

Glenn Groundwater Authority

Groundwater Sustainability Agency

PO Box 351, Willows, CA 95988 | 530.934.6501

EXECUTIVE COMMITTEE AGENDA BACKUP MATERIALS

MEETING DATE: JUNE 26, 2019

AGENDA ITEM 1: CALL TO ORDER

The Chairperson will call the meeting to order and invite participants to introduce themselves voluntarily.

AGENDA ITEM 2: ROLL CALL

Roll call will be conducted.

AGENDA ITEM 3: APPROVAL OF MINUTES

- a. *Approval of meeting minutes from May 22, 2019.

Draft meeting minutes are attached.

Glenn Groundwater Authority

Groundwater Sustainability Agency

PO Box 351, Willows, CA 95988 | 530.934.6501

MINUTES

GLENN GROUNDWATER AUTHORITY EXECUTIVE COMMITTEE

May 22, 2019

9:30 AM

720 NORTH COLUSA STREET, WILLOWS, CA 95988

Committee Members Present:	Agency Representing:
<input checked="" type="checkbox"/> John Viegas	County of Glenn
<input checked="" type="checkbox"/> Leslie Nerli	Glide Water District
<input checked="" type="checkbox"/> John Amaro	Glenn-Colusa Irrigation District

Others in attendance:

Lisa Hunter, GGA/Glenn County; Sharla Stockton, Glenn County; Brandon Davison, Department of Water Resources.

1. CALL TO ORDER

John Amaro called the meeting to order at 9:35 AM.

2. ROLL CALL

Roll was taken as indicated above.

3. APPROVAL OF MINUTES

- a. Approval of meeting minutes December 26, 2018.

The December 26, 2018 meeting minutes were approved as submitted.

Motion: John Viegas, Second: Leslie Nerli, Vote: Unanimous

4. PERIOD OF PUBLIC COMMENT

None

5. STAFF UPDATES

Lisa Hunter stated the C2VSim Fine Grid model update has been released and Davids Engineering will be fine-tuning the water budget components. A Memorandum of Agreement with the CGA is still in the process of being reviewed by the CGA Executive Committee. Long-term funding activities have been moving along and protest notices will be mailed soon. The Cities of Orland and Willows will be considering funding resolutions at their upcoming city council meetings. John Viegas suggested the other member agencies consider approving a letter of support for the fee study if possible.

The final fee study will be posted on the website. The notice will be posted in English and in Spanish. Ms. Hunter will check with Provost & Pritchard on the level of effort and funding it would require to translate the entire fee study. Ms. Hunter will also request guidance from legal counsel to determine if the fee study must be provided in Spanish. It was requested that the finalized fee study and notice be forwarded to each member agency. Each agency could

determine if posting a copy of the study at its office would be appropriate. A newspaper publication is also required and will be sent accordingly. The Glenn Groundwater Authority (GGA) received a packet with instructions from the Department of Finance to add a fee to the tax rolls. Additionally, Request for Proposals (RFP) are being drafted for the remainder of GSP development work in the Colusa Subbasin.

6. GLENN GROUND WATER DISTRICT

Lisa Hunter explained the GGA Board requested a recommendation from the Executive Committee regarding this item. The GGA received a letter from the Glenn Groundwater District requesting seat on the GGA Board. The letter was formally approved at their May 1, 2019 meeting. An unsigned copy of the letter is attached in the meeting materials. Ms. Hunter reviewed the criteria for inclusion in the GGA according to the Joint Powers Agreement (JPA). Essentially, the agency must be eligible to be a GSA, agree to sign onto the JPA, and agree to a proportionate share of the cost as determined by the GGA Board.

Initially when the GGA was formed, there was a concern that if an agency wanted to join the GGA/JPA, that agency would not be bearing the same cost as founding agencies. The GGA needs to respond within 60 days of the request. The Glenn Groundwater District was formed January 25, 2018 and has 27,875 acres within the GGA boundaries. The County originally paid the acreage fee for the Glenn Groundwater District, but the fixed fee remains unpaid. The fixed fee was not budgeted the first year (17/18), but was included in the second year (18/19). Considerations include the amount to be reimbursed and who is reimbursed in regards to the fixed fee and acreage fee. John Viegas mentioned he was under the impression the county expected there would be full reimbursement for both years paid to the county because they paid the acreage fees on behalf of the district (approximately \$59,374 for the two-year period).

