

Consumnes American Bear Yuba JPA

Financial Report

June 30, 2018

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VAUGHN JOHNSON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cosumnes American Bear Yuba JPA

I have audited the accompanying financial statements of Cosumnes American Bear Yuba JPA, as of and for the year ended June 30, 2018, and the related notes to financial statements, as listed in the index.

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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cosumnes American Bear Yuba JPA as of June 30, 2018, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted [Describe the required supplementary information, such as historical pension information.] 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.

Vaughn Johnson

Vaughn Johnson, CPA

Cameron Park, CA

June 10, 2019

Cosumnes American Bear Yuba JPA
Statement of Net Position
As of June 30, 2018

ASSETS

Current asset:

Cash and investments	\$ 13,965
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Total current assets	<u>13,965</u>
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Total assets	<u><u>\$ 13,965</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:	\$ -
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Total current liabilities	<u>-</u>
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NET POSITION

Unrestricted	<u>13,965</u>
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Total net position	<u>13,965</u>
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Total liabilities and net position	<u><u>\$ 13,965</u></u>
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Cosumnes American Bear Yuba JPA
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

Expenses	
Bank Charges	<u>\$ 36</u>
Total Expenses	<u> 36</u>
Revenues	
Intergovernmental Revenue	<u> 14,000</u>
Total Revenue	<u> 14,000</u>
Income from Operatints	13,964
Non operating revenues (expenses)	
Interest	<u> 1</u>
Change in net position	13,965
Net position - beginning of year	<u> -</u>
Net position - end of year	<u><u> \$ 13,965</u></u>

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2018

Note 1: **Summary of Significant Accounting Policies**

A. Reporting Entity

The Cosumnes, American, Bear, Yuba (CABY) Integrated Regional Water Management (IRWM) group is an innovative, stakeholder-driven collaboration among local government, Tribes, watershed groups, and interested partners in the foothill region of California. The CABY IRWM comprises four major watersheds, and a planning area of 4,351 square miles. The importance of the region cannot be overstated. CABY region comprises four watersheds, the Cosumnes, American, Bear, and Yuba, which combine to form a major drainage area of the western slope of the Sierra Nevada range, from the mountain crest to the Central Valley. The collective streams, rivers, lakes, and reservoirs of these watersheds flow into the Sacramento River and are a major source of fresh water for the state of California.

CABY is made up of a large group of stakeholders who are passionate about making a difference in the region in a consensus-driven manner. CABY integrates long term planning and high-quality project implementation in an adaptive management framework-fostering coordination and communication among the region's diverse stakeholders.

The Authority reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the Authority is financially accountable for other entities. The Authority has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements.

B. Memorandum of Understanding (MOU)/Joint Powers Agreement (JPA)

On June 11, 2014, the EDCWA Board approved Resolution No. 1WA-4-2014, adopting the CABY IRWMP as a voluntary document that provides broadly supported, identified goals, objectives, strategies, and projects to meet the integrated water needs of the people and the rivers of the Cosumnes, American, Bear and Yuba region now and into the future. The updated Plan includes provisions for the water agencies participating in CABY to form a Joint Powers Authority (JPA) to facilitate better governance of the collaborative. Staff and legal counsels of the participating water agencies, El Dorado County Water Agency, El Dorado Irrigation District, Nevada Irrigation District, and Placer County Water Agency, have drafted a Joint Exercise of Powers Agreement, which reflects the requirements of the IRWMP and the respective agencies.

On February 10, 2015 the Agency approved the Joint Exercise of Powers Agreement relating to the Cosumnes American Bear Yuba ("CABY") Integrated Regional Water Management Plan, also called the CABY Joint Powers Agreement. The Agency's approval was made subject to non-substantive

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2018

revisions necessary for the approval by the other agencies (Placer County Water Agency, El Dorado Irrigation District, and Nevada Irrigation District). As of March 31, 2016, the CABY Joint Powers Agreement was executed by all of the water agencies. The representative agencies plan to hold the first organizational meeting of the CABY Joint Powers Authority in the near future; as such, it is necessary to designate the directors for the CABY Joint Powers Authority.

