff will document in its internal SEFA procedure the appropriate federal CFR 500 sections for SEFAs to ensure such sections and requirements are met in future SEFA submittals. In addition to SEFA procedures update, the recommended training

will occur before the end of FY24 to avoid this recurring in the December 31, 2024 audit report.

The credit reimbursement liability did not change from \$9,039,559 in 2022 to \$9,039,559 in 2023. As a reminder, the Board has adopted a Sites Reservoir Project, Phase 1 and 2, Funding and Credit Reimbursement Policy (Policy). The Policy identifies eligible prior cash contributions (Contribution Credit) made by Participants who have either partially or fully reduced their participation level. Contribution Credit will be considered for refunding at a future date, subject to conditions specified in the Policy. Please refer to Agenda Item 3.1 of this meet's agenda for a discussion of the plans for addressing the remaining credit balance liability.

The Budget & Finance Committee reviewed and accepted the audit results at their September 13, 2024 meeting. The auditor will present at the Board meeting and be prepared to respond to any questions.

Prior Action:

July 2023: Approved the 2022 annual financial audit that included a federal Single Audit.

Fiscal Impact/Funding Source:

The 2023 financial audit budget was included in the Amendment 3 Work Plan.

Staff Contact:

Joe Trapasso

Attachments:

Attachment A – Sites Project Authority Annual Financial Report 2023

Attachment B – Sites Project Authority Management Report 2023

Attachment C - Sites Project Authority Management Representation Letter 2023

**SITES PROJECT AUTHORITY
ANNUAL FINANCIAL REPORT
With
Independent Auditor's Report Thereon**

DECEMBER 31, 2023

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SITES PROJECT AUTHORITY

Annual Financial Report
December 31, 2023

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SITES PROJECT AUTHORITY

Organization of Authority and List of Board of Directors
December 31, 2023

Sites Project Authority (the Authority) was established on August 26, 2010, when seven regional entities, including several local water agencies and Counties, executed the Joint Exercise of Power Agreement. The primary purpose of the Authority, as stated in the agreement, is to pursue the development and construction of the Sites Reservoir Project, which has long been viewed as an ideal location for additional off stream storage to provide direct and real benefits to instream flows, the Delta ecosystem, and water supply. In keeping their commitment to move the project forward on behalf of the region, the Authority has spent the last twelve years working towards this goal by engaging the public, various stakeholders, state and federal agencies, and landowners, initiating the required environmental planning process, and conducting feasibility studies, among other efforts.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Member Represented</u>
Fritz Durst	Chair	Reclamation District 108
Jeff Sutton	Vice Chair	Tehama-Colusa Canal Authority
Gary Evans	Member	County of Colusa
Thomas Arnold	Member	County of Glenn
Logan Dennis	Member	Glenn-Colusa Irrigation District
Gray Allen	Member	Placer County Water Agency
Doug Parker	Member	Westside Water District
Joe Marsh	Member	Colusa County Water District
Kerry Schmitz	Member	Sacramento County Water Agency
Greg Johnson	Associate Member - Non-Voting	Western Canal Water District
Don Bader	Cost-Share Partner - Non-Voting	U.S. Bureau of Reclamation
Rob Cooke	Ex-Officio - Non-Voting	CA Department of Water Resources

Board of Directors
Sites Project Authority
Maxwell, California

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sites Project Authority
Maxwell, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sites Project Authority (the Authority), as of and for the year ended December 31, 2023, 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 financial position of the Authority as of December 31, 2023, and the respective changes in financial position for the year then ended in conformity 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-9 and 22-24 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

Board of Directors
Sites Project Authority
Maxwell, California

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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **July 14, 2023**, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Fechter & Company
Certified Public Accountants

Sacramento, California
July 14, 2023

SITES PROJECT AUTHORITY

Management's Discussion and Analysis December 31, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Sites Project Authority (the Authority) provides an introduction to the financial statements of the Authority for the year ended December 31, 2023, and a comparison to the prior audited financial statements for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The Authority's assets exceed liabilities by \$18,948,234 as of December 31, 2023.
- The Authority's expenditures exceeded revenues by \$2,290,571 for the year ending December 31, 2023. The Authority's largest expense was for professional services, accounting for 98% of total expenses for the year ending December 31, 2023.

Required Financial Statements

This annual report consists of a series of financial statements. The *Statement of Net Position* and the *Statement of Activities* provide information about the activities and performance of the Authority using accounting methods similar to those used by private sector companies.

The *Statement of Net Position* includes all of the Authority's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority. All of the current period's revenue and expenses are accounted for in the *Statement of Activities*. This statement measures the success of the Authority's operations over the past year and can be used to determine if the Authority has successfully recovered all of its costs through its revenues. This statement can also be used to evaluate profitability and credit worthiness.