After reviewing and discussing several scenarios, the Committee ultimately decided that the District should have to pay at least the \$10,000 fixed fee to cover the unpaid 2018/2019 fiscal year commitments. Executive Committee members would like the county to decide what the appropriate reimbursement amount is for the acreage fee prior to the Board providing a response to the District.

The Executive Committee will recommend at the June 10, 2019 GGA Board meeting that the Glenn Groundwater District pay the \$10,000 fixed fee in addition to any acreage fee reimbursement that Glenn County determines is appropriate. Ms. Hunter mentioned that the Board may be asked to consider some leniency on payment methods considering the District is a new agency with limited funding sources at this time.

7. DEPARTMENT OF WATER RESOURCES 2019 DRAFT BASIN PRIORITIZATION RESULTS

The DWR draft prioritization of the Colusa Subbasin was reviewed. Previously, the GGA sent a letter to DWR regarding the re-prioritization of the Colusa Subbasin which is included in the meeting packet. Phase two of the prioritization process focused on subbasins that went through basin boundary modifications. The comment period for phase two will close May 30, 2019.

Priority designations use the following scoring:

Very Low (<=7 points)

Low (8-14 points)

Medium (15-21 points)

High (>21 points)

Ms. Hunter stated the Colusa Subbasin scored 23.5 points. Ms. Hunter requested direction from the Executive Committee to determine if submitting a comment letter is desired. By consensus, it was decided not to send a comment letter to DWR regarding the Colusa Subbasin prioritization. However, they would like DWR staff to let them know what groundwater elevations from year to year are being assessed in the points system for prioritization.

Brandon Davison from DWR offered to do a presentation on funding opportunities at the next GGA Board meeting.

8. EXECUTIVE COMMITTEE MEMBER REPORTS AND COMMENTS

None

9. DISCUSS ADDITIONAL POTENTIAL ITEMS TO BE ADDED TO THE NEXT GGA BOARD MEETING AGENDA

The following items were noted:

- Brandon Davison will provide a presentation on upcoming funding opportunities to the GGA Board.
- The Glenn Ground Water District recommendation to the Board.
- Fact Sheet of the long term funding process

10. NEXT MEETING

The next meeting is scheduled for June 26, 2019 at 9:30 AM.

11. ADJOURN

The meeting was adjourned at 11:06 AM.

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AGENDA ITEM 4: PERIOD OF PUBLIC COMMENT

Members of the public are encouraged to address the GGA Executive Committee on items relevant to the GGA. Public comments are limited to no more than 5 minutes. No action may be taken on public comments.

Any additions to the agenda must meet the requirements of Government Code Section 54954.2 (b).

AGENDA ITEM 5: STAFF UPDATES

The Program Manager will provide brief activity updates. Reminders and/or clarifications may also be made at this time.

AGENDA ITEM 6: DISCUSSION ON LONG-TERM FUNDING PROCESS AND PLANNING FOR PUBLIC HEARING SCHEDULED FOR JULY 8, 2019.

The Board will receive an update on long-term funding activities, review and discuss public hearing procedures and content, and discuss other relevant related items.

Direction and clarifications may also be provided.

AGENDA ITEM 7: *REVIEW AND PROVIDE RECOMMENDATION REGARDING THE ENGAGEMENT LETTER RECEIVED FROM CLIFTON LARSON ALLEN LLP FOR THE 2018/2019 AUDIT

CliftonLarsonAllen LLP (CLA) conducted the GGA annual audit for Fiscal Year 2017/2018. The 2018 request for proposals, CLA's proposal, and the minutes approving the selection of CLA to provide these services all note the audit services would be needed for Fiscal Year 2017/2018 with the option of extending the contract for 3 (three) fiscal years thereafter.