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and net activities displays information about the primary government (Authority). These statements include the financial activities of the overall Authority.

The statement of activities presents a comparison between direct expenses and program revenues for the Authority's governmental activity. Direct expenses are those that are specifically associated with the Authority. Program revenues include: 1) fees, fines, and charges paid by the recipient of goods, services, or privileges provided by the program; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Authority received program revenues for the period ended February 11, 2019 from El Dorado County Water Agency for operating expenses, and no contributions from non-member entities or member entities. Revenues that are not classified as program revenues, including all taxes and investment earnings, 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 or received and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted solely on restricted expenses or liabilities.

Fund Financial Statements

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 to finance expenditures of the current period.

Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include mainly contributions that are restricted to meeting the operational or capital requirements. All other governmental fund revenues are recognized when received.

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2018

The Authority reports one major governmental fund, the General Fund. The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

E. Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt . This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balance of debt that are attributable to capital assets reduce the balance in this category.
- Restricted Net Assets . This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law, through constitutional provisions or enabling legislation.
- Unrestricted Net Assets . This category represents net assets of the Authority, not restricted for any project or any other purpose.

The Government Accounting Standards Board (GASB) issued GASB 54 to provide clearer fund balance classifications. GASB 54 requires new reporting standards for the fiscal years beginning after June 15, 2010 and establishes five (5) categories for reporting the Commission's fund balance: Unspendable, Restricted, Committed, Assigned, and Unassigned.

As of June 30, 2018, the Authority has \$13,965 in unassigned fund balance.

Unspendable fund balance includes elements of the fund balance that cannot be spent because of their form, such as inventory.

Restricted fund balance includes resources that are subject to constraints that are externally enforceable legal restrictions such as funds advanced under specific agreements for services. Restricted fund balance represents the portion of the future fund balance restricted by law or legally obligated to outside parties.

Committed funds represent the portion of the fund balance that has been set aside for programs, projects, and activities to be conducted in the future. The funds are unavailable for uses other than the purposes for which they were designated. Committed fund balance

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2018

represents use of funds is constrained by limits imposed by the Authority's highest level of decision making and removal or modification of use of funds can be accomplished by formal action of the Authority's Board.

Assigned fund balance reflects the Authority's intended use of resources.

Note 2: Cash and Investments

Cash consisted of the following at June 30:

	2018
Cash in El Dorado Water & Power Authority Treasury	\$ 13,965
Total Cash	<u>\$ 13,965</u>

Required disclosures for the Authority's deposit and investment risks at June 30, 2018 were as follows:

	June 30, 2018
Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Note 3: Related Party Transactions

The Authority also received contributions restricted to meeting the operational needs of the Authority from the El Dorado County Water Agency in the following amounts for the fiscal year ended June 30, 2018:

El Dorado County Water Agency	\$3,500
Placer County Water Agency	3,500
El Dorado Irrigation District	3,500
Nevada Irrigation District	<u>3,500</u>
Total Contributions	<u>\$14,000</u>

Note 4: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the Authority does not have employees, it is not exposed to injuries to employees. The Authority's officers are officials of the El Dorado County Water Agency, and therefore coverage for general liability and errors and omissions is provided under the County of El Dorado's Risk Management program. This program provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1 million for each general liability claim, and \$25,000 for each property damage claim.

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2018

Note 5: **Evaluation of Subsequent Events**

The authority has evaluated subsequent events through June 10, 2019 the date on which the financial statements were available to be issued.

