



Fillmore and Piru Basins
Groundwater Sustainability Agency

Board of Directors Meeting

Thursday, April 20, 2023, 4:00 p.m.

City of Fillmore City Hall Council Chambers

250 Central Avenue, Fillmore, CA 93015

AGENDA

1. CALL TO ORDER

1A Pledge of Allegiance

1B Directors Roll Call

1C Public Comments

Fillmore and Piru Basins Groundwater Sustainability Agency (Agency) will accept public comment concerning agenda items at the time the item is considered and on any non-agenda item within the jurisdiction of the Board during the agendized Public Comment period. No action will be taken by the Board on any non-agenda item. In accordance with Government Code § 54954.3(b)(1), public comment will be limited to three (3) minutes per speaker per issue.

1D Approval of Agenda

Motion

2. UPDATES

2A Director Announcements/Board Communications:

Oral Reports from the Board

Fillmore Pumpers Association Stakeholder Director Update

Piru Pumpers Association Stakeholder Director Update

Environmental Stakeholder Director Update

City of Fillmore Member Director Update

United Water Conservation District Member Director Update

County of Ventura Member Director Update

2B Executive Director Update
Information Item

The Executive Director will provide an informational update on Agency activities since the previous Board of Directors meeting of February 16, 2023.

2C Legal Counsel Update
Information Item

Legal Counsel will provide an informational update on Agency's legal issues and concerns since the previous Board of Directors meeting of February 16, 2023.

2D GSP Consultant Update
Information Item

Representatives from Daniel B Stephens & Associates will provide an informational update on Agency's groundwater sustainability planning and reporting activities since the previous Board of Directors meeting of February 16, 2023.

3. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered routine by the Board and will be enacted by one motion. There will be no separate discussion of these items unless a Board member pulls an item from the Calendar. Pulled items will be discussed and acted on separately by the Board. Members of the public who want to comment on a Consent Calendar item should do so under Public Comments. (ROLL CALL VOTE REQUIRED)

3A Approval of Minutes

The Board will consider approving the Minutes from the Board Meeting of February 16, 2023.

3B Approval of Warrants

The Board will consider approving payment of outstanding vendor invoices

DBS&A	\$23,075.50
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Aleshire & Wynder LLP	427.50
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3C Monthly Financial Report

The Board will receive the Agency's monthly profit and loss statement and balance sheet.

4. MOTION ITEMS

4A Selection of Board Secretary
Motion

The Board will consider and select a new Secretary.

4B Financial Auditing Services

Motion

The Board will consider approving Amendment Number 2 to Agreement 2019-08-21 with Rogers, Anderson, Malody & Scott, LLP for financial auditing services for the Fiscal Years 2021-2022 and 2022-2023 for up to \$10,120.

5. INFORMATION ITEMS

5A Agricultural Energy Efficiency Program

Information Item

The Board will receive a presentation from Southern California Edison Company on its Agricultural Energy Efficiency Program which provides incentives for irrigation variable frequency drives on farms.

6. FUTURE TOPICS FOR BOARD DISCUSSION

7. ADJOURNMENT

The Board will adjourn to the next **Regular Board Meeting** on Thursday, May 18, 2023, or call of the Chair.

Materials, which are non-exempt public records and are provided to the Board of Directors to be used in consideration of the above agenda items, including any documents provided subsequent to the publishing of this agenda, are available for inspection at UWCD's offices at 1701 N. Lombard Street in Oxnard during normal business hours.

The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, the District's services, programs or activities because of any disability. If you need special assistance to participate in this meeting, or if you require agenda materials in an alternative format, please contact the UWCD Office at (805) 525-4431 or the City of Fillmore at (805) 524- 1500. Notification of at least 48 hours prior to the meeting will enable the District to make appropriate arrangements.