CLA has provided an Engagement Letter for audit services for the 2018/2019 Fiscal Year.

Staff requests the Executive Committee to provide a recommendation to the Board and forward the Engagement Letter to legal counsel for review prior to the Board meeting.

Attachments:

- CLA Cover Letter from Proposal
- September 10, 2018 GGA Board Meeting Minutes
- CLA Engagement Letter

1. COVER LETTER

August 17, 2018

Lisa Hunter, Program Manager
Glenn Groundwater Authority Groundwater Sustainability Agency
720 North Colusa Street
Willows, CA 95988

Dear Ms. Hunter:

Thank you for inviting us to propose our services to you. CliftonLarsonAllen LLP (CLA) gladly welcomes the opportunity to share our approach to helping Glenn Groundwater Authority Groundwater Sustainability Agency (GGA) meet its need for professional auditing services. The enclosed proposal responds to your request for audit services for the fiscal year ending June 30, 2018, with the option of extending the contract for three fiscal years thereafter.

CliftonLarsonAllen LLP (CLA) is a limited liability partnership and is duly licensed to practice public accountancy in the state of California and other states. CLA delivers integrated wealth advisory, outsourcing, audit, tax, and consulting services to help clients succeed professionally and personally. Our broad professional services allow us to serve clients more completely – from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of the operating and regulatory environments of the industries they serve. With more than 5,400 people, more than 110 U.S. locations, and a global affiliation, CLA brings a wide array of strategies to help clients in all markets, foreign and domestic.

We are confident that our extensive experience serving similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. Our mission: *We Promise to Know You and to Help You*, guides our efforts to help you achieve your goals and our approach to serving you is always shaped by this aspiration. The following differentiators are offered for GGA's consideration:

- **Specialized Government Insight and Resources.** As the one of the nation's leading professional services firms, and one of the largest firms who specialize in the public sector, CLA has the experience and resources to assist GGA with its audit needs. In addition to your experienced local engagement team, GGA will have access to one of the country's largest and most knowledgeable pools of public sector resources.
- **Strong Methodology and Responsive Timeline.** In forming our overall audit approach, we have carefully reviewed the RFP and other information made available and considered our past experience performing similar work for other governmental agencies. In addition to our local government clients, we currently serve more than 2,100 governmental organizations nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. We have developed a work plan that takes into consideration your unique needs as a governmental entity in California. The work plan also minimizes the disruption of your staff and operations, and provides a blueprint for timely delivery of your required reports.

- **Communication and Proactive Leadership.** GGA will benefit from a high level of hands-on service from our team’s senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team to stay abreast of key issues at GGA, and take an active role in addressing them.
- **A Focus on Providing Consistent, Dependable Service.** We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies’ SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, GGA will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.
- **Familiarity with Glenn County.** Because we are currently engaged to audit the County of Glenn who is the Depository and Treasurer for the GGA, we have access to the County of Glenn’s financial data and are familiar with the County’s financial and reporting systems.

Our understanding and commitment

You are seeking a fully qualified certified public accounting firm to perform financial auditing and consulting services and we are committed to performing these services in the time period specified in the RFP.

This proposal is effective for 90 days.

We are confident that our technical approach, insight, and resources will result in excellent client service for GGA. If you have any questions about our offerings, please do not hesitate to call me at 916-677-5760 or email rich.gonzalez@CLAconnect.com.

Sincerely,

CliftonLarsonAllen LLP



Richard Gonzalez, CPA
Principal

Glenn Groundwater Authority

Groundwater Sustainability Agency

PO Box 351, Willows, CA 95988 | 530.934.6501

MINUTES

GLENN GROUNDWATER AUTHORITY BOARD OF DIRECTORS

SEPTEMBER 10, 2018

1:30 P.M.

