

CENTRAL DELTA WATER AGENCY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2020



CROCE, SANGUINETTI, & VANDER VEEN

INC.

CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

Independent Auditors' Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet - Governmental Funds	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	8
Notes to Financial Statements	9
Required Supplemental Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	19
Notes to Required Supplemental Information	20



CROCE, SANGUINETTI, & VANDER VEEN^{INC.}

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Central Delta Water Agency
Stockton, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Central Delta Water Agency** (the Agency) as of and for the year ended June 30, 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 an opinion 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. 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 opinion.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of revenues, expenditures, and changes in fund balance - budget and actual - general fund information on pages 19 and 20 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 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.

Croce, Sanguinetti, & Vander Veen, Inc.

CROCE, SANGUINETTI, & VANDER VEEN, INC.

Certified Public Accountants

Stockton, California

November 2, 2020

CENTRAL DELTA WATER AGENCY

Statement of Net Position

June 30, 2020

	<u>Governmental activities</u>
Assets	
Cash and investments	\$ 1,865,080
Assessments receivable	2,676
Prepaid insurance	<u>4,894</u>
Total assets	<u>1,872,650</u>
Deferred outflows of resources	<u>-</u>
Liabilities	
Accounts payable	<u>89,585</u>
Total liabilities	<u>89,585</u>
Deferred inflows of resources	<u>-</u>
Net position	
Unrestricted	<u>1,783,065</u>
Total net position	<u>\$ 1,783,065</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

Statement of Activities

For the year ended June 30, 2020

	<u>Expenses</u>	<u>Program revenues Capital grants and contributions</u>	<u>Net (expenses) revenues and changes in net position</u>
Governmental activities			
Operations	\$ 877,010	\$ -	\$ <u>(877,010)</u>
Net program (expenses) revenues			<u>(877,010)</u>
General revenues			
Assessments			1,333,733
Interest			26,783
Other			267
Reimbursements			<u>11</u>
Total general revenues			<u>1,360,794</u>
Change in net position			483,784
Net position, beginning of year			<u>1,299,281</u>
Net position, end of year			<u>\$ 1,783,065</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY
Balance Sheet - Governmental Funds

June 30, 2020

	<u>General fund</u>
Assets	
Assets	
Cash and investments	\$ 1,865,080
Prepaid insurance	<u>4,894</u>
Total assets	<u>\$ 1,869,974</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	<u>\$ 89,585</u>
Total liabilities	<u>89,585</u>
Fund balance	
Nonspendable:	
Prepaid insurance	4,894
Unassigned	<u>1,775,495</u>
Total fund balance	<u>1,780,389</u>
Total liabilities and fund balance	<u>\$ 1,869,974</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2020

Total fund balance - governmental funds \$ 1,780,389

Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds because of the following:

Assessments receivable are not available to pay current period expenditures and, therefore, not reported in the governmental funds balance sheet.

2,676

Net position of governmental activities \$ 1,783,065

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

**Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Funds**

For the year ended June 30, 2020

	<u>General fund</u>
Revenues	
Property assessments	\$ 1,352,401
Interest	26,783
Other	267
Reimbursements	11
Total revenues	<u>1,379,462</u>
Expenditures	
Special studies and reports	728,982
Dues and memberships	110,277
Auditors direct assessment service charge	9,265
Attorney fees	8,027
Insurance	7,193
Directors' fees	5,510
Other professional fees	5,375
Miscellaneous	2,331
Postage	31
Copy charges	19
Total expenditures	<u>877,010</u>
Net change in fund balance	502,452
Fund balance, beginning of year	<u>1,277,937</u>
Fund balance, end of year	<u>\$ 1,780,389</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance -
Governmental Funds to the Statement of Activities**

For the year ended June 30, 2020

Net change in fund balance - governmental funds \$ 502,452

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until such time as they are considered a current financial resource.

(18,668)

Change in net position of governmental activities \$ 483,784

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of Central Delta Water Agency (the Agency) is presented to assist in understanding the Agency's financial statements.

Description of the reporting entity

The Agency is a local governmental agency established to take all reasonable and lawful actions to negotiate, enter into, execute, amend, administer, perform and enforce one or more agreements with the United States, the State of California, or either entities, and to pursue legislative and legal actions that have for their general purposes either of the following:

- a. To protect the water supply of the lands within the Agency against intrusion of ocean salinity; and
- b. To assure the lands within the Agency a dependable supply of water of suitable quality sufficient to meet present and future needs.

The Agency may also undertake activities to assist landowners and local districts within the Agency in reclamation and flood control matters.

Agency management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The Agency concluded that there are no potential component units which should be included in the reporting entity.

