

**VINA GROUNDWATER
SUSTAINABILITY AGENCY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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**VINA GROUNDWATER
SUSTAINABILITY AGENCY
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**VINA GROUNDWATER
SUSTAINABILITY AGENCY
LIST OF DIRECTORS
YEAR ENDED JUNE 30, 2021**

NAME	AGENCY	POSITION
Tod Kimmelshue	Butte County	Director
Kasey Reynolds	City of Chico	Director
Raymond Cooper	Durham Irrigation District	Director
Jeffrey Rowher	Agricultural Well Use Stakeholder	Director
Evan Tuchinsky	Non-Agricultural Domestic Well User Stakeholder	Director
Debra Lucero	Butte County	Alternate
Deepika Tandon	City of Chico	Alternate
Matt Doyle	Durham Irrigation District	Alternate
Steven Koehen	Agricultural Well User Stakeholder	Alternate
Steve Kampfen	Non-Agricultural Domestic Well User Stakeholder	Alternate



INDEPENDENT AUDITORS' REPORT

Board of Directors
Vina Groundwater Sustainability Agency
Oroville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Vina Groundwater Sustainability Agency (the Agency) of the County of Butte (County), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency'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 audits. We conducted our audits 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 Agency, as of June 30, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 11 and 12 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 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 January 5, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Agency's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
January 5, 2022

BASIC FINANCIAL STATEMENTS

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Investments	\$ 8,985	\$ 9,336
Interest Receivable	-	42
Total Assets	8,985	9,378
LIABILITIES		
Accounts Payable	945	-
Total Liabilities	945	-
NET POSITION		
Unrestricted	8,040	9,378
Total Net Position	\$ 8,040	\$ 9,378

See accompanying Notes to Basic Financial Statements.

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
EXPENSES		
Public Protection	\$ 16,333	\$ 12,964
Total Expenses	16,333	12,964
PROGRAM REVENUES		
Agency Contributions	15,000	12,000
Net Program Revenues (Expenses)	(1,333)	(964)
GENERAL REVENUES		
Interest Income	(5)	300
Total General Revenues	(5)	300
CHANGE IN NET POSITION	(1,338)	(664)
Net Position - Beginning of the Year	9,378	10,042
NET POSITION - END OF YEAR	\$ 8,040	\$ 9,378

See accompanying Notes to Basic Financial Statements.

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
BALANCE SHEETS – GOVERNMENTAL FUND
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Investments	\$ 8,985	\$ 9,336
Interest Receivable	-	42
Total Assets	\$ 8,985	\$ 9,378
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 945	\$ -
Total Liabilities	945	-
Fund Balance:		
Unassigned	8,040	9,378
Total Liabilities and Fund Balance	\$ 8,985	\$ 9,378

See accompanying Notes to Basic Financial Statements.

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUND
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
REVENUES		
Agency Contributions	\$ 15,000	\$ 12,000
Interest Income	(5)	300
Total Revenues	14,995	12,300
EXPENDITURES		
Current:		
Insurance	1,800	1,349
Office Expense	1,238	240
Professional Services	13,295	11,375
Total Expenditures	16,333	12,964
CHANGE IN FUND BALANCE	(1,338)	(664)
Fund Balance - Beginning of the Year	9,378	10,042
FUND BALANCE - END OF YEAR	\$ 8,040	\$ 9,378

See accompanying Notes to Basic Financial Statements.

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Vina Groundwater Sustainability Agency was created in 2017 in response to the Sustainable Groundwater Management Act. Its responsibilities include sustainably managing groundwater resources in a portion of the Vina Subbasin, a portion of the larger Sacramento Valley Groundwater Basin covering approximately 184,917 acres. The subbasin is located entirely within Butte County and is generally bounded by Tehama County to the north, the alluvial basin to the east (as defined by Bulletin 118), the border of the Western Canal Water District to the south, and the Sacramento River to the west.

The Sustainable Groundwater Management Act (SGMA), passed in the fall of 2014, establishes a new structure for managing groundwater resources in California. Groundwater basins and subbasins are defined in the Department of Water Resources (DWR) Bulletin 118 document. SGMA requires Groundwater Sustainability Agencies (GSAs) to manage groundwater at the local level through the development and implementation of Groundwater Sustainability Plans (GSPs). The GSPs must ensure sustainable conditions by 2042 while avoiding six distinct undesirable results. The decisions about sustainability will be made locally through public involvement.

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

Vina Groundwater Sustainability Agency Member Agencies include:

- City of Chico
- County of Butte
- Durham Irrigation District

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

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Agency). These statements include the financial activities of the overall Agency.

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

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

Fund Financial Statements

The Agency is engaged in a single-governmental activity and has only a general fund. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (susceptible to accrual). Revenues are accrued when their receipt occurs within 60 days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred.

C. Fund Balances – Governmental Fund Financial Statements

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

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

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. 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.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Cash in County Treasury	\$ 8,985	\$ 9,336

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

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

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

NOTE 3 RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

**VINA GROUNDWATER
SUSTAINABILITY AGENCY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
REVENUES				
Agency Contributions	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Interest	-	-	(5)	(5)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>14,995</u>	<u>(5)</u>
EXPENDITURES				
Insurance	1,500	1,500	1,800	(300)
Office Expense	-	-	1,238	(1,238)
Professional Services	12,000	12,000	13,295	(1,295)
Contingency	1,500	1,500	-	1,500
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>16,333</u>	<u>(1,333)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(1,338)	<u>\$ (1,338)</u>
Fund Balance - Beginning of the Year			<u>9,378</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,040</u>	

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
REVENUES				
Agency Contributions	\$ 15,000	\$ 15,000	\$ 12,000	\$ (3,000)
Interest	-	-	300	300
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>12,300</u>	<u>(2,700)</u>
EXPENDITURES				
Insurance	1,500	1,500	1,349	151
Office Expense	-	-	240	(240)
Publication	10,000	10,000	-	-
Professional Services	2,000	2,000	11,375	(9,375)
Contingency	1,500	1,500	-	1,500
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>12,964</u>	<u>(9,464)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(664)	<u>\$ (12,164)</u>
Fund Balance - Beginning of the Year			<u>10,042</u>	
FUND BALANCE - END OF YEAR			<u>\$ 9,378</u>	

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

**VINA GROUNDWATER AGENCY
GROUNDWATER SUSTAINABILITY AGENCY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

NOTE 1 BUDGET AND BUDGETARY REPORTING

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

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

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

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

OTHER REPORT



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

Board of Directors
Vina Groundwater Sustainability Agency
Oroville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Vina Groundwater Sustainability Agency (Agency) of the County of Butte (County) for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency's internal control.

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

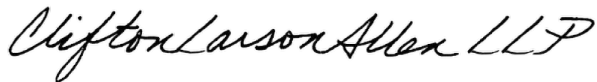
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Roseville, California
January 5, 2022

**VINA GROUNDWATER AGENCY
GROUNDWATER SUSTAINABILITY AGENCY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2021**

2021-001 Accounts Payable Completeness

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting.

Condition: The Agency did not properly accrue for payments made for professional services which were performed prior to June 30, 2021.

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

Effect: An audit adjustment of \$945 increasing accounts payable and professional services expenses was made for fiscal year ended June 30, 2021.

Cause: The Agency did not implement internal controls to review payments made subsequent to year-end or proper cut-off.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the Agency implement additional closing procedures to identify expenditures recorded in the wrong accounting period, such as reviewing payments made after the year-end cut-off for proper reporting.

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

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