720 NORTH COLUSA STREET, WILLOWS, CA 95988

Director Members Present:	Agency Representing:
X John Viegas	County of Glenn
X Bruce Roundy	City of Orland
X Gary Hansen	City of Willows
George Nerli	Glide Water District
X John Amaro	Glenn-Colusa Irrigation District
X Charles Schonauer	Orland-Artois Water District
X Randy Hansen	Kanawha Water District
Gary Enos	Princeton-Codora-Glenn Irrigation District/ Provident Irrigation District
Alternate Members Present:	
Vince Minto	County of Glenn
Pete Carr	City of Orland
X Evan Markey	City of Willows
X Leslie Nerli	Glide Water District
Thaddeus Bettner	Glenn-Colusa Irrigation District
X Emil Cavagnolo (1:35)	Orland-Artois Water District
Wade Danley	Kanawha Water District
Lance Boyd	Princeton-Codora-Glenn Irrigation District/ Provident Irrigation District
2 nd Alternate Members Present:	
Ed Vonasek	City of Orland
X Andrea Jones (1:35)	Orland-Artois Water District
Michael Alves	Kanawha Water District

Others in attendance:

Lisa Hunter, GGA/Glenn County; Hilary Reinhard, Provost & Pritchard; Sharla Stockton, Glenn County; Mark Lohse, Glenn Ground Water District

1. CALL TO ORDER

- a. Pledge of Allegiance
- b. Roll Call
- c. Introductions

John Amaro called the meeting to order at 1:30 P.M. The pledge of allegiance was recited, roll call was taken as indicated above, and those in attendance were invited to introduce themselves.

2. APPROVAL OF MINUTES

- a. Approval of meeting minutes from August 13, 2018.

The August 13, 2018 minutes were approved as presented.

Motion: John Viegas, Second: Leslie Nerli, Vote: Unanimous

3. PERIOD OF PUBLIC COMMENT

None

4. FINANCIAL REPORT

- a. Review and accept Monthly Activities Report
- b. Review and consider approval of claims

A motion was made to approve and accept the monthly activities report. John Viegas requested clarification on the billing process to member agencies. Lisa Hunter stated the annual member contributions are divided into quarterly billings. The first \$10,000 received are applied to the fixed fee with the remaining portions applied to the weighted fee. Additionally, the budget account numbers have been corrected at the Department of Finance.

Motion: John Viegas, Second: Gary Hansen, Vote: Unanimous

There was brief discussion on the tracking of attorney fees to ensure the agency remains within the budgeted amount. Ms. Hunter will provide a quarterly budget update including actuals and remaining budget. A motion was made to approved claims as presented.

Motion: Gary Hansen, Second: John Viegas, Vote: Unanimous

5. LONG-TERM FUNDING

- a. Receive update from the Executive Committee on long-term funding discussions.
- b. Authorize the Executive Committee to request a quote from Provost & Pritchard to complete all necessary tasks to prepare for and implement a Property-Related Fees Assessment for Water Service consistent with the process of Colusa Groundwater Authority.
- c. Provide additional direction to Program Manager, Legal Counsel, and/or Executive Committee as needed.

John Amaro summarized the Executive Committee's recommendation to conduct a fee study. The recommendation included hiring one firm or team of consultants complete all tasks for the Proposition 218 process including public outreach, GIS work, and tax related items.

Ms. Hunter stated there are options for hiring a firm to assist in the Proposition 218 process. The Board could release a Request for Proposals (RFP) for a competitive process or request a quote from the same firm that the Colusa Groundwater Authority (CGA) has hired to achieve consistent messaging in the basin and potential cost savings. Leslie Nerli stated at the Joint Executive Committee meeting Provost & Pritchard quoted the CGA a cost of approximately \$100,000, or \$70,000 for the majority protest option. Hilary Reinhard, Provost & Pritchard, clarified the \$100,000 quote was for the entire process including

ballots. Ms. Reinhard stated she does believe there could be some economies of scale achieved by selecting the same firm as the CGA. Gary Hansen asked if the Board needs to seek counsel's advice for sole-sourcing a firm to complete the work. Ms. Hunter mentioned counsel has advised the Executive Committee could work with Provost & Pritchard to develop an estimate and bring it to the Board for consideration. She added benefits include consistent messaging and potential cost savings. Draw backs include potentially missing new ideas from other consultants.