Government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not classified as program revenues are presented as general revenues. Currently, Central Delta Water Agency only has general revenues.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note A - Summary of Significant Accounting Policies (Continued)

Fund financial statements

The fund financial statements provide information about the Agency's funds. The Agency has one type of fund (governmental), which is comprised of one major fund as follows:

General fund - This fund is established to account for resources devoted to financing the general services that the Agency performs. Property assessment revenues and other sources of revenue used to finance the fundamental operations of the Agency are included in this fund. This fund is charged with all costs of operating the Agency for which a separate fund has not been established.

Measurement focus, basis of accounting, and financial statement presentation

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 a liability is incurred, regardless of the timing of related cash flows. Property assessments are recognized as revenues in the year for which they are intended to finance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period and apply to the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note A - Summary of Significant Accounting Policies (Continued)

- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.
- c. Unrestricted - Amounts not required to be reported in the other components of net position.

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

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Agency's highest level of decision making authority.

Assigned - Amounts constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Agency manager or their designee.

Unassigned - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Agency's policy to use committed resources first, then assigned, and then unassigned as they are needed.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note A - Summary of Significant Accounting Policies (Continued)

Cash and investments

For the purpose of financial reporting “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity date of three months or less.

Investments are reported at fair value.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Budget procedures

Annual budget requests are submitted by the Board of Directors of the Agency to the San Joaquin County Board of Supervisors. The minutes record a resolution adopting the budget. The appropriations lapse at year-end.

Property assessments

The Agency makes an annual assessment each year which is certified to the San Joaquin County Auditor with a request that it be collected by way of the County tax bills at the same time and in the same manner as ad valorem property taxes are collected. Ad valorem property taxes attach as an enforceable lien on property as of March 1.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note A - Summary of Significant Accounting Policies (Continued)

Taxes are due, payable and delinquent as follows:

	<u>First Installment</u>	<u>Second Installment</u>
Due date	November 1, 2019	February 1, 2020
Delinquent date	December 10, 2019	April 10, 2020

Estimates

The preparation of the 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. Actual results could differ from those estimates.

New accounting pronouncements

Standards adopted

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Agency implemented the provisions of this Statement for the year ended June 30, 2020. The adoption of this Statement had no impact on the Agency's financial statements.

Standards not yet adopted

In January 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The Agency will be required to implement the provisions of this Statement for the year ended June 30, 2021. The Agency has not determined the effect on the financial statements.

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note B - Cash and Investments

Cash and investments of the Agency as of June 30, 2020, consist of the following:

	<u>Carrying amount</u>	<u>Fair value</u>
<u>Investment in external investment pool</u>		
San Joaquin County Treasurer	\$ 1,865,080	\$ 1,865,080
Total cash and investments	\$ 1,865,080	

Deposit and Investment Policy

California statutes authorize special districts to invest idle, surplus or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. As specified in Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the Agency's funds, the primary objectives, in priority order, of the Agency's investment activities and of the Agency's investment policy shall be (1) safety, (2) liquidity, and (3) yield. It is the policy of the Agency to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the Agency as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of Agency funds.

The Agency is provided a broad spectrum of eligible investments under California Government Code Sections 53600-53609 (authorized investments), 53630-53686 (deposits and collateral), and 16429.1 (Local Agency Investment Fund). The Agency may choose to restrict its permitted investments to a smaller list of securities that more closely fits the Agency's cash flow needs and requirements for liquidity. The table below identifies the investment types that are authorized for the Agency by the California Government Code, Section 53600 (or Agency's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Notes, and Bonds	5 years	None	None
U.S. Government Agency Obligations	5 years	None	None
Repurchase Agreements	1 year	None	None
State Registered Warrants, Notes or Bonds	5 years	None	None
Bankers Acceptances	180 days	40%	30%

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note B - Cash and Investments (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Commercial Paper	270 days	30%	10%
Negotiable Certificates of Deposit	1 year	30%	None
Medium Term Corporate Notes	3 years	30%	None
Mutual Funds	N/A	20%	10%
Bank Deposits	N/A	10%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Local Government Investment Pools	N/A	None	None

The Agency complied with the provisions of California Government Code (or the Agency's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The Agency does not maintain a formal investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

<u>Investment type</u>	<u>Total</u>	<u>Remaining maturity (in months)</u>					
		<u>12 months or less</u>	<u>13 - 24 months</u>	<u>25 - 36 months</u>	<u>37-48 months</u>	<u>49-60 months</u>	<u>More than 60 months</u>
San Joaquin County							
Treasurer	\$ 1,865,080	\$ 1,865,080	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 1,865,080</u>	<u>\$ 1,865,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note B - Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the Agency's investment policy, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
San Joaquin County							
Treasurer	\$1,865,080	N/A	\$ -	\$ -	\$ -	\$ -	\$1,865,080
Total	\$1,865,080	N/A	\$ -	\$ -	\$ -	\$ -	\$1,865,080