CABY JPA

Cosumnes American Bear Yuba Joint Powers Authority

June 10, 2019

Vaughn Johnson, CPA
4120 Cameron Park Drive Suite 400
Cameron Park, CA 95682

This representation letter is provided in connection with your audit of the financial statements of Cosumnes American Bear Yuba JPA, which comprise the respective financial position of the governmental activities, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 10, 2019, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 17, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Cosumnes American Bear Yuba JPA is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Consumnes American Bear Yuba JPA from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 1) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
 - 1) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - 1) We have no knowledge of any fraud or suspected fraud that affects the Consumnes American Bear Yuba JPA and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
 - 2) We have no knowledge of any allegations of fraud or suspected fraud affecting the Consumnes American Bear Yuba JPA's financial statements communicated by employees, former employees, regulators, or others.
 - 3) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
 - 4) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
 - 5) We have disclosed to you the identity of the Consumnes American Bear Yuba JPA's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 6) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 1) The Consumnes American Bear Yuba JPA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 1) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 1) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 1) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 1) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 1) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 1) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 2) The Consumnes American Bear Yuba JPA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 1) The Consumnes American Bear Yuba JPA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 2) The Consumnes American Bear Yuba JPA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 1) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 1) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 1) All funds that meet the quantitative criteria in and for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 1) Components of net position (net investment in capital assets; restricted; and unrestricted) , and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 1) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 1) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 1) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 1) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 1) We have appropriately disclosed the Consumnes American Bear Yuba JPA's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 1) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 1) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 1) With respect to the Management Discussion and Analysis (MDA) and Budgetary Analysis.
 - a) We acknowledge our responsibility for presenting the MDA and budgetary analysis in accordance with accounting principles generally accepted in the United States of America, and we believe the MDS and budgetary analysis, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the MDA and Budgetary Analysis have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the MDA and Budgetary Analysis is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: 
Title: Board President

Signature: Jani Scowcroft
Title: Treasurer

Consumnes American Bear Yuba JPA

Financial Report

June 30, 2019

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VAUGHN JOHNSON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cosumnes American Bear Yuba JPA

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Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cosumnes American Bear Yuba JPA as of June 30, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information 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. My opinion on the basic financial statements is not affected by this missing information.

Vaughn Johnson

Vaughn Johnson, CPA

Cameron Park, CA

December 13, 2019

**BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Cosumnes American Bear Yuba JPA
Statement of Net Position
As of June 30, 2019

ASSETS

Current asset:

Cash and investments \$ 61,807

Total current assets 61,807

Total assets \$ 61,807

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts Payable \$ 10,743

Total current liabilities 10,743

NET POSITION

Unrestricted 51,064

Total net position 51,064

Total liabilities and net position \$ 61,807

Cosumnes American Bear Yuba JPA
Statement of Activities
For the Year Ended June 30, 2019

Expenses	
Bank Charges	\$ 36
Professional fees	<u>\$ 42,875</u>
Total Expenses	<u> 42,911</u>
Revenues	
Intergovernmental Revenue	<u> 80,000</u>
Total Revenue	<u> 80,000</u>
Income from Operatints	37,089
Non operating revenues (expenses)	
Interest	<u> 10</u>
Change in net position	37,099
Net position - beginning of year	<u> 13,965</u>
Net position - end of year	<u><u> \$ 51,064</u></u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

Cosumnes American Bear Yuba JPA
Balance Sheet
As of June 30, 2019

ASSETS

Current asset:

Cash and investments \$ 61,807

Total current assets 61,807

Total assets \$ 61,807

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts Payable \$ 10,743

Total current liabilities 10,743

NET POSITION

Unrestricted 51,064

Total net position 51,064

Total liabilities and net position \$ 61,807

Cosumnes American Bear Yuba JPA
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

Expenses	
Bank Charges	\$ 36
Professional fees	<u>42,875</u>
Total Expenses	<u>42,911</u>
Revenues	
Intergovernmental Revenue	<u>80,000</u>
Total Revenue	<u>80,000</u>
Income from Operatints	37,089
Non operating revenues (expenses)	
Interest	<u>10</u>
Change in net position	37,099
Net position - beginning of year	<u>13,965</u>
Net position - end of year	<u><u>\$ 51,064</u></u>

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2019

Note 1: **Summary of Significant Accounting Policies**

A. Reporting Entity

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CABY is made up of a large group of stakeholders who are passionate about making a difference in the region in a consensus-driven manner. CABY integrates long term planning and high-quality project implementation in an adaptive management framework-fostering coordination and communication among the region's diverse stakeholders.