A motion was made to authorize the Executive Committee to request a quote from Provost & Pritchard to complete all necessary tasks to prepare for and implement a Property-Related Fees Assessment for Water Service consistent with the process of CGA.

Motion: Leslie Nerli, Second: Charles Schonauer, Vote: Unanimous

A question was asked if there is a budgeted amount for this process. Ms. Hunter indicated there is a line item dedicated to this process. She can provide the figure at a later date if desired. Ms. Hunter stated it is her understanding that she will work with Provost & Pritchard to develop a quote for the Executive Committee to review. The Executive Committee will bring a recommendation to the Board.

6. REQUEST FOR PROPOSALS TO PROVIDE ANNUAL AUDIT SERVICES FOR FISCAL YEAR 2017/2018

- a. Receive update from Audit Services RFP Selection Committee.
- b. Approve recommendation of the Audit Services RFP Selection Committee to select CliftonLarsonAllen LLP to provide annual audit services for Fiscal Year 2017/2018 with the option of extending the contract for 3 (three) fiscal years thereafter.
- c. Authorize the Executive Committee to negotiate a contract with the selected firm.
- d. Authorize Chairman to execute the negotiated contract with the selected firm.
- e. Provide direction as needed.

At a previous GGA Board meeting, the Executive Committee was authorized to serve as the Audit Services RFP Selection Committee. Mr. Amaro stated the Executive Committee reviewed RFPs for audit services and selected CliftonLarsonAllen LLP as a recommendation to provide these services. John Viegas stated using the same audit service as the county would help to keep funding transparent and easily distinguish Glenn County and the GGA as separate entities. The firm is also familiar with the county's financial accounting systems. Mr. Amaro stated the audit service could be re-evaluated for year two if desired. Ms. Hunter made hard copies of the submitted proposals from the four firms available for Board members' review. Ms. Hunter indicated the associated costs for each firm are:

- CliftonLarsonAllen LLP: \$9,500
- Matthews, Hutton & Warren, CPAs: \$4,900
- James Marta & Company LLP: \$12,000
- Roy Seiler: \$4,850

Additional discussion took place relating to details of the proposals and the Selection Committee recommendation. A motion was made to approve the recommendation from the Audit Services RFP Selection Committee to select CliftonLarsonAllen LLP to provide annual audit services for Fiscal Year 2017/2018 with the option of extending the contract for 3 (three) fiscal years thereafter.

Motion: Bruce Roundy, Second: Randy Hansen, Vote: Unanimous

There was a motion made to authorize the Executive Committee to negotiate a contract with the selected firm.

Motion: Bruce Roundy, Second: Leslie Nerli, Vote: Unanimous

There was a motion made to authorize Chairman to execute the negotiated contract with the selected firm.

Motion: Leslie Nerli, Second: Charles Schonauer, Vote: Unanimous

It was clarified that there is \$12,000 budgeted for the audit services.

7. BYLAWS

- a. Review, hold discussion, and provide comments on the draft Bylaws.
- b. Consider approval of the draft Bylaws.
- c. Provide direction as needed.

The Executive Committee reviewed several iterations of the draft bylaws. Gary Hansen stated there are a few areas that could use clarification and some grammatical edits. Mr. Hansen listed his suggested changes as follows:

Page 1 Article 1. The Authority:

1.2 OFFICE OF AUTHORITY. The principal physical office of the Authority shall be at ~~the~~ 720 NORTH COLUSA STREET, WILLOWS, CA 95988, and the principal mailing address shall be P.O. BOX 351, WILLOWS, CA 95988, or at such other location as the Board may designate by resolution.

Mr. Hansen noted he was in favor of using Rosenberg's Rules of Order.

Page 5 Article 4. Officers:

4.6.2 If the Chair and Vice-Chair, and their respective Alternates, are absent from a Board Meeting, then the Authority's Program Manager shall ~~run~~ chair the Board Meeting.

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Mr. Hansen stated administrator and Program Manager is used interchangeably in Article 6.2. Lisa Hunter stated she would work with counsel to clarify the difference between "administrator" and "Program Manager" throughout the document.

