

Glenn Groundwater Authority

Groundwater Sustainability Agency

PO Box 351, Willows, CA 95988 | 530.934.6501

MINUTES

GLENN GROUNDWATER AUTHORITY EXECUTIVE COMMITTEE

OCTOBER 24, 2018

9:30 AM

720 NORTH COLUSA STREET, WILLOWS, CA 95988

Committee Members Present:	Agency Representing:
X John Viegas	County of Glenn
X Leslie Nerli	Glide Water District
John Amaro	Glenn-Colusa Irrigation District

Others in attendance:

Lisa Hunter, GGA/Glenn County; Mark Lohse, Glenn Ground Water District; Pat Vellines, Department of Water Resources.

1. CALL TO ORDER

John Viegas called the meeting to order at 9:34 AM.

2. ROLL CALL

Roll was taken as indicated above.

3. APPROVAL OF MINUTES

- Approval of meeting minutes from June 27, 2018.
- Approval of special meeting minutes from July 9, 2018.
- Approval of meeting minutes from August 22, 2018.

All meeting minutes were approved as submitted.

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

4. PERIOD OF PUBLIC COMMENT

None

5. STAFF UPDATES

Lisa Hunter stated she has been coordinating with CliftonLarsonAllen staff and the audit process is moving forward. There are routine update calls between GGA staff, Colusa Groundwater Authority (CGA) staff, and consultants regarding the progress of the hydrogeologic conceptual model and water budget project. Comparison of models is also dependent on the model releases by Department of Water Resources. Ms. Hunter coordinated with Provost & Pritchard to get the scope prepared that is included in today's packet. Invoicing to the member agencies is slightly behind schedule due to the need to have the Chairman's signature. The bylaws indicate the ability to put a procedure in place to allow for electronic signatures which may be helpful. A few other tasks are also awaiting signatures to complete the task. Leslie Nerli suggested adding an item to the next Glenn Groundwater Authority Board meeting agenda to allow for electronic signatures.

6. DEVELOPMENT OF AN AGREEMENT WITH COLUSA GROUNDWATER AUTHORITY TO DESCRIBE COOPERATION BETWEEN THE AGENCIES

- a. Discuss development of Agreement with Colusa Groundwater Authority describing cooperation.
- b. Provide direction to Program Manager as necessary.

Lisa Hunter reviewed the draft agreement, which included comments from previous meetings. Ms. Hunter worked with Ms. Kincaid to develop the current iteration of the MOU and it is ready to be forwarded to the CGA Executive Committee for review and comment. Ms. Hunter reiterated there is potential for acreage changes due to submitted basin boundary modification requests. Special project agreements can be drafted if a project benefits one agency significantly more than the other. The section referencing the cost to each agency will remain highlighted for further discussion.

There was a motion to forward the draft MOU to the CGA Executive Committee for review and comment.

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

7. ANNUAL AUDIT SERVICES

- a. Discuss Engagement Letter and Client Portal Agreement provided by CliftonLarsonAllen.
- b. Authorize Chairman to execute the Engagement Letter.
- c. Authorize the Program Manager to sign the Client Portal Agreement.
- d. Provide direction to Program Manager as necessary.

The GGA Board previously gave authority to the GGA Executive Committee to negotiate a contract with CliftonLarsonAllen to provide annual audit services to the GGA. Valerie Kincaid reviewed the Engagement Letter and Client Portal Agreement and provided comments, which are included in the meeting packet. CliftonLarsonAllen agreed to the suggested changes.

There was a motion to authorize the Chairman to execute the Engagement Letter and authorize the Program Manager to sign the Client Portal Agreement as presented.

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

8. LONG-TERM FUNDING

- a. Discuss scope and fee estimate provided by Provost & Pritchard to complete all necessary tasks to prepare for and implement a Property-Related Fee Assessment for Water Service consistent with the process of Colusa Groundwater Authority.
 - b. Consider providing a recommendation to the Board to:
 - i. Engage with Provost & Pritchard to negotiate a contract to provide services to complete all tasks necessary to prepare for and implement a Property-Related Fee Assessment for Water Service
- OR

- ii. Develop a Request for Proposals or Request for Qualifications to provide services to prepare for and implement a Property-Related Fee Assessment for Water Service.
- c. Provide direction to Program Manager as necessary.

The GGA Board approved requesting a quote from Provost & Pritchard for Proposition 218 related processes. Colusa Groundwater Authority is contracting with Provost & Pritchard. Lisa Hunter worked with Provost & Pritchard staff to answer questions relating to the scope and fee estimate included in the meeting packet. Ms. Hunter stated a main driver of the requested quote is to establish what cost efficiencies could be gained if the Board selected the same consultant team as the CGA. The cost efficiencies are highlighted in the scope and fee assessment. Utilizing the same team would also create consistent messaging across the basin.

The Executive Committee recommended the Board engage with Provost & Pritchard to negotiate a contract to provide services to complete all tasks necessary to prepare for and implement a Property-Related Fee Assessment for Water Service.

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

Ms. Hunter stated there may need to be further clarification from the GGA Board on contract details and included tasks. Direction was provided to the program manager to outline information for the GGA Board members on the specific details of contract tasks including a task to determine which parcels to include in the assessment.

9. EXECUTIVE COMMITTEE MEMBER REPORTS AND COMMENTS

None

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

Items to be added to the next GGA meeting agenda include discussion or action on a procedure to allow for electronic signatures and additional information or clarification from the GGA Board on the long-term funding contract tasks.