The Authority reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the Authority is financially accountable for other entities. The Authority has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements.

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Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2019

revisions necessary for the approval by the other agencies (Placer County Water Agency, El Dorado Irrigation District, and Nevada Irrigation District). As of March 31, 2016, the CABY Joint Powers Agreement was executed by all of the water agencies. The representative agencies plan to hold the first organizational meeting of the CABY Joint Powers Authority in the near future; as such, it is necessary to designate the directors for the CABY Joint Powers Authority.

C. Basis of Presentation

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The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or received and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted solely on restricted expenses or liabilities.

Fund Financial Statements

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 to finance expenditures of the current period.

Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include mainly contributions that are restricted to meeting the operational or capital requirements. All other governmental fund revenues are recognized when received.

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2019

The Authority reports one major governmental fund, the General Fund. The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

E. Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balance of debt that are attributable to capital assets reduce the balance in this category.
- Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law, through constitutional provisions or enabling legislation.
- Unrestricted Net Assets – This category represents net assets of the Authority, not restricted for any project or any other purpose.

The Government Accounting Standards Board (GASB) issued GASB 54 to provide clearer fund balance classifications. GASB 54 requires new reporting standards for the fiscal years beginning after June 15, 2010 and establishes five (5) categories for reporting the Commission's fund balance: Unspendable, Restricted, Committed, Assigned, and Unassigned.

As of June 30, 2019, the Authority has \$51,064 in unassigned fund balance.

Unspendable fund balance includes elements of the fund balance that cannot be spent because of their form, such as inventory.

Restricted fund balance includes resources that are subject to constraints that are externally enforceable legal restrictions such as funds advanced under specific agreements for services. Restricted fund balance represents the portion of the future fund balance restricted by law or legally obligated to outside parties.

Committed funds represent the portion of the fund balance that has been set aside for programs, projects, and activities to be conducted in the future. The funds are unavailable for uses other than the purposes for which they were designated. Committed fund balance

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2019

represents use of funds is constrained by limits imposed by the Authority's highest level of decision making and removal or modification of use of funds can be accomplished by formal action of the Authority's Board.

Assigned fund balance reflects the Authority's intended use of resources.

Note 2: Cash and Investments

Cash consisted of the following at June 30:

	2019
Cash in El Dorado Water & Power Authority Treasury	\$ 61,807
Total Cash	<u>\$ 61,807</u>

Required disclosures for the Authority's deposit and investment risks at June 30, 2018 were as follows:

	June 30, 2019
Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Note 3: Related Party Transactions

The Authority also received contributions restricted to meeting the operational needs of the Authority from the El Dorado County Water Agency in the following amounts for the fiscal year ended June 30, 2019:

El Dorado Water Agency	\$20,000
Placer County Water Agency	20,000
El Dorado Irrigation District	20,000
Nevada Irrigation District	<u>20,000</u>
Total Contributions	<u>\$80,000</u>

Note 4: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the Authority does not have employees, it is not exposed to injuries to employees. The Authority's officers are officials of the El Dorado County Water Agency, and therefore coverage for general liability and errors and omissions is provided under the County of El Dorado's Risk Management program. This program provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1 million for each general liability claim, and \$25,000 for each property damage claim.