Approved: 
Board Chair Kelly Long

Posted: (date) April 17, 2023

(time) 3:30pm

(attest) Eva Ibarra

At: <https://www.FPBGSA.org>

Posted: (date) April 17, 2023

(time) 3:35pm

(attest) Eva Ibarra

At: <https://www.facebook.com/FPBGSA/>

Posted: (date) April 17, 2023

(time) 3:40 pm

(attest) Eva Ibarra

At: UWCD, 1701 N. Lombard Street, Oxnard



Board of Directors Meeting
Thursday, February 16, 2023
4:00 p.m.
MINUTES

Directors in Attendance

Director Carole Fornoff
Director Debbie Jackson
Director Gordon Kimball
Director Albert Mendez
Director Candice Meneghin (arrived at 4:07pm)

Absent Directors

Chair Kelly Long

Staff in Attendance

Anthony Emmert, executive director
Steve O'Neill, Legal
Eva Ibarra, clerk of the Board

Public in Attendance

Dan Detmer, UWCD
Eric Grainger, Grainger Farms
Zachary Hanson, UWCD
Murray McEachron, UWCD
Heather Merenda
Tony Morgan, DBS&A
Phoebe Nicholls
Daryl Smith, UWCD
Gus Tolley, DBS&A

1. Call to Order 4:01pm

Director Kimball called the Board Meeting to order at 4:01p.m.

1A Pledge of Allegiance

Director Jackson led everyone in reciting the Pledge of Allegiance.

1B Directors Roll Call

The clerk called roll. Four Directors were present (Fornoff, Jackson, Kimball, Mendez). Director Long and Meneghin were absent.

1C Public Comments

Director Kimball asked if there were any public comments. None were offered.

1D Approval of Agenda

Motion

Motion to approve agenda, Director Jackson; Second, Director Mendez. Roll call vote: four ayes (Fornoff, Jackson, Kimball, Mendez); none opposed; motion carries unanimously 4/0/2.

UPDATES

2A Director Announcements/Board Communications:

Oral Reports from the Board

Fillmore Pumpers Association Stakeholder Director Update

Director Jackson had nothing to report.

Piru Pumpers Association Stakeholder Director Update

Director Fornoff had nothing to report.

Environmental Stakeholder Director Update

Director Meneghin reported the continuation of outreach events at the Fillmore Fish Hatchery and scheduled further outreach activities to explore the coast with the State Coastal Conservancy. Water Talks events have been rescheduled and will now take place on March 15 at the Hatchery site, with limited capacity. She requested Shaun Kelly reach out to the new City of Fillmore representative to ask him to be present at this event. There will be updates regarding restoration activities through various organizations. She also reported Friends of the Santa Clara River have also submitted a preapplication to the Fisheries Restoration grant program to support southern steelhead passage on Sisar Creek. Director Meneghin attended the California Water Loss Symposium in Sacramento regarding SGMA farmer incentives for farmers who improve water management practices. She said she would share that information with the Board members.

City of Fillmore Member Director Update

Director Mendez had nothing to report.

United Water Conservation District Member Director Update

Director Kimball reported United's staff have been working around the clock to capture as much water as possible and mentioned United's Principal Hydrogeologist Murray McEachron will be presenting later in the meeting regarding the rainfall numbers and damage from the storms. He said fortunately the Freeman Diversion suffered very little damage, although Lake Piru suffered major damage due to debris, mud, and damage to bridges and inundated sections to public access areas. Staff estimate the damage could be up to \$2 million dollars in damages. Staff are working closely with FEMA, as there will be help from FEMA to pay for damage clean-up and repairs from the storms. Director Kimball said the recreation area was reopened on February 14 with limited lake access.

County of Ventura Member Director Update

Director Long was absent.

2B Executive Director Update

Information Item

Executive Director Emmert provided an informational update on the Agency's activities since the previous Board meeting on January 19, 2022. Mr. Emmert reported staff prepared GSP grant progress report and invoice 15, and semi-annual billing for the period of July 1 through December 31 will be mailed out within the next few weeks. He mentioned the hydrological report will be discussed later in the meeting, and the groundwater conditions report will be available in May. He ended his report by reminding all that the March 16 Board meeting will take place at the City of Fillmore Council Chambers and will be an in-person meeting.

2C Legal Counsel Update

Information Item

Legal Counsel Steve O'Neill explained how the Governor's Executive Order N-7-22 interplays with CEQA and provided an update.

Director Fornoff asked how long the CEQA process can take once the process is started. Mr. O'Neill said it depends on whether litigation is triggered, and said that in his experience he has seen two-to-five-year processes when there is a legal challenge and explained other scenarios.

Director Jackson asked what is the liability of a responsible agency? Mr. O'Neill explained the responsibility with various scenarios.

2D GSP Consultant Update

Information Item

Representative from Daniel B Stephens & Associates provided an informational update on the Agency's Groundwater Sustainability Planning and reporting activities since the Board meeting of January 16, 2022. Mr. Tony Morgan presented slides and provided an update on round two of the SGMA grant activities.

3. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered routine by the Board and will be enacted by one motion. There will be no separate discussion of these items unless a Board member pulls an item from the Calendar. Pulled items will be discussed and acted on separately by the Board. Members of the public who want to comment on a Consent Calendar item should do so under Public Comments. (ROLL CALL VOTE REQUIRED)

3A Approval of Minutes

The Board approved the Minutes from the Board Meeting of January 19, 2023.

3B Approval of Warrants

The Board approved payment of outstanding vendor invoices:

County of Ventura (IT Services)	\$ 133.89
DBS&A	\$27,193.50
Aleshire & Wynder LLP	\$ 1,290.50

3C Monthly Financial Report

The Board received the Agency's monthly profit and loss statement and balance sheet.

Motion to approve consent items, Director Fornoff; Second, Director Mendez. Roll call vote: Five ayes (Fornoff, Jackson, Kimball, Mendez, Meneghin); none opposed; motion carries unanimously 5/0/1.

4. MOTION ITEMS

4A Grainger Ranch Well Permit Application Executive Order N-7-22 Review Motion

The Board considered finding that the Grainger Ranch application for the construction of a new irrigation well located near 1081 Pasadena Avenue, Fillmore, California, is not inconsistent with the Agency's Fillmore Basin Groundwater Sustainability Plan and directing staff to provide a letter to the County of Ventura stating the Agency's findings as required by Executive Order N-7-22.

Director Fornoff said she was very happy to see such a thorough staff report that answered all her questions, and based on the information in the report, it sounds like the applicant is going to consume the same or less water than the previous well owner. United's Hydrogeologist Zachary Hanson said the applicant was receiving water from a mutual previously, and that data is not available to the agency; therefore, it is estimated based on the crop changes that determined they will be consuming less water.

Director Meneghin said if the Bardsdale area is being identified as impacted by groundwater management during drought conditions or impacts on the shallow wells in that area, will the agency be receiving more of these requests? DBS&A's Mr. Morgan said if the agency is looking at long term, it needs to ask United what its position was when preparing its review. He added that he was not sure if anything has been done on long term basis for a new well and explained the concept. Mr. Hanson explained the process of the review and said he tried to cover all basis.

Director Meneghin asked legal counsel if the county is considering this request as a ministerial application. Mr. O'Neill said yes.

Motion to approve, Director Jackson; Second, Director Mendez. Roll call vote: four ayes (Fornoff, Jackson, Kimball, Mendez); none opposed; one abstain (Director Meneghin). Motion carries 4/0/1/1.

4B Annual Reports to Department of Water Resources

Motion

The Board received a presentation from Daniel B. Stephens & Associates summarizing the Water Year 2021-2022 Annual Reports to the California Department of Water Resources for the Fillmore Basin and Piru Basin and provide comments and direction.

Director Meneghin asked if DBS&A has an actual reading with regards to the cone of depression? DBS&A's Gus Tolley said yes that the change in water level is real, and it has been measured. He added that what is a simulation is the extent of the distance, as there are no closer datapoints. Director Meneghin also asked if there was a policy for notification for pumpers when they are nearing a minimum threshold? Mr. Morgan said the Agency does not have a Board policy, as this is not something looked at every month, but rather only periodically, or while preparing an annual report. Director Meneghin asked if the Agency needs to identify any that are nearing a minimum threshold? Mr. Morgan said if there are any identified, it will be up to the Board to decide if it would like to do anything. Mr. Tolley said the Agency agreed not to set up a tracker for monitoring near minimum threshold triggers. Director Meneghin said she would like the Board to discuss the idea of adding these triggers at its next meeting.

Director Fornoff asked if the Agency needs additional sites for measurement? Mr. Tolley said yes, as you can never have enough data.

No motion needed.

4C Subsidence Annual Reports

Motion

The Board received a presentation from Daniel B. Stephens & Associates summarizing the Water Year 2021-2022 subsidence reports for the Fillmore Basin and Piru Basin, based upon data provided by the California Department of Water Resources, and provide comments and direction.

Director Meneghin asked if the lidar data was available on the Agencies website? Mr. Morgan said no that data has not been uploaded. Mr. Tolley said it is uploaded in the image shape files and could be added if needed. Director Meneghin asked if the annual report goes into detail regarding GDEs and surface water infractions? Mr. Morgan said no, it is more of a summary, and explained what is provided in the report.

Chat comment by Eric Grainger: Since the rises appear to occur before the dam releases, I'd be curious how it lines up with rainfall amounts over the same period.