Page 8

6.3.1 The Board has appointed a the Glenn County Treasurer as the acting Treasurer of the Authority and will reimburse the County for the staff's services for the Authority.

There was a motion to approve the bylaws with the noted corrections.

Motion: Gary Hansen, Second: Charles Schonauer, Vote: Unanimous

8. HCM/WATER BUDGET PROJECT UPDATE

- a. Receive update on HCM/Water Budget Project.
- b. Provide direction as needed.

Lisa Hunter reviewed the summary that was included in the meeting packet. Byron Clark (Davids Engineering), Mary Fahey (CGA), and Lisa Hunter (GGA) held a kickoff meeting and decided to hold bi-weekly phone meetings to discuss status updates and provide guidance to the consulting team. There was some discussion on holding a public outreach meeting potentially in November consisting of general informational SGMA components, introducing the HCM/Water Budget project, and long-term funding mechanisms. It was clarified that Dave Ceppos would be assisting in the outreach process and other outreach efforts for the Colusa Subbasin. The outreach meetings will be coordinated with the CGA. There were no objections to moving forward with the public outreach meeting idea. More information will be brought to the Board at future meetings.

Ms. Hunter requested clarification on payment of consultant invoices. This is an approved project with an approved contract with a “not to exceed” amount. Does the Board feel comfortable with GGA Chair approving the consultant invoices up to \$5,000, which is currently the policy, or does the Board expect to approve invoices at Board meetings? John Amaro, current Chair, stated since it is already an approved project, he feels comfortable approving invoices up to \$5,000 and the Board will see the activities at the Board meetings. It was the consensus of the Board that the Chair can authorize payment of the invoices up to \$5,000 consistent with the policy. The payments will be included in the Monthly Activities Reports.

Ms. Hunter also advised the consultant work will be covered through the Proposition 1 grant and a funding agreement between the GGA and CGA will be brought before the Board for review in the future. CGA is the grant administrator for this grant and the invoices are submitted quarterly. There will be significant lag time between payment to consultants and reimbursement from CGA.

Ms. Hunter added Reclamation District 108, member of the CGA, is considering conducting a complete water budget for their area, which is partly in the Yolo County. Conversations are ongoing regarding the proposal and cost estimate for the additional work. If the scope changes to include this additional work, the revision will be brought to the GGA Board for consideration.

9. PROGRAM MANAGER UPDATES

Lisa Hunter provided a Program Manger Updates handout and highlighted the Glenn Ground Water District formation process update, the Form 700 and ethics training for GGA members, and the final scope of work, schedule, and budget for the Colusa Subbasin Groundwater Sustainability Plan grant.

10. COMMITTEE UPDATES

- a. Executive Committee
 - i. CGA/GGA Joint Executive Committee

John Amaro, Lisa Hunter, and committee members provided updates from the committee, which were generally covered in previous items. An activity summary is also included in the meeting packet.

b. CGA/GGA Technical Ad Hoc Committee

The Technical Ad Hoc Committee did not meet and has nothing to report.

c. Stakeholder Engagement Committee

The Stakeholder Engagement Committee has not meet and has nothing to report.

d. Basin Boundary Modification Ad Hoc Committee

The Basin Boundary Modification Ad Hoc Committee has not met and has nothing new to report.

11. MEMBER REPORTS AND COMMENTS

John Viegas wanted to thank Lisa Hunter and Matteo Crow for presenting at the Glenn County Board of Supervisors meeting regarding Proposition 3, the water bond. The Board of Supervisors provided a letter supporting Proposition 3, which will be placed on the November ballot.

Mr. Viegas also reported that west of Orland there are concerns regarding domestic wells going dry and lowering groundwater levels perceived to be due to agricultural well production. Constituents asked Mr. Viegas to bring these concerns to the GGAs attention. It was also mentioned that many of these wells are within the Orland Project, but do not utilize surface water.

Hilary Reinhard mentioned that public outreach will be difficult, but a very important process.

Gary Hansen noted that he appreciates the new header.

12. NEXT MEETING

The next meeting is scheduled for October 8, 2018 at 1:30 P.M.