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2019

Note 5: **Evaluation of Subsequent Events**

The authority has evaluated subsequent events through December 13, 2019 the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Cosumnes American Bear Yuba JPA
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary Balance, Beg of Year	\$ 13,965	\$ 13,965	\$ 13,965	\$ -
Total Budgetary Fund Balance	13,965	13,965	13,965	-
Resources (Inflows)				
Interest Income			10	10
Other Governmental Income	80,000	80,000	80,000	-
Amounts Available for Appropriation	93,965	93,965	93,975	10
Charges to Appropriations (Outflows)				
Consulting/Contracts	60,000	60,000	42,875	17,125
JPA Insurance	5,000	5,000		5,000
Website	3,000	3,000		3,000
Supplies/Materials	12,000	12,000	36	11,964
Total Charges to Appropriations	80,000	80,000	42,911	37,089
Net Change in Fund Balances	-	-	37,099	37,099
Fund Balance, End of Year	\$ 13,965	\$ 13,965	\$ 51,064	\$ 37,099

CONSUMNES AMERICAN BEAR YUBA JPA
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

BUDGETARY BASIS OF ACCOUNTING

The Authority operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. The level of control (level at which expenditures may not exceed budget) is the fund.

After the budget is approved, the appropriations can be added to, subtracted from or changed only by Authority resolution. The only exception to this requirement occurs if the budget change is due to final Operating fund balance. After fiscal year end, the Authority may adjust the operating budget based on the actual fund balance carry-over. If the actual carry-over varies more than 15% from the projected fund balance due to items not encumbered in the previous fiscal year, the Authority will prepare a budget adjustment recommendation for the Board's approval. 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. Any changes to the CABY budget must be presented to the Authority's Board for approval.

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 are 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 fiscal year-end.

Budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciliation items.

CABY JPA

Cosumnes American Bear Yuba Joint Powers Authority

December 13, 2019

Cosumnes American Bear Yuba JPA

This representation letter is provided in connection with your audit of the financial statements of Cosumnes American Bear Yuba JPA as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 13, 2019, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 13, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Cosumnes American Bear Yuba JPA is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Cosumnes American Bear Yuba JPA from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Cosumnes American Bear Yuba JPA or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Cosumnes American Bear Yuba JPA and involves—
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Cosumnes American Bear Yuba JPA 's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Cosumnes American Bear Yuba JPA's related parties and all the related party relationships and transactions of which we are aware.

Entity-specific

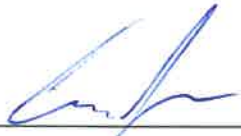
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Cosumnes American Bear Yuba JPA has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Cosumnes American Bear Yuba JPA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Cosumnes American Bear Yuba JPA has complied with all aspects of contractual agreements that would have a material effect on the Cosumnes American Bear Yuba JPA financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 32) Provisions for uncollectible receivables have been properly identified and recorded.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 37) Capital assets and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 38) We have appropriately disclosed the Cosumnes American Bear Yuba JPA 's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) With respect to the Budget compared to Actual.
 - a) We acknowledge our responsibility for presenting the Budget to Actual comparison in accordance with accounting principles generally accepted in the United States of America, and we believe the Budget to Actual comparison, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Budget to Actual comparison have not changed from those used in the prior period,

and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the Budget to Actual comparison is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

42) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature: 

Title: Chair

Signature: Jan Scurcroft

Title: Treasurer

Consumnes American Bear Yuba JPA
Financial Report
June 30, 2020

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Statement of Activities	4
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Statement of Revenues, Expenses and Changes in Net Position	6
Notes to Financial Statements	7
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VAUGHN JOHNSON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cosumnes American Bear Yuba JPA

I have audited the accompanying financial statements of Cosumnes American Bear Yuba JPA, as of and for the year ended June 30, 2020, and the related notes to financial statements, as listed in the index.

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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cosumnes American Bear Yuba JPA as of June 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information 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. My opinion on the basic financial statements is not affected by this missing information.