No motion needed.

5. INFORMATION ITEMS

5A Water Resources Update

Information Item

The Board received a presentation from United Water Conservation District staff on the hydrology of the Santa Clara River watershed following the January 2023 storms.

Director Meneghin asked Principal Hydrogeologist Murray McEachron if he has seen any steelhead come through the fish ladder? Mr. McEachron said no, and said the District has a monitoring system and so far, none have been detected. Director Meneghin also said the last slide states Article 21 water is going to be available in 2023, and if so, is United prepared to purchase that water? Mr. McEachron said the District is estimating that Article 21 water may be available in mid-March and said yes, United is prepared to purchase that water. Director Meneghin asked if Mound Basin will get any of that water? Mr. McEachron said the water is just reaching the Freeman Diversion and added that tomorrow staff will be increasing diversions from 300 cfs to 400 cfs.

Director Kimball closed the meeting with the mention of United's storm water recharge system that is recharging to the maximum allowed and said we should all be proud.

Director Fornoff asked if there is still arundo? Mr. McEachron said yes.

FUTURE TOPICS FOR BOARD DISCUSSION

None

ADJOURNMENT 6:13 p.m.

Director Kimball adjourned the Board meeting at 6:13 p.m. to the next **Board Meeting** on Thursday, **March 16, 2023**, or call of the Chair.

ATTEST: _____
Director Kimball FPB GSA Board of Directors

I certify that the above is a true and correct copy of the minutes of the Fillmore and Piru Basins Groundwater Sustainability Agency's Board of Directors meeting of February 16, 2023.

ATTEST: _____
Eva Ibarra, Clerk of the Board

Fillmore and Piru Basins GSA
Check Detail
April 10 - 14, 2023

Type	Num	Date	Name	Account	Original Amount
Bill Pmt -Check	11185	04/12/2023	Aleshire & Wynder LLP	10000 · Bank of the Sierra	-427.50
Bill Pmt -Check	11186	04/12/2023	Daniel B Stephens & Associates, Inc.	10000 · Bank of the Sierra	-23,075.50
					-23,503.00



Fillmore and Piru Basins
Groundwater Sustainability Agency

Item No. **3C Consent Calendar**

DATE: **April 10, 2023**

TO: **Board of Directors**

SUBJECT: Monthly Financial Report

SUMMARY

The Board will receive the monthly financial report for the Fillmore and Piru Basins Groundwater Sustainability Agency (Agency).

BACKGROUND

UWCD accounting staff has prepared financial reports based on the Agency revenue and expenses for the month of March 2023.

FISCAL IMPACT

None

Attachments: March 31, 2023 P/L Budget Performance
 March 31, 2023 Balance Sheet

Fillmore and Piru Basins GSA
Profit & Loss Budget Performance
July through March 2023

	<u>Jul - Mar 23</u>	<u>Annual Budget</u>	<u>Budget</u>
Income			
40001 • Groundwater Extraction Charge	349,875.67	638,031.42	54.84%
41000 • Grant Revenue			
41001 • State Grants	0.00	400,057.68	0.00%
Total 41000 • Grant Revenue	0.00	400,057.68	0.00%
47000 • Other Revenue			
47001 • Late Fees	8,416.31	0.00	
47012 • Returned Check Charges	0.00	0.00	
Total 47000 • Other Revenue	8,416.31	0.00	
Total Income	358,291.98	1,038,089.10	34.51%
Gross Profit	358,291.98	1,038,089.10	34.51%
Expense			
52200 • Professional Services			
52240 • Prof Svcs - IT Consulting	223.15	1,700.00	13.13%
52250 • Prof Svcs - Groundwtr/GSP Prep			
52251 • Prof Svcs - UWCD GW Services	33,294.12	0.00	
52252 • Prof Svcs - GSP Consultant	119,260.95	165,000.00	72.28%
Total 52250 • Prof Svcs - Groundwtr/GSP Prep	152,555.07	165,000.00	92.46%
52270 • Prof Svcs - Accounting	6,862.23	24,200.00	28.36%
52275 • Prof Svcs - Admin/Clerk of Bd	6,375.77	25,000.00	25.50%
52280 • Prof Svcs - Executive Director	41,349.15	50,000.00	82.70%
52290 • Prof Svcs - Other	0.00	20,000.00	0.00%
Total 52200 • Professional Services	207,365.37	285,900.00	72.53%
52500 • Legal Fees			
52501 • Legal Counsel	17,725.00	60,000.00	29.54%
Total 52500 • Legal Fees	17,725.00	60,000.00	29.54%
53000 • Office Expenses			
53010 • Public Information	0.00	1,000.00	0.00%
53020 • Office Supplies	112.47	500.00	22.49%
53026 • Postage & Mailing	42.18	2,000.00	2.11%
53110 • Travel & Training	9.00	4,000.00	0.23%
53000 • Office Expenses - Other	1,922.80		
Total 53000 • Office Expenses	2,086.45	7,500.00	27.82%
53500 • Insurance			
53510 • Liability Insurance	2,437.42	2,500.00	97.50%
Total 53500 • Insurance	2,437.42	2,500.00	97.50%
70130 • Bank Service Charges	0.00	0.00	
81000 • Capital Expenditures			
81001 • Design & Cons - Monitoring Well	509,689.00	600,000.00	84.95%
81000 • Capital Expenditures - Other	0.00	0.00	
Total 81000 • Capital Expenditures	509,689.00	600,000.00	84.95%
Total Expense	739,303.24	955,900.00	77.34%
Net Income	<u><u>-381,011.26</u></u>	<u><u>82,189.10</u></u>	<u><u>-463.58%</u></u>

