

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
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**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
LIST OF DIRECTORS
YEAR ENDED JUNE 30, 2020**

NAME	AGENCY	POSITION
John Viegas	County of Glenn	Director
Bruce Roundy	City of Orland	Director
Gary Hansen	City of Willows	Director
George Nerli	Glide Water District	Director
John Amaro	Glenn-Colusa Irrigation District	Director
Charles Schonauer	Orland-Artois Water District	Director
Randy Hansen	Kanawha Water District	Director
Gary Enos	Princeton-Codora-Glenn Irrigation District/Provident Irrigation District	Director
Mark Lohse	Monroeville Water District	Director
Vince Minto	County of Glenn	Alternate
Pete Carr	City of Orland	Alternate
Evan Markey	Cal-Water Local Manager, City of Willows	Alternate
Leslie Nerli	Glide Water District	Alternate
Thaddeus Bettner	Glenn-Colusa Irrigation District	Alternate
Emil Cavagnolo	Orland-Artois Water District	Alternate
Wade Danley	Kanawha Water District	Alternate
Lance Boyd	Princeton-Codora-Glenn Irrigation District/Provident Irrigation District	Alternate
Seth Fiack	Monroeville Water District	Alternate
Ed Vonasek	City of Orland	2nd Alternate
Andrea Jones	Orland-Artois Water District	2nd Alternate
Michael Alves	Kanawha Water District	2nd Alternate



INDEPENDENT AUDITORS' REPORT

Board of Directors
Glenn Groundwater Authority
Groundwater Sustainability Agency
Willows, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Glenn Groundwater Authority Groundwater Sustainability Agency (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule on pages 3 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
January 22, 2021

REQUIRED SUPPLEMENTARY INFORMATION

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

This section of Glenn Groundwater Authority Groundwater Sustainability Agency's (the Authority), annual financial report provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2020. This section should be read in conjunction with the Authority's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year include the following:

- The assets of the Authority exceeded its liabilities at June 30, 2020 by \$764,700.
- The Authority's total assets increased by \$405,741.

AUTHORITY HIGHLIGHTS

- Began collecting Property Related Fee by placing the fee on the Glenn County tax bills (\$1.61 per acre)
- Groundwater Sustainability Plan (GSP) Projects in process
 - Hydrogeologic Conceptual Model and Water Budget Project
 - Colusa Subbasin GSP Development Project
- In May 2020 the Colusa Groundwater Authority was awarded a Proposition 68 grant on behalf of the Colusa Subbasin, which reimburses some GSP Development project costs.
- Continuing obligations for agency business and public participation (Board meetings, public outreach events, coordination with neighboring agencies, etc.)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components, government - wide financial statements, fund financial statements, and notes to the basic financial statements. This report also includes additional required supplementary information in addition to the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

Government-Wide Financial Statements are designed to provide readers with a broad overview of Authority finances, in a manner similar to a private-sector business.

The *Statement of Net Position* include information on the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

REQUIRED FINANCIAL STATEMENTS (CONTINUED)

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the Authority that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the Authority are Groundwater Sustainability Agency activities in compliance with the Sustainable Groundwater Management Act and related groundwater sustainability activities. There are no business-type activities.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and to demonstrate finance-related legal compliance. The Authority's fund is a *governmental fund*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as of balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Authority's budgetary comparative information for the general fund.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The *Statement of Net Position* provides information about the financial position of the Authority as a whole, including all assets and liabilities on the full accrual basis. Over time, increases or decreases in the Authority's net position may serve as one useful indicator of the Authority's overall financial position. In the case of the Authority, total assets exceeded liabilities by \$764,700 as of the close of the fiscal year. This amount is the total net position as of June 30, 2020.

AUTHORITY'S NET POSITION

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current assets	\$ 941,257	\$ 535,516	\$ 405,741	75.77%
Total assets	<u>941,257</u>	<u>535,516</u>	<u>405,741</u>	<u>75.77%</u>
Liabilities				
Current liabilities	<u>176,557</u>	<u>58,148</u>	<u>118,409</u>	<u>203.63%</u>
Total liabilities	<u>176,557</u>	<u>58,148</u>	<u>118,409</u>	<u>203.63%</u>
Net position				
Unrestricted	<u>764,700</u>	<u>477,368</u>	<u>287,332</u>	<u>60.19%</u>
Total net position	<u>\$ 764,700</u>	<u>\$ 477,368</u>	<u>\$ 287,332</u>	<u>60.19%</u>

The Authority's net position increased by \$287,332, primarily from an increase in revenues.