More detailed information about the Authority's most significant funds, not the Authority as a whole, is provided in the fund financial statements. Funds are accounting devices the Authority uses to keep track of specific sources of funding and spending on particular programs. The *Balance Sheet* for governmental funds presents financial information by fund types showing money left at year-end available for spending. The *Statement of Revenues, Expenditures, and Changes in Fund Balances* for all governmental fund types focuses on how money flows into and out of the various funds.

Financial Analysis of the Authority

One of the most important questions asked about the Authority finances is, "Is the Authority better off or worse off as a result of this year's activities?" The *Statement of Net Position* and the *Statement of Activities* report information about the Authority in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when the cash is received or paid.

SITES PROJECT AUTHORITY

Management's Discussion and Analysis December 31, 2023

These two statements report the Authority's net assets and changes in them. You can think of the Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State regulations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Statement of Net Position

As discussed earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$18,948,234 and \$21,238,805 as of December 31, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets			
Cash and investments	\$ 26,432,571	\$ 24,276,372	\$ 2,156,199
Other current assets	4,692,415	9,041,717	(4,349,302)
Total Assets	<u>31,124,986</u>	<u>33,318,089</u>	<u>(2,193,103)</u>
Liabilities			
Current liabilities	<u>12,176,752</u>	<u>12,079,284</u>	<u>97,468</u>
Total Liabilities	<u>12,176,752</u>	<u>12,079,284</u>	<u>97,468</u>
Net Position			
Unrestricted	<u>18,948,234</u>	<u>21,238,805</u>	<u>(2,290,571)</u>
Total Net Position	<u>\$ 18,948,234</u>	<u>\$ 21,238,805</u>	<u>\$ (2,290,571)</u>

The largest portion, 85% of the Authority's assets, was cash and investments as of December 31, 2023.

Current assets decreased from \$33,318,089 as of December 31, 2022, to \$31,124,986 as of December 31, 2023, due primarily to a decrease in accounts receivable.

At the end of fiscal years 2023 and 2022, the Authority showed a positive balance in its unrestricted net position of \$18,948,234 and \$21,238,805, respectively.

SITES PROJECT AUTHORITY

Management's Discussion and Analysis December 31, 2023

Statement of Activities

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General Revenues			
Membership Admin/Authority	\$ 455,000	\$ 505,000	\$ (50,000)
Membership - Water	16,450,300	17,850,300	(1,400,000)
Grant revenue	22,692,297	14,799,296	7,893,001
Interest revenue	660,342	131,608	528,734
Other revenue	-	-	-
Total Revenues	<u>40,257,939</u>	<u>33,286,204</u>	<u>6,971,735</u>
Expenses			
Authority/Admin	327,128	531,854	(204,726)
Reservoir	42,221,382	24,402,251	17,819,131
Total Expenses	<u>42,548,510</u>	<u>24,934,105</u>	<u>17,614,405</u>
Change in Net Position	<u>\$ (2,290,571)</u>	<u>\$ 8,352,099</u>	<u>\$ (10,642,670)</u>

The *Statement of Activities* shows how the Authority's net position changed during the periods. In the case of the Authority, net position decreased by \$2,290,571 for the year ending December 31, 2023, and increased by \$8,352,099 for the year ending December 31, 2022, respectively.

A closer examination of the sources of changes in net position reveals that:

Total revenue increased by \$6,971,735 from the year ending December 31, 2022 to the year ending December 31, 2023, due primarily to the receipt of additional Federal funds from the Infrastructure Investment and Jobs Act and the Water Infrastructure Improvement for the Nation Act.

Total expenses increased by \$17,614,405 from the year ending December 31, 2022, to the year ending December 31, 2023, to match the Authority's scope of work in 2023. Authority/Admin expenses comprised 0.77% and 2.13% of total expenses for the years ending December 31, 2023 and 2022, respectively. Reservoir expenses comprised 99.23% and 97.87% of total expenses for the years ending December 31, 2023 and 2022, respectively.

General Fund Budgetary Highlights

The Authority's total budget for the General Fund for the year ended December 31, 2022, showed excess revenues over expenditures of \$41,896 compared to the actual amount of \$142,804.

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues	\$ 469,932	\$ 455,000	\$ 14,932
Operating Expenses	327,128	413,104	(85,976)
Net Increase	<u>\$ 142,804</u>	<u>\$ 41,896</u>	<u>\$ 100,908</u>

SITES PROJECT AUTHORITY

Management's Discussion and Analysis
December 31, 2023

Conditions Affecting Current Financial Position

The Authority continues to plan and expand project activities to build the large water infrastructure project. Expanding activities results in a continuation of increases to the annual financial budgets.