11. NEXT MEETING

The next GGA Executive Committee meeting is scheduled for November 28, 2018 at 9:30 AM.

12. ADJOURN

The meeting adjourned at 10:20 AM

Glenn Groundwater Authority Executive Committee 2019 Meeting Schedule

*The GGA Executive Committee will meet generally on the 4th **Wednesday** of each month at **9:30 AM**. Meetings will be held at the Glenn County Department of Agriculture, 720 North Colusa Street, Willows, CA 95988. Exceptions are noted below.*

- January 23, 2019
- February 27, 2019
- March 27, 2019
- April 24, 2019
- May 22, 2019
- June 26, 2019
- July 24, 2019
- August 28, 2019
- September 25, 2019
- October 23, 2019
- November 27, 2019
- December- No meeting

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2018

FINAL DRAFT 12.11.18



**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
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**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
LIST OF DIRECTORS
YEAR ENDED JUNE 30, 2018**

NAME	AGENCY	POSITION
John Viegas	County of Glenn	Director
Pete Carr	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
Vince Minto	County of Glenn	Alternate
Bruce Roundy	City of Orland	Alternate
Evan Markey	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
Ed Vonasek	City of Orland	Alternate
Andrea Jones	Orland-Artois Water District	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, 2018, 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.

Auditor's 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 auditor's 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.

Opinion

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 Glen Groundwater Authority Sustainability Agency, as of June 30, 2018, 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 budgetary comparison information, as listed in the table of contents, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of Glenn Groundwater Authority Groundwater Sustainability Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Glenn Groundwater Authority Groundwater Sustainability Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Glenn Groundwater Authority Groundwater Sustainability Agency's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Roseville, California
December 14, 2018

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Cash and investments	\$ 325,371
Interest Receivable	<u>1,494</u>
Total Assets	<u>326,865</u>

LIABILITIES

Accounts Payable	<u>24,594</u>
Total Liabilities	<u>24,594</u>

NET POSITION

Unrestricted	<u>302,271</u>
Total Net Position	<u><u>\$ 302,271</u></u>

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**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

EXPENSES

Professional Services	\$ 34,436
Administrative Support	59,599
Insurance	<u>1,350</u>
Total Expenses	<u>95,385</u>

PROGRAM REVENUES

Agency Contributions	<u>395,307</u>
Net Program Revenues (Expenses)	<u>299,922</u>

GENERAL REVENUES

Interest Income	<u>2,349</u>
Total General Revenues	<u>2,349</u>

CHANGE IN NET POSITION

302,271

Net Position - Beginning of the Year

-

NET POSITION - END OF YEAR

\$ 302,271

See accompanying Notes to Basic Financial Statements.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2018**

ASSETS

Cash and investments	\$ 325,371
Interest Receivable	<u>1,494</u>
Total Assets	<u><u>\$ 326,865</u></u>

LIABILITIES

Accounts Payable	<u>24,594</u>
Total Liabilities	24,594

FUND BALANCE

Unassigned	<u>302,271</u>
Total Fund Balance	<u><u>\$ 302,271</u></u>

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**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2018**

REVENUES

Agency Contributions	\$ 395,307
Interest Income	<u>2,349</u>
Total Revenues	<u>397,656</u>

EXPENDITURES

Professional Services	34,436
Administrative Support	59,599
Insurance	<u>1,350</u>
Total Expenditures	<u>95,385</u>

CHANGE IN FUND BALANCE

302,271

Fund Balance - Beginning of the Year

-

FUND BALANCE - END OF YEAR

\$ 302,271

See accompanying Notes to Basic Financial Statements.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 of the Sacramento Valley Groundwater Basin.

The State of California under the Sustainable Groundwater Management Act (SGMA) law requires all groundwater well users to live under a Groundwater Sustainability Plan developed by Groundwater Sustainability Agencies that must be completed by January 31, 2022 in non-critically over drafted basins. This Plan will require all groundwater well use to be sustainable for all parts of the basins throughout California, and will potentially require meters and records on groundwater use. Also, required will be a plan for recharging the aquifers if groundwater falls into an overdraft situation.

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
- 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.

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

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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.
- 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.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

- 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, 2018 consisted of the following:

Cash in County Treasury	<u>\$325,371</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.

Required disclosures for the Authority's deposit and investment risks at June 30, 2018 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, 2018, the Authority paid these departments \$59,599 for administrative services.

**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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REQUIRED SUPPLEMENTARY INFORMATION

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**GLENN GROUNDWATER AUTHORITY
GROUNDWATER SUSTAINABILITY AGENCY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues				
Agency Contributions	\$ 395,307	\$ 395,307	\$ 395,307	\$ --
Grants	40,000	40,000	-	(40,000)
Use of money and property	--	--	2,349	2,349
Total Revenues	<u>435,307</u>	<u>435,307</u>	<u>397,656</u>	<u>(37,651)</u>
Expenditures				
Professional Services	82,000	82,000	34,436	47,564
Administrative Support	150,000	150,000	59,599	90,401
Insurance	1,800	1,800	1,350	450
Other	201,507	201,507	-	201,507
Total Expenditures	<u>435,307</u>	<u>435,307</u>	<u>95,385</u>	<u>339,922</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	302,271	302,271
Fund Balance - Beginning of the Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,271</u>	<u>\$ 302,271</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, 2018**

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

FINAL DRAFT 12.11.18

**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, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2018.

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
December 14, 2018