Vaughn Johnson

Vaughn Johnson, CPA

Cameron Park, CA

January 25, 2021

**BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Cosumnes American Bear Yuba JPA
Statement of Net Position
As of June 30, 2020

ASSETS

Current asset:

Cash and investments \$ 124,543

Total current assets 124,543

Total assets \$ 124,543

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts Payable \$ 6,533

Total current liabilities 6,533

NET POSITION

Unrestricted 118,010

Total net position 118,010

Total liabilities and net position \$ 124,543

Cosumnes American Bear Yuba JPA
Statement of Activities
For the Year Ended June 30, 2020

Expenses	
Bank Charges	\$ 36
Professional fees	<u>33,045</u>
Total Expenses	<u>33,081</u>
Revenues	
Intergovernmental Revenue	<u>100,000</u>
Total Revenue	<u>100,000</u>
Income from Operatints	66,919
Non operating revenues (expenses)	
Interest	<u>27</u>
Change in net position	66,946
Net position - beginning of year	<u>51,064</u>
Net position - end of year	<u><u>\$ 118,010</u></u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

Cosumnes American Bear Yuba JPA
Balance Sheet
As of June 30, 2020

ASSETS

Current asset:

Cash and investments \$ 124,543

Total current assets 124,543

Total assets \$ 124,543

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts Payable \$ 6,533

Total current liabilities 6,533

NET POSITION

Unrestricted 118,010

Total net position 118,010

Total liabilities and net position \$ 124,543

Cosumnes American Bear Yuba JPA
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

Expenses	
Bank Charges	\$ 36
Professional fees	<u>33,045</u>
Total Expenses	<u>33,081</u>
Revenues	
Intergovernmental Revenue	<u>100,000</u>
Total Revenue	<u>100,000</u>
Income from Operatints	66,919
Non operating revenues (expenses)	
Interest	<u>27</u>
Change in net position	66,946
Net position - beginning of year	<u>51,064</u>
Net position - end of year	<u><u>\$ 118,010</u></u>

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2020

Note 1: **Summary of Significant Accounting Policies**

A. Reporting Entity

The Cosumnes, American, Bear, Yuba (CABY) Integrated Regional Water Management (IRWM) group is an innovative, stakeholder-driven collaboration among local government, Tribes, watershed groups, and interested partners in the foothill region of California. The CABY IRWM comprises four major watersheds, and a planning area of 4,351 square miles. The importance of the region cannot be overstated. CABY region comprises four watersheds—the Cosumnes, American, Bear, and Yuba—which combine to form a major drainage area of the western slope of the Sierra Nevada range, from the mountain crest to the Central Valley. The collective streams, rivers, lakes, and reservoirs of these watersheds flow into the Sacramento River and are a major source of fresh water for the state of California.

CABY is made up of a large group of stakeholders who are passionate about making a difference in the region in a consensus-driven manner. CABY integrates long term planning and high-quality project implementation in an adaptive management framework-fostering coordination and communication among the region's diverse stakeholders.

The Authority reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the Authority is financially accountable for other entities. The Authority has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements.

B. Memorandum of Understanding (MOU)/Joint Powers Agreement (JPA)

On June 11, 2014, the EDCWA Board approved Resolution No. 1WA-4-2014, adopting the CABY IRWMP as a voluntary document that provides broadly supported, identified goals, objectives, strategies, and projects to meet the integrated water needs of the people and the rivers of the Cosumnes, American, Bear and Yuba region now and into the future. The updated Plan includes provisions for the water agencies participating in CABY to form a Joint Powers Authority (JPA) to facilitate better governance of the collaborative. Staff and legal counsels of the participating water agencies – El Dorado County Water Agency, El Dorado Irrigation District, Nevada Irrigation District, and Placer County Water Agency – have drafted a Joint Exercise of Powers Agreement, which reflects the requirements of the IRWMP and the respective agencies.