The California Water Commission's (CWC) Early Funding Agreement (EFA) with the Authority was approved mid-2019 for the maximum amount payable by the State to not exceed \$40,818,884 for activities reasonably related to the completion of environmental documentation and permitting. In 2021, the Authority processed and received State payments of \$11,486,720 towards the not to exceed amount for eligible activities. In February of 2021, the CWC increased the Maximum Conditional Eligibility Determination to consider inflation. This did not impact the eligible EFA amount. In December of 2021, the CWC determined the Sites Reservoir Project to be feasible and remained eligible for continued funding under the Water Storage Investment Program (WSIP). In May of 2023, the CWC increased the eligible funding an additional \$2.9 million and continued the funding under the WSIP. The EFA funds were fully expended in early 2024. A California Water Commission EFA closeout report was prepared and approved by the CWC in May 2024.

A Federal Financial Assistance Agreement (FAA) with the Authority Pursuant to the Water Infrastructure Improvements for the Nation (WIIN) Act was approved in August 2020 for a maximum amount payable by the Federal Government to not exceed \$3,000,000 for activities to advance work on the Environmental Impact Statement (EIS) and Environmental Impact Report (EIR) for the Project and obtain various permits and regulatory authorizations before beginning project construction for the Sites Reservoir Project. In 2021, the Authority processed and received Federal payments of \$2,341,908 towards the not to exceed amount for eligible activities. In November of 2021, an amendment to this FAA was executed, increasing the not to exceed amount payable by the Federal Government by \$3,554,922 from \$3,000,000 to \$6,554,922. In 2022, the Federal award funds were exhausted for the activities outlined in the first FAA. A second Federal award was issued in September of 2022 for an additional \$6.9 million. In May of 2023, the second Federal award was fully exhausted as work activities continued to progress on the project. In March of 2024, both the first and second Federal awards were verified in compliance and approved for closeout. A third Federal award was processed and awarded in September 2023 for \$30 million to continue WIIN funding for the Sites Project. In 2023, the Authority processed and received Federal payments totaling \$16,253,095 under the second and third Federal awards.

The current phase of the project is anticipated to be completed by December 31, 2025, and is funded through a Participants' cash call and federal dollars from the third FAA.

Future Plans for the Sites Reservoir Project

The Authority has developed a detailed work plan and financing plan for the remainder of Phase 2 through December 31, 2025.

As an ongoing part of the FAA funding process, the Authority will continue to prepare and submit Federal Financial Reports for Federal payments on a semiannual basis. The Authority is scheduled to pursue a fourth FAA award during late 2025 for additional WIIN funding. Further, the Sites Project Authority applied for an US Environmental Protection Agency (US EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan for a Sites Project loan up to 49% of eligible planning and construction

SITES PROJECT AUTHORITY

Management's Discussion and Analysis
December 31, 2023

cost which is currently estimated to be approximately \$2.2 billion. The application was accepted and a Master Agreement for a \$2.2 billion Sites Project loan is under negotiation.

The remainder of Phase 2 will include key activities such as obtaining key environmental permits and initiating secondary permits for construction and operations, securing a water right Order and Permit from the State Water Resources Control Board, procuring a Construction Manager at Risk, completing processes to finalize the WIFIA Project Loan, finalizing the initial Project Operations Plan, completing further engineering designs to receive required permits and approvals, executing the Benefits and Obligations Contracts with Sites Project Participants, and executing funding agreements with the State and Bureau of Reclamation.

Requests for Information

This financial report is designed to provide the Authority's funding sources, customers, stakeholders, and other interested parties with an overview of the Authority's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Authority's Treasurer at P.O. Box 517, Maxwell, California 95955 or view the website of the Authority at www.sitesproject.org.

**SITES PROJECT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Assets	
Cash and investments	\$ 26,432,571
Grants receivable	4,664,143
Prepaid expenses	<u>28,272</u>
Total Assets	31,124,986
Liabilities	
Accounts payable	3,137,193
Participant reimbursement policy	<u>9,039,559</u>
Total Liabilities	12,176,752
Net Position	
Unrestricted	<u>18,948,234</u>
Total Net Position	<u><u>\$ 18,948,234</u></u>

The accompanying notes are an integral part of these financial statements.