AUTHORITY'S CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Program revenues				
Agency Contributions	\$ 10,000	\$ 386,548	\$ (376,548)	-97.41%
Intergovernmental Revenues	<u>242,915</u>	<u>26,596</u>	<u>216,319</u>	<u>0.00%</u>
Total program revenues	<u>252,915</u>	<u>413,144</u>	<u>(160,229)</u>	<u>-38.78%</u>
General revenues				
Interest Income	38,919	8,407	30,512	362.94%
Special Assessment	455,734	-	455,734	0.00%
Taxes	<u>1,214</u>	<u>-</u>	<u>1,214</u>	<u>0.00%</u>
Total general revenues	<u>495,867</u>	<u>8,407</u>	<u>487,460</u>	<u>5798.26%</u>
Total revenues	748,782	421,551	327,231	77.63%
Program expenses	<u>461,450</u>	<u>246,454</u>	<u>214,996</u>	<u>87.24%</u>
Change in net position	287,332	175,097	112,235	64.10%
Net position - beginning	<u>477,368</u>	<u>302,271</u>	<u>175,097</u>	<u>100.00%</u>
Net position - ending	<u>\$ 764,700</u>	<u>\$ 477,368</u>	<u>\$ 287,332</u>	<u>60.19%</u>

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The increase in special assessment is due to the newly adopted property related fee being placed on the Glenn County tax rolls for collection and disbursement to the Authority. The decrease in agency contributions is attributable to the conclusion of member agency contributions as agreed upon in the Joint Powers Agreement. Expenses in the current year increased over the prior year due to increased Groundwater Sustainability Plan development tasks, increased professional services, and the first year of paying A-87 costs.

Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and on the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

BUDGETARY HIGHLIGHTS

Total expenditures were \$45,498 under budget. Special department expenses were underspent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A five-year estimated budget was developed during the Proposition 218 Property-Related Fee process in 2019 which will be used to guide setting the annual budget. Factors include estimating administrative costs, insurance, legal fees, professional services, Groundwater Sustainability Plan development costs (examples: technical support, public outreach, studies, writing the plan) including reimbursement of costs from grants when possible, and other related tasks.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview for those who are interested in the Authority's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Program Manager, Glenn Groundwater Authority, 225 N. Tehama Street, Willows, CA 95988.

BASIC FINANCIAL STATEMENTS

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS

Cash and Investments	\$ 815,176
Due from Other Governments	119,080
Interest Receivable	<u>7,001</u>
 Total Assets	 <u>941,257</u>

LIABILITIES

Accounts Payable	151,698
Due to Other Governments	<u>24,859</u>
 Total Liabilities	 <u>176,557</u>

NET POSITION

Unrestricted	<u>764,700</u>
 Total Net Position	 <u><u>\$ 764,700</u></u>

See accompanying Notes to Basic Financial Statements.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

EXPENSES

Professional Services	\$ 453,979
Office Expense	5,671
Insurance	1,800
Total Expenses	461,450

PROGRAM REVENUES

Agency Contributions	10,000
Intergovernmental	242,915
Net Program Revenues (Expenses)	(208,535)

GENERAL REVENUES

Special Assessment	455,734
Taxes	1,214
Interest Income	38,919
Total General Revenues	495,867

CHANGE IN NET POSITION

287,332

Net Position - Beginning of the Year

477,368

NET POSITION - END OF YEAR

\$ 764,700

See accompanying Notes to Basic Financial Statements.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2020**

ASSETS

Cash and investments	\$ 815,176
Due from Other Governments	119,080
Interest Receivable	<u>7,001</u>
 Total Assets	 <u><u>\$ 941,257</u></u>

**LIABILITIES, DEFERRED
INFLOWS OF RESOURCES
AND FUND BALANCES**

Liabilities:	
Accounts Payable	151,698
Due to Other Governments	<u>24,859</u>
Total Liabilities	176,557
 Deferred Inflows of Resources:	
Unavailable Revenue	<u>112,401</u>
 Fund Balance:	
Unassigned	<u>652,299</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u><u>\$ 941,257</u></u>

See accompanying Notes to Basic Financial Statements.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2020**

Fund Balance - Total Governmental Fund: \$ 652,299

Amounts reported for governmental activities in the statement
of net position are different because:

Receivables not collected during the availability period are deferred in the fund
statements.