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2020

On February 10, 2015 the Agency approved the Joint Exercise of Powers Agreement relating to the Cosumnes American Bear Yuba ("CABY") Integrated Regional Water Management Plan, also called the "CABY Joint Powers Agreement." The Agency's approval was made subject to non-substantive revisions necessary for the approval by the other agencies (Placer County Water Agency, El Dorado Irrigation District, and Nevada Irrigation District). As of March 31, 2016, the CABY Joint Powers Agreement was executed by all of the water agencies. The representative agencies plan to hold the first organizational meeting of the CABY Joint Powers Authority in the near future; as such, it is necessary to designate the directors for the CABY Joint Powers Authority.

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and net activities displays information about the primary government (Authority). These statements include the financial activities of the overall Authority.

The statement of activities presents a comparison between direct expenses and program revenues for the Authority's governmental activity. Direct expenses are those that are specifically associated with the Authority. Program revenues include: 1) fees, fines, and charges paid by the recipient of goods, services, or privileges provided by the program; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The Authority received program revenues for the period ended February 11, 2019 from El Dorado County Water Agency for operating expenses, and no contributions from non-member entities or member entities. Revenues that are not classified as program revenues, including all taxes and investment earnings, 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 or received and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted solely on restricted expenses or liabilities.

Fund Financial Statements

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 to finance expenditures of the current period.

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2020

Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include mainly contributions that are restricted to meeting the operational or capital requirements. All other governmental fund revenues are recognized when received.

The Authority reports one major governmental fund, the General Fund. The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

E. Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balance of debt that are attributable to capital assets reduce the balance in this category.
- Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law, through constitutional provisions or enabling legislation.
- Unrestricted Net Assets – This category represents net assets of the Authority, not restricted for any project or any other purpose.

The Government Accounting Standards Board (GASB) issued GASB 54 to provide clearer fund balance classifications. GASB 54 requires new reporting standards for the fiscal years beginning after June 15, 2010 and establishes five (5) categories for reporting the Commission's fund balance: Unspendable, Restricted, Committed, Assigned, and Unassigned.

As of June 30, 2020, the Authority has \$118,010 in unassigned fund balance.

Unspendable fund balance includes elements of the fund balance that cannot be spent because of their form, such as inventory.

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2020

Restricted fund balance includes resources that are subject to constraints that are externally enforceable legal restrictions such as funds advanced under specific agreements for services. Restricted fund balance represents the portion of the future fund balance restricted by law or legally obligated to outside parties.

Committed funds represent the portion of the fund balance that has been set aside for programs, projects, and activities to be conducted in the future. The funds are unavailable for uses other than the purposes for which they were designated. Committed fund balance represents use of funds is constrained by limits imposed by the Authority's highest level of decision making and removal or modification of use of funds can be accomplished by formal action of the Authority's Board.

Assigned fund balance reflects the Authority's intended use of resources.

Note 2: Cash and Investments

Cash consisted of the following at June 30:

	2020
Cash in El Dorado Water & Power Authority Treasury	\$ 124,453
Total Cash	<u>\$ 124,453</u>

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

	June 30, 2020
Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Note 3: Related Party Transactions

The Authority also received contributions restricted to meeting the operational needs of the Authority from the El Dorado County Water Agency in the following amounts for the fiscal year ended June 30, 2020:

El Dorado Water Agency	\$25,000
Placer County Water Agency	25,000
El Dorado Irrigation District	25,000
Nevada Irrigation District	<u>25,000</u>
Total Contributions	<u>\$80,000</u>

Cosumnes American Bear Yuba JPA
Notes To The Financial Statements
For The Year Ended June 30, 2020

Note 4: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the Authority does not have employees, it is not exposed to injuries to employees. The Authority's officers are officials of the El Dorado County Water Agency, and therefore coverage for general liability and errors and omissions is provided under the County of El Dorado's Risk Management program. This program provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1 million for each general liability claim, and \$25,000 for each property damage claim.

Note 5: Budgetary Variances

The joint power authority (JPA) decided not to invoice the members for current member entities for the fiscal year dues and therefore the corresponding consulting expenses.