**SITES PROJECT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
DECEMBER 31, 2023**

Governmental Activities

Expenses:

Authority/Admin	\$ 327,128
Reservoir	42,221,382
	42,548,510
Total expenses	42,548,510

General Revenues:

Membership Admin/Authority	455,000
Membership Water	16,450,300
Grant revenue	22,692,297
Interest revenue	660,342
	40,257,939
Total general revenues	40,257,939
Change in net position	(2,290,571)
Net position, beginning of fiscal year	21,238,805
	21,238,805
Net position, end of fiscal year	\$ 18,948,234

The accompanying notes are an integral part of these financial statements.

**SITES PROJECT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
DECEMBER 31, 2023**

	General Fund - Authority	Special Revenue - Reservoir	Total
Assets			
Cash and investments	\$ 633,823	\$ 25,798,748	\$ 26,432,571
Grants receivable	-	4,664,143	4,664,143
Prepaid expenses	28,272	-	28,272
Total Assets	\$ 662,095	\$ 30,462,891	\$ 31,124,986
Liabilities			
Accounts payable	\$ 19,443	\$ 3,117,750	\$ 3,137,193
Participant reimbursement policy	-	9,039,559	9,039,559
Total liabilities	19,443	12,157,309	12,176,752
Fund balances			
Fund balance:			
Assigned to development of the reservoir	-	18,305,582	18,305,582
Unassigned	642,652	-	642,652
Total fund balances	642,652	18,305,582	18,948,234
Total Liabilities and Fund Balances	\$ 662,095	\$ 30,462,891	\$ 31,124,986

The accompanying notes are an integral part of these financial statements.

SITES PROJECT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
DECEMBER 31, 2023

	General Fund	Special Revenue - Reservoir Fund	Total
Revenues			
Membership Admin/Authority	\$ 455,000	\$ -	\$ 455,000
Membership Water	-	16,450,300	16,450,300
Grant revenue	-	22,692,297	22,692,297
Interest revenue	14,932	645,410	660,342
	<hr/>	<hr/>	<hr/>
Total revenues	469,932	39,788,007	40,257,939
Expenditures			
Accounting services	36,715	-	36,715
Audit fees	19,840	-	19,840
Administrative support	-	314,162	314,162
Insurance	1,263	-	1,263
Office expenses	12,474	104,860	117,334
Rent expense	49,800	49,500	99,300
Dues and subscriptions	19,724	4,931	24,655
Professional fees	181,371	41,561,988	41,743,359
Trial court costs	-	180,000	180,000
Website, computer support	5,941	5,941	11,882
	<hr/>	<hr/>	<hr/>
Total expenditures	327,128	42,221,382	42,548,510
Net changes in fund balances	142,804	(2,433,375)	(2,290,571)
Fund balances, beginning of year	499,848	20,738,957	21,238,805
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 642,652</u>	<u>\$ 18,305,582</u>	<u>\$ 18,948,234</u>

The accompanying notes are an integral part of these financial statements.

SITES PROJECT AUTHORITY

Notes to the Financial Statements
December 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Sites Project Authority (the Authority) was established as an independent special agency in August of 2010 under the Joint Exercise of Powers Act, California Government Code, Section 6500.

As of December 31, 2023, 11 public entities, filling 9 Board seats with 2 government agencies serving ex-officio positions and 2 Associate Members, were approved members of the Authority as follows:

Reclamation District 108	Westside Water District
Placer County Water Agency/ City of Roseville	Colusa County Water District
County of Colusa	Sacramento County Water Agency/ City of Sacramento
County of Glenn	California Department of Water Resources
Glenn-Colusa Irrigation District	TC 4 Districts (Associate Member)
Tehama-Colusa Canal Authority	Western Canal Water District (Associate Member)
U. S. Bureau of Reclamation	

The Authority is a public entity special district and, therefore, falls under the reporting guidelines of a special district governmental entity as outlined by the California State Controller's Office. The Authority is governed by a board of directors that consists of one representative of each member.

The Authority was developed with the purpose to effectively study, promote, develop, design, finance, acquire, construct, manage, and operate Sites Reservoir and the related facilities. The purpose of pursuing and developing the Sites Reservoir are to: (a) increase surface water storage and enhance water management flexibility in the Sacramento Valley, (b) provide flood control benefits, (c) improve conditions for fish and wildlife in the Sacramento Valley, (d) improve the operation of the State's water system, and (e) increase opportunities for recreational activities.

Financial Statement Presentation: The *Statement of Net Position* and *Statement of Activities* display information about the primary government (the Authority). These statements include the financial activities of the overall government. These statements report the governmental activities of the Authority, which are normally supported by inter-governmental revenues. The Authority had no business-type activities as of and for the year ended December 31, 2023.

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 operating grants. Revenues that are not classified as program revenues are presented instead as general revenues.