Concentration of Credit Risk

The Agency had no investment policy limiting the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Agency's investments are concentrated in external investment pools which are not subject to investment limits.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note B - Cash and Investments (Continued)

Investment in External Investment Pool

The Agency's investment in the San Joaquin County investment pool is managed by the San Joaquin County Treasurer and is stated at fair value or amortized cost, which approximates fair value. Cash held by the San Joaquin County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.sjgov.org/treasurer/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained by the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. In accordance with applicable State laws, the San Joaquin County Treasurer may invest in derivative securities. However, at June 30, 2020, the San Joaquin County Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Fair value hierarchy

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Agency's investment in the County of San Joaquin Treasury Pool is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of San Joaquin, which is calculated as the fair value divided by the amortized cost of the investment pool.

Note C - Insurance

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to insure for risks of loss, the Agency purchases insurance through commercial insurance carriers. As of June 30, 2020, the Agency's insurance coverage includes general liability insurance with liability limits of \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2020

Note D - Governing Board

Governing board

The Agency is governed by a three-member board of directors, each serving a four-year term. As of June 30, 2020, the directors are as follows:

<u>Director</u>	<u>Term expires</u>
George Biagi, Jr.	December 2021
Rudy Mussi	December 2023
Edward Zuckerman	December 2021

Note E - Joint Venture/Joint Powers Authority

Eastern San Joaquin County Groundwater Basin Authority

The Agency is a member of the Eastern San Joaquin County Groundwater Basin Authority (the GBA). The GBA was established to collectively develop locally supported projects to strengthen water supply reliability in Eastern San Joaquin County. Central Delta Water Agency provided \$0 of funding to the GBA for the fiscal year ended June 30, 2020. Financial Statements for the GBA are available at the office of the Eastern San Joaquin County Groundwater Basin Authority.

Eastern San Joaquin Groundwater Authority

The Agency is a member of the Eastern San Joaquin Groundwater Authority (the Authority). The Authority was established to provide dynamic, cost-effective, flexible and collegial organization to ensure initial and ongoing “Sustainable Ground Management Act” (SGMA) compliance within the Basin. Central Delta Water Agency provided \$10,277 of funding to the Authority for the fiscal year ended June 30, 2020. Financial Statements for the Authority are available at the office of the Eastern San Joaquin Groundwater Authority.

Note F - Contingencies

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged in jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. The duration and intensity of the impact of the coronavirus and resulting impact to the Agency is unknown.

REQUIRED SUPPLEMENTAL INFORMATION

CENTRAL DELTA WATER AGENCY

**Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual - General Fund**

For the year ended June 30, 2020

	Budgeted amounts <u>original/final</u>	<u>Actual amounts</u>	Variance with final budget positive (negative)
Revenues			
Property assessments	\$ 1,300,732	\$ 1,352,401	\$ 51,669
Interest	-	26,783	26,783
Other	-	267	267
Reimbursements	-	<u>11</u>	<u>11</u>
Total revenues	<u>1,300,732</u>	<u>1,379,462</u>	<u>78,730</u>
Expenditures			
Special studies and reports	1,700,000	728,982	971,018
Dues and memberships	-	110,277	(110,277)
Auditors direct assessment service charge	-	9,265	(9,265)
Attorney fees	-	8,027	(8,027)
Insurance	9,500	7,193	2,307
Directors' fees	10,000	5,510	4,490
Other professional fees	-	5,375	(5,375)
Miscellaneous	1,300,200	2,331	1,297,869
Postage	1,000	31	969
Copy charges	<u>5,500</u>	<u>19</u>	<u>5,481</u>
Total expenditures	<u>3,026,200</u>	<u>877,010</u>	<u>2,149,190</u>
Excess (deficiency) of revenues over expenditures	(1,725,468)	502,452	2,227,920
Fund balance, beginning of year	<u>1,277,937</u>	<u>1,277,937</u>	<u>-</u>
Fund balance, end of year	<u>\$ (447,531)</u>	<u>\$ 1,780,389</u>	<u>\$ 2,227,920</u>

CENTRAL DELTA WATER AGENCY

Notes to Required Supplemental Information

June 30, 2020

The Agency prepares a budget annually which is approved by the Board of Directors setting forth the contemplated fiscal requirements. The Agency's budget is maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the annual budget as originally adopted and the final adopted amounts. There were no amendments to the budget during the year ended June 30, 2020. The budget amounts are based on estimates of the Agency's expenditures and the proposed means of financing them. Actual expenditures for certain line items may vary significantly from the budget due to timing of such expenditures.