13. ADJOURN

The meeting was adjourned 2:41 P.M.



CLA (CliftonLarsonAllen LLP)
925 Highland Pointe Drive, Suite 450
Roseville, CA 95678-5423
916-784-7800 | fax 916-784-7850
CLAconnect.com

June 11, 2019

Ms. Lisa Hunter, Program Manager
Glenn Groundwater Authority
720 North Colusa Street
Willows, CA 95988

Dear Ms. Hunter:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) will provide for Glenn Groundwater Authority (“you,” “your,” or “the entity”) for the year ended June 30, 2019.

Rich Gonzalez is responsible for the performance of the audit engagement.

Audit services

We will audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of Glenn Groundwater Authority, as of and for the year ended June 30, 2019 and the related notes to the financial statements.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity’s basic financial statements. The RSI will be subjected to certain limited procedures, but will not be audited. The following RSI will be subjected to certain limited procedures, but will not be audited.

1. Management’s discussion and analysis.
2. Budgetary comparison schedules.

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of your financial statements and related notes.

Audit objectives

The objective of our audit is the expression of opinions about whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an

opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

We will issue a written report upon completion of our audit of your financial statements. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming opinions on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue a report, or withdrawing from the engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and on compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. The report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the entity is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit conducted in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the basic 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. 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 basic financial statements.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the

entity, may not be detected. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic 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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we identify during the audit that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

We will include in our report on internal control over financial reporting and compliance relevant information about any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that may have occurred that are required to be communicated under *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements and RSI in accordance with U.S. GAAP. Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design, implementation, and maintenance of effective internal control, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered. You are responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that we may report.

You are responsible for ensuring that management is reliable and for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the “Audit objectives” section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management’s views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will prepare a draft of your financial statements and related notes. Since the preparation and fair presentation of the financial statements is your responsibility, you will be required to acknowledge in the representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for those financial statements. You have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Use of financial statements

The financial statements and our report thereon are for management’s use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to State Controller, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State Controller. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Government Auditing Standards require that we make our most recent external peer review report publicly available. The report is posted on our website at www.CLAconnect.com/Aboutus/.

Mediation

Any disagreement, controversy, or claim (“Dispute”) that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice (“Mediation Notice”) to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of California, without giving effect to choice of law principles.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months (“Limitation Period”) after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

Fees

Our fees for these services will be \$ 9,750. The fee is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our reports.

You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Unanticipated services

We do not anticipate encountering the need to perform additional services beyond those described in this letter. Below are listings of services considered to be outside the scope of our engagement. If any such service needs to be completed before the audit can proceed in an efficient manner, we will determine whether we can provide the service and maintain our independence. If appropriate, we will notify you and provide a fair and reasonable price for providing the service. We will bill you for the service at periodic dates after the additional service has been performed.

Changes in engagement timing and assistance by your personnel

The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. Please sign, date, and return a copy of this letter to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP



Rich Gonzalez, CPA
Principal
916-784-7800
Rich.Gonzalez@CLAconnect.com

Response:

This letter correctly sets forth the understanding of Glenn Groundwater Authority.

Authorized management signature: _____

Title: _____

Date: _____

Authorized governance signature: _____

Title: _____

Date: _____

Glenn Groundwater Authority

Groundwater Sustainability Agency

PO Box 351, Willows, CA 95988 | 530.934.6501

AGENDA ITEM 8: EXECUTIVE COMMITTEE MEMBER REPORTS AND COMMENTS

Members of the Executive Committee are encouraged to share information, reports, comments, and suggested future agenda items. Action cannot be taken on items brought up under this item.

AGENDA ITEM 9: DISCUSS ADDITIONAL POTENTIAL ITEMS TO BE ADDED TO THE NEXT GGA BOARD MEETING AGENDA

Members of the Executive Committee are encouraged to discuss potential items they wish to add to the next GGA Board Agenda.

AGENDA ITEM 10: NEXT MEETING

The next meeting is scheduled for July 24, 2019 at 9:30 AM.

AGENDA ITEM 11: ADJOURN