SITES PROJECT AUTHORITY

Notes to the Financial Statements
December 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, liabilities, fund equity, revenues, and expenditures. The Authority reports two funds: the General Fund, which accounts for all revenues and expenditures necessary to carry out the administrative activities of the Authority, and the Reservoir Fund, a special revenue fund used to account for specific work activities for the development of the Sites Reservoir Project and is funded by contributions from the Project Agreement Members and grants.

Basis of Accounting and Measurement Focus: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations.

Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Charges for services, operating grants, and use of money and property are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Cash: The Authority's cash includes demand deposits. The Authority had no investments during the year ending December 31, 2023.

Due from Other Governments: Amounts due from other governments represent amounts due from member agencies that have been earned but not received by the end of the period.

As of December 31, 2023, the Authority has determined that all amounts are collectible and therefore, no doubtful account allowance was deemed necessary as of December 31, 2023.

SITES PROJECT AUTHORITY

Notes to the Financial Statements
December 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets: The Authority defines capital assets as property, plant, equipment, and infrastructure assets with an initial individual cost of \$5,000 and a useful life of three years or more. As of December 31, 2023, the Authority had no capital assets.

Unearned Revenue: This represents amounts received from members that will be applied to future billings.

Revenue: The Authority's revenue is comprised of the following:

General Fund – Authority Revenue

Authority members pay an annual membership fee which is established by the Authority. The membership fee for 2023 was \$50,000 per member.

Special Revenue – Reservoir Fund

Revenue is recognized according to the Project's board-approved operating budget for each phase of the Project. The Project Agreement Members are billed in accordance with their pro-rata share of the budgeted costs for activities undertaken pursuant to the Project Agreement.

To withdraw from this Project Agreement, a Project Agreement Member shall give the Authority and other Project Agreement Members written notice of such withdrawal not less than thirty days prior to the withdrawal date. As of the withdrawal date, all rights of participation in this Project Agreement shall cease for the withdrawing Project Agreement Member. The financial obligation as prescribed in the Bylaws' Section 5.10 in effect on the withdrawal date, shall consist of the withdrawing Member's share of the following costs: (a) payment of its share of all non-contract costs incurred prior to the date of the written notice of withdrawal, and (b) those contract costs associated with funds approved.

Government-Wide Net Position:

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Government-wide net position is reported in three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component 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.

SITES PROJECT AUTHORITY

Notes to the Financial Statements
December 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted – This component consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets”, as defined above.

Governmental Fund Balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by formal action of the Authority.

Assigned – Amounts that are designated by the Authority to be used for specific purposes, but are neither restricted nor committed. The board of directors has the authority to assign amounts to be used for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

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 the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Demand Deposits: The carrying amount and the bank balance of the Authority’s cash as of December 31, 2023, were \$26,432,573 and \$26,719,559, respectively. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000. As of December 31, 2023, \$8,194,086 was in excess of the insurance coverage.

SITES PROJECT AUTHORITY

Notes to the Financial Statements
December 31, 2023

NOTE 2: CASH AND INVESTMENTS – CONTINUED

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The California Government Code and the Authority's investment policy do not contain legal or policy requirements limiting exposure to custodial risk for deposits or investments. The California Government Code requires that a bank secures deposits made by state and 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure the Authority's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Every account that the Authority has with its bank is either insured through FDIC (through the Demand Deposit Marketplace program) or through the bank's collateralized pool. Every dollar in the Authority's funds is insured by one of the programs or pools.

SITES PROJECT AUTHORITY

Notes to the Financial Statements
December 31, 2023

NOTE 3: PROFESSIONAL FEES

Professional fees for the year ended December 31, 2023, consisted of the following:

	General Fund - Authority	Special Revenue - Reservoir	Total
Bond Counsel	\$ -	\$ 284,423	\$ 284,423
Communication	-	749,112	749,112
Cooperative Agreement Tasks	-	2,435	2,435
E & C Manager	-	411,763	411,763
Engineering and Technical Service	-	14,526,824	14,526,824
EPP Manager	-	411,009	411,009
Executive Director	48,000	424,783	472,783
Federal Government Affairs Supp	-	248,000	248,000
Financial Advisor	-	115,000	115,000
Financial Leadership	-	41,532	41,532
General Legal Counsel	44,182	90,689	134,871
Geotechnical Engineering	-	6,333,141	6,333,141
Inter-Agency Agreements	-	380,050	380,050
Interconnection Study	-	650,000	650,000
Legislative/Reg/Strategic	-	108,000	108,000
Modeling/Research Services	-	17,287	17,287
Municipal Advisor	-	409,481	409,481
Operations/Simulation Modeling	-	804,845	804,845
Permitting and Agreements	-	3,828,348	3,828,348
Program Ops Manager	-	394,244	394,244
Project Controls	46,800	4,497,299	4,544,099
Project Integration	-	4,000,282	4,000,282
Project Reservoir Operations Modeling	-	202,978	202,978
Rating Evaluation Services	-	75,000	75,000
Real Estate Appraisal Services	-	22,500	22,500
Real Estate Legal Services	-	43,802	43,802
Reservoir Operations Modeling	-	118,016	118,016
Special Legal	-	1,625,177	1,625,177
Strategic Planning	42,389	-	42,389
Water Rights Legal Counsel	-	389,921	389,921
Water Rights Modeling	-	356,047	356,047
	<u>\$ 181,371</u>	<u>\$ 41,561,988</u>	<u>\$ 41,743,359</u>