112,401

Net Position of Governmental Activities

\$ 764,700

See accompanying Notes to Basic Financial Statements.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2020**

REVENUES

Agency Contributions	\$ 10,000
Intergovernmental Revenue	130,514
Special Assessment	455,734
Taxes	1,214
Interest Income	38,919
	636,381
Total Revenues	636,381

EXPENDITURES

Professional Services	453,979
Office Expense	5,671
Insurance	1,800
	461,450
Total Expenditures	461,450

CHANGE IN FUND BALANCE

174,931

Fund Balance - Beginning of the Year

477,368

FUND BALANCE - END OF YEAR

\$ 652,299

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUND TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net Change to Fund Balance - Governmental Fund	\$ 174,931
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund.	<u>112,401</u>
Change in Net Position of Governmental Activities	<u>\$ 287,332</u>

See accompanying Notes to Basic Financial Statements.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Glenn Groundwater Authority Groundwater Sustainability Agency (the Authority) was created by forming a Joint Exercise of Powers Agreement, signed by nine local agencies, with the purpose of being a Groundwater Sustainability Agency for the Glenn County portion of the Colusa Subbasin, which is part of the Sacramento Valley Groundwater Basin. In 2019, the Monroeville Water District joined the Authority, bringing the total membership to ten local agencies.

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

Glenn Groundwater Authority Member Agencies include:

- City of Orland
- City of Willows
- County of Glenn
- Glenn-Colusa Irrigation District
- Glide Water District
- Kanawha Water District
- Monroeville Water District
- Orland-Artois Water District
- Princeton-Codora-Glenn Irrigation District
- Provident Irrigation District

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

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

B. Basis of Presentation and Accounting

Government-Wide Statements

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 Authority.

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

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

Fund Financial Statements

The Authority is engaged in a single-governmental activity and has only a general fund. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (susceptible to accrual). Revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

C. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Fund Balances – Governmental Fund Financial Statements

Beginning with the fiscal year 2018, the Authority implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

- Restricted fund balance – amounts with constraints placed on their use by those external to the Authority, including creditors, grantors, contributors or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the Authority’s highest level of decision-making authority (the Authority) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the Authority’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designed for that purpose.
- Unassigned fund balance – the residual classification that includes amounts not contained in the other classifications.

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

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2020 consisted of the following:

Cash in County Treasury	<u>\$815,176</u>
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The Authority maintains all of its cash and investments with the County of Glenn in an investment pool. On a quarterly basis, the Department of Finance allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County’s financial statements. The County of Glenn’s financial statements may be obtained by contacting the County Glenn Department of Finance office at 516 W. Sycamore Street Willows, CA 95988.

GASB Statement No. 40 requires additional disclosures about a government’s deposits and investment risks that include credit risk, custodial risk, concentration risk, and interest rate risk. The Authority has no deposit or investment policy that addresses a specific type of risk.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

Required disclosures for the Authority's deposit and investment risks at June 30, 2020 were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	1.92 years

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

NOTE 3 RELATED PARTY TRANSACTIONS

The Authority's staff is under contract by Glenn County. During the fiscal year ended June 30, 2020, the Authority paid these departments \$95,447 for administrative services.

NOTE 4 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions and natural disasters. The Authority is covered from risk of loss by Golden State Risk Management Authority.

REQUIRED SUPPLEMENTARY INFORMATION

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Revenues				
Agency Contributions	\$ -	\$ -	\$ 10,000	\$ 10,000
Intergovernmental Revenue	-	-	130,514	130,514
Special Assessment	458,552	506,948	455,734	(51,214)
Taxes	-	-	1,214	1,214
Use of Money and Property	-	-	38,919	38,919
Total Revenues	<u>458,552</u>	<u>506,948</u>	<u>636,381</u>	<u>129,433</u>
Expenditures				
Professional Services	338,752	433,964	453,979	(20,015)
Insurance	1,800	1,800	1,800	-
Special Department Expenses	118,000	71,184	-	71,184
Office Expense	-	-	5,671	(5,671)
Total Expenditures	<u>458,552</u>	<u>506,948</u>	<u>461,450</u>	<u>45,498</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	174,931	<u>\$ 174,931</u>
Fund Balance - Beginning of the Year			<u>477,368</u>	
FUND BALANCE - END OF YEAR			<u>\$ 652,299</u>	

See accompanying Notes to Required Supplementary Information – Budget and Budgetary Reporting.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

NOTE 1 BUDGET AND BUDGETARY REPORTING

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

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

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

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

OTHER REPORT



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

Board of Directors
Glenn Groundwater Authority
Groundwater Sustainability Agency
Willows, 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 Glenn Groundwater Authority Groundwater Sustainability Agency (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2021.

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 over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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 Authority’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Roseville, California
January 22, 2021