Note 6: Evaluation of Subsequent Events

The authority has evaluated subsequent events through January 25, 2021 the date on which the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The spread of this virus has caused business disruption to the District when stay at home orders were issued by the Governor of California. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the length of stay-at-home orders, all of which are highly uncertain and cannot be predicted at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Cosumnes American Bear Yuba JPA
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary Balance, Beg of Year	\$ 128,000	\$ 128,000	\$ 51,064	\$ (76,936)
Total Budgetary Fund Balance	128,000	128,000	51,064	(76,936)
Resources (Inflows)				
Interest Income	15	15	26	11
Other Governmental Income	80,000	80,000	100,000	20,000
Amounts Available for Appropriation	208,015	208,015	151,090	(56,925)
Charges to Appropriations (Outflows)				
Additional IRWMP Updates	37,955	37,955		37,955
Dudek Consulting			19,690	(19,690)
Annual Audit	6,000	6,000	3,000	3,000
CPA	1,000	1,000	96	904
Bond	3,000	3,000		3,000
JPA Insurance	5,000	5,000		5,000
JPA Executive Officer	60,000	60,000	9,881	50,119
Bank Fees	60	60	36	24
Website	5,000	50,000	378	49,622
Supplies/Materials/Etc	12,000	12,000		12,000
Reserves	78,000	78,000		78,000
Total Charges to Appropriations	208,015	253,015	33,081	219,934
Net Change in Fund Balances	(128,015)	(173,015)	66,945	66,945
Fund Balance, End of Year	\$ -	\$ (45,000)	\$ 118,009	\$ 163,009

CONSUMNES AMERICAN BEAR YUBA JPA
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

BUDGETARY BASIS OF ACCOUNTING

The Authority operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. The level of control (level at which expenditures may not exceed budget) is the fund.

After the budget is approved, the appropriations can be added to, subtracted from or changed only by Authority resolution. The only exception to this requirement occurs if the budget change is due to final Operating fund balance. After fiscal year end, the Authority may adjust the operating budget based on the actual fund balance carry-over. If the actual carry-over varies more than 15% from the projected fund balance due to items not encumbered in the previous fiscal year, the Authority will prepare a budget adjustment recommendation for the Board's approval. 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. Any changes to the CABY budget must be presented to the Authority's Board for approval.

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 are 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 fiscal year-end.

Budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciliation items.

CABY JPA

Cosumnes American Bear Yuba Joint Powers Authority

Management Representation Letter

January 25, 2021

Cosumnes American Bear Yuba JPA

This representation letter is provided in connection with your audit of the financial statements of Cosumnes American Bear Yuba JPA as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 25, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 13, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

- 10) Guarantees, whether written or oral, under which the Cosumnes American Bear Yuba JPA is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Cosumnes American Bear Yuba JPA from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Cosumnes American Bear Yuba JPA or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Cosumnes American Bear Yuba JPA and involves—
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Cosumnes American Bear Yuba JPA 's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Cosumnes American Bear Yuba JPA's related parties and all the related party relationships and transactions of which we are aware.

Entity-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Cosumnes American Bear Yuba JPA has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the

financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Cosumnes American Bear Yuba JPA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Cosumnes American Bear Yuba JPA has complied with all aspects of contractual agreements that would have a material effect on the Cosumnes American Bear Yuba JPA financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#) , as amended, and [GASBS No. 84](#) .
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved
- 33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the Cosumnes American Bear Yuba JPA 's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not


changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

43) With respect to the Budget compared to Actual.

- a) We acknowledge our responsibility for presenting the Budget to Actual comparison in accordance with accounting principles generally accepted in the United States of America, and we believe the Budget to Actual comparison, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Budget to Actual comparison have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b) If the Budget to Actual comparison is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

44) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature: 
Title: President

Signature: 
Title: Treasurer