SITES PROJECT AUTHORITY

Notes to the Financial Statements
December 31, 2023

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks and general liabilities. The Authority participates in a public entity risk pool as a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA). Each ACWA-JPIA member agency shares surpluses and deficits proportional to their participation. The Authority pays retrospectively rated annual premiums to ACWA-JPIA for its insurance coverage and has met all obligations since participation began.

NOTE 5: PARTICIPANTS REIMBURSEMENT POLICY

According to the Authority's participants reimbursement policy, the participants who withdrew or decreased their participation in the project are entitled to a credit equal to the contribution they made up to the date of withdrawal or reduction. That credit was applied toward future contribution requirements or booked as a liability on the Authority's books to be paid when it is determined that such reimbursements will not have an adverse impact on the financial viability or overall implementation of the Project. The amount due to participants under the reimbursement policy as of December 31, 2023, was \$9,039,559.

NOTE 6: COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount of expenditures, if any, which may be disallowed by the grantor, cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority has outstanding contracts related to EIR/EIS and feasibility study. The remaining commitments on these contracts as of December 31, 2023, were minimal as the contracts can be canceled with a thirty-day notice.

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 4, 2024, the date which the financial statements were available to be issued. Based on this evaluation, two subsequent events occurred that require recognition in the financial statements. The first event is receiving a \$1,136,103.41 award payment from the California Water Commission on May 8, 2024. This was for the final Early Fund Agreement retention amount. The second event is receiving a \$4,887,102.40 award payment from the Bureau of Reclamation on May 2, 2024. This was for payment on the second invoice submitted by the Sites Authority on the R23A00468 Federal Assistance Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

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**SITES PROJECT AUTHORITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Membership Admin/Authority	\$ 505,000	\$ 455,000	\$ 455,000	\$ -
Interest revenue	-	-	14,932	14,932
Total revenues	505,000	455,000	469,932	14,932
Expenditures				
Current:				
Accounting services	44,250	44,250	36,715	7,535
Audit fees	22,000	22,000	19,840	2,160
Administrative support	48,040	48,040	-	48,040
Rent expense	50,000	50,000	49,800	200
Insurance	2,000	2,000	1,263	737
Office expenses	36,000	36,000	12,474	23,526
Dues and subscriptions	24,700	24,700	19,724	4,976
Professional fees	177,114	177,114	181,371	(4,257)
Website, computer support	9,000	9,000	5,941	3,059
Total expenditures	413,104	413,104	327,128	85,976
Excess of revenues over expenditures	<u>\$ 91,896</u>	<u>\$ 41,896</u>	<u>\$ 142,804</u>	<u>\$ 100,908</u>

See notes to required supplementary information.

**SITES PROJECT AUTHORITY
RESERVOIR FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Membership Water	\$ 23,500,000	\$ 16,450,300	\$ 16,450,300	\$ -
Grant revenue	20,000,000	27,400,000	22,692,297	(4,707,703)
Interest revenue	-	-	645,410	645,410
	<u>43,500,000</u>	<u>43,850,300</u>	<u>39,788,007</u>	<u>(4,062,293)</u>
Expenditures				
Current:				
Accounting services	-	-	-	-
Audit fees	-	-	-	-
Administrative support	432,356	432,356	314,162	118,194
Office expenses	-	-	104,860	(104,860)
Rent expense	-	-	49,500	(49,500)
Dues and subscriptions	-	-	4,931	(4,931)
Professional fees	65,010,795	64,830,795	41,561,988	23,268,807
Trial court costs	-	180,000	180,000	-
Website, computer support	9,000	9,000	5,941	3,059
Miscellaneous	-	-	-	-
	<u>65,452,151</u>	<u>65,452,151</u>	<u>42,221,382</u>	<u>23,230,769</u>
Excess of revenues under expenditures	<u>\$ (21,952,151)</u>	<u>\$ (21,601,851)</u>	<u>\$ (2,433,375)</u>	<u>\$ 19,168,476</u>

See notes to required supplementary information.

SITES PROJECT AUTHORITY

Notes to the Required Supplementary Information
December 31, 2023

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Budgets are prepared on the cash and expenditures or encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the Authority's staff to the board of directors for preliminary review and approval. After public hearing, a final budget is approved by the board of directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

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SUPPLEMENTARY AND OTHER INFORMATION

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

To the Board of Directors
Sites Project Authority
Maxwell, 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 General Fund of Sites Project Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated July 14, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Board of Directors
Sites Project Authority
Maxwell, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Sites Project Authority's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Sites Project Authority's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Sites Project Authority'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 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.

Fechter & Company
Certified Public Accountants

Sacramento, California
July 14, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Sites Project Authority
Maxwell, California

Opinion on Each Major Federal Program

We have audited Sites Project Authority’s compliance with the types of compliance requirements identified as subject to audit in the *United States Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Sites Project Authority’s major federal programs for the year ended December 31, 2023. Sites Project Authority’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Sites Project Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sites Project Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sites Project Authority’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sites Project Authority’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sites Project Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sites Project Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Sites Project Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sites Project Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sites Project Authority's internal control over compliance.

Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fechter & Company
Certified Public Accountants

Sacramento, California
July 14, 2023

SITES PROJECT AUTHORITY

Schedule of Expenditures of Federal Awards
For the Year Ended
For the Year Ended December 31, 2023

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Agreement Number</u>	<u>AL Number</u>	<u>Expenditures</u>
<u>The U.S. Department of the Interior</u>			
Bureau of Reclamation:			
Sites Reservoir Project Planning	R22AC00670	15.574	\$ 999,829
Sites Joint Powers Authority	R23AC00468	15.574	9,697,907
Total U.S. Department of the Interior			<u>10,697,736</u>
Total Expenditures			<u><u>\$ 10,697,736</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

SITES PROJECT AUTHORITY

Notes to the Schedule of Expenditures of Federal Awards
December 31, 2023

NOTE 1: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Authority. The Authority's reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

NOTE 2: BASIS OF ACCOUNTING

For purposes of this report, certain accounting procedures were followed which help illustrate the authorizations and expenditures of the individual programs. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. All authorizations represent the total allotments or grant awards received. All expenses and capital outlays are reported as expenditures. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Any Federal funds expended in excess of Federal funds received are recorded as a receivable from the grantor agency and any Federal funds received in excess of Federal funds expended are recorded as a payable to the grantor agency.

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the Authority's financial statements. Federal award revenues and expenditures are reported principally in the Authority's financial statements as Reservoir Fund.

NOTE 4: INDIRECT COST RATE

This program provides that the Authority shall receive direct administrative costs in accordance with 2 CFR 200.413 instead of indirect costs under 200.414(f). Since only direct administrative costs are allowable under this grant, the Authority is not eligible for the ten-percent de minimus indirect cost rate under the *Uniform Guidance*.

SITES PROJECT AUTHORITY

Schedule of Findings and Questioned Costs
December 31, 2023

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No
Non-compliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported under the Uniform Guidance	Yes

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
15.574	Sites Reservoir Project Planning

Dollar threshold used to distinguish Between Type A and Type B programs	\$750,000
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Auditee qualifies as low-risk auditee under the Uniform Guidance	No
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SECTION 2 - FINANCIAL STATEMENT FINDINGS

No findings reported

SITES PROJECT AUTHORITY

Schedule of Findings and Questioned Costs
December 31, 2023

SECTION 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2023-001 Significant Deficiency in Internal Controls

Description: Preparation of the schedule of expenditures of Federal awards

Criteria: Title 2, CFR, Part 200, Subpart F - Audit Requirements, section 200.510, Financial Statements. states in part (b)(3) "Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available."

Condition: During the course of the audit, management presented the auditor with three drafts of the schedule of expenditures of Federal awards which were all materially misstated. Management corrected all such misstatements during the course of the single audit.

Cause: Management did not have proper controls in place to ensure that the individuals responsible for preparing the schedule of Federal awards were properly trained on the preparation requirements.

Effect: The lack of proper training over the preparation of the schedule of expenditures of Federal awards resulted in material adjustments to the schedule of expenditures of Federal awards during the course of the audit.

Recommendation: We recommend that management implement internal controls such that individuals preparing the schedule of expenditures of Federal awards are properly trained on the preparation requirements.

Management's Response: Sites Authority staff did not understand the requirements that expenditures included in the Schedule of Expenditures of Federal Awards (SEFA) be provided on an accrual basis. As such, the first SEFA submittal was based on actuals. Staff was informed by the auditor that the SEFA submittal should be based on an accrual basis. The team submitted a SEFA based on an accrual basis. Staff made a mistake of not including in the SEFA 25% of a \$180,000 (\$45,000) payment. This \$45,000 omission was less than 0.4% of the total expenditures of \$10,697,736 included in the SEFA. There were 634 invoices processed with thousands of expense items used to prepare the SEFA. Staff will document in its internal SEFA procedure the appropriate federal CFR sections for SEFAs to ensure such sections and requirements are met. The recommended training will occur before end of FY24 to avoid this recurring in the Dec 31, 2024 audit report.

SECTION 4 – SUMMARY OF PRIOR YEAR FINDINGS

No findings reported

September 13, 2024
Board of Directors of the
Sites Project Authority
Maxwell, California

We have audited the 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 Sites Project Authority for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 27, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Sites Project Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during December 31, 2023. We noted no transactions entered into by the Sites Project Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate) affecting the Authority's financial statements was:

Management's estimate of the completion of project objectives is based on milestones completed by individual contractors. We evaluated the methods, assumptions, and data used to develop the completion of project objectives in determining that it is reasonable in relation to the financial statements taken as a whole.

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

The disclosure of cash and investments in Note 2 to the financial statements due to the significance of the disclosure of insured cash balances.

The financial statement disclosures are neutral, consistent, and clear.

Board of Directors of the
Sites Project Authority
Maxwell, California

Difficulties Encountered in Performing the Audit

We encountered difficulties in obtaining a complete and accurate Schedule of Expenditures of Federal Awards (SEFA). Management made three revisions to the SEFA after the start of the audit, creating a delay in planning and performing the single audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 6, 2024

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Sites Project Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Sites Project Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit, we found that the Authority had not properly accrued grant revenue from State and Federal grants. The grants awarded to the Authority require expenditure of resources prior to reimbursement. Grant revenues should be recorded in the same period as the expenses which are being reimbursed therefore, we recommend the Authority implement procedures to ensure that that all grant income on reimbursable basis grants is accrued and reconciled to the underlying expense records.

Board of Directors of the
Sites Project Authority
Maxwell, California

Other Matters

We applied certain limited procedures to management discussion and analysis, and the budget to actual comparison, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the board of directors and management of the Sites Project Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Fechter and Company,
Certified Public Accountants

A handwritten signature in blue ink that reads "Fechter + Company". The signature is written in a cursive, flowing style with a long horizontal flourish extending to the right.

Sacramento, California
September 13, 2024



September 6, 2024

Fechter & Company
Certified Public Accountants
3445 American River Drive, Suite A
Sacramento, CA 95864

This representation letter is provided in connection with your audit of the financial statements of the Sites Project Authority, which comprise the respective financial position of the governmental activities and each major fund, as of December 31, 2023, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 6, 2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 27, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We acknowledge the adjustments included in the financial statements as listed in ATTACHMENT 1. We will record these adjustments to the Sites Authority's books and records.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Sites Project Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Sites Project Authority from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Sites Project Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Sites Project Authority and involves—
 - o Management,
 - o Staff who have significant roles in internal control, or
 - o Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Sites Project Authority's financial statements communicated by staff, former staff, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Sites Project Authority's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The Sites Project Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 27) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.
- 30) The Sites Project Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The Sites Project Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.
- 34) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.

- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 44) We have appropriately disclosed the Sites Project Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to federal award programs:
 - a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We provided you with a SEFA that required subsequent modification which we understand resulted in a Finding to be reported.
- f) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- g) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- h) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- i) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- j) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- k) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- n) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- o) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- p) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- q) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- r) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- s) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- t) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- u) We have charged costs to federal awards in accordance with applicable cost principles.
- v) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- w) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- x) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- y) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Signature: Joe Trapasso

Signature: Jamie Haynes

Title: Program Operations Manager

Title: Treasurer

ATTACHMENT 1

Account	Description	Debit	Credit	Net Income Effect
AJE.01				
	To accrue unrecorded AR			
20-43100	Federal WIIN Funding	0.00	3,528,040.00	
20-43000	Prop 1 Funding	0.00	1,136,103.00	
20-12051	Grants Receivable:Federal WIIN Funding	3,528,040.00	0.00	
20-12050	Grants Receivable:CA Dept Water Resources	1,136,103.00	0.00	
Total		<u>4,664,143.00</u>	<u>4,664,143.00</u>	<u>4,664,143.00</u>