Fillmore and Piru Basins GSA
Balance Sheet
As of March 31, 2023

	<u>March 2023</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 - Bank of the Sierra	839,274.29
Total Checking/Savings	<u>839,274.29</u>
Accounts Receivable	
11000 - Accounts Receivable	611,759.07
Total Accounts Receivable	<u>611,759.07</u>
Total Current Assets	<u>1,451,033.36</u>
TOTAL ASSETS	<u><u>1,451,033.36</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 - Accounts Payable	23,503.00
Total Accounts Payable	<u>23,503.00</u>
Total Current Liabilities	<u>23,503.00</u>
Total Liabilities	23,503.00
Equity	
32000 - Retained Earnings	1,808,541.62
Net Income	<u>-381,011.26</u>
Total Equity	<u>1,427,530.36</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,451,033.36</u></u>



Item No. 4B Motion

DATE: April 17, 2023 (for April 20, 2023 meeting)

TO: Board of Directors

VIA: Anthony A. Emmert, Executive Director

FROM: United Water Conservation District Finance Staff

SUBJECT: Financial Auditing Services

RECOMMENDED ACTION

The Board will consider approving Amendment Number 2 to Agreement 2019-08-21 with Rogers, Anderson, Malody & Scott, LLP for financial auditing services for the Fiscal Years 2021-2022 and 2022-2023 for up to \$10,120.

BACKGROUND

In 2019, the Agency retained Rogers, Anderson, Malody & Scott, LLP (RAMS) to perform a two-year financial audit for its Fiscal Years 2017-2018 and 2018-2019, under Agreement 2019-08-21, for a total of \$8,000. RAMS performed the audit and presented its findings to the Agency Board of Directors. In 2021, the Agency modified its Agreement with RAMS with Amendment Number 1 for another two-year financial audit for Fiscal Years 2019-2020 and 2020-2021.

Staff recommends that RAMS perform another two-year financial audit for its Fiscal Years 2021-2022 and 2022-2023, for up to \$10,120. Approval of Amendment Number 2 to Agreement 2019-08-21 (including previous Amendment Number 1) would result in a total expenditure for the three two-year audits of \$27,320. Staff recommends the Agency award the audit services work to RAMS.

FISCAL IMPACT

The total cost for the FY 2021-2022 and FY 2022-2023 biennial audit and preparation of the State Controller's Report is \$10,120. The Fiscal Year 2022-2023 budget contains sufficient funds.

ATTACHMENTS

Amendment No. 2 to Professional Services Agreement No. 2019-08-21

Proposed motion: "Motion to approve Amendment No. 2 with RAMS for financial auditing services."

1st Director: _____ 2nd Director: _____

Voice/Roll Call Vote:

Director Fornoff:
Director Long:

Director Jackson:
Director Mendez:

Director Kimball:
Director Meneghin

AMENDMENT NO. 2
to
PROFESSIONAL SERVICES AGREEMENT NO. 2019-08-21
between
Fillmore and Piru Basins Groundwater Sustainability Agency
and
Rogers, Anderson, Malody & Scott, LLP
for
Auditing Services

This Amendment No. 2 ("Amendment 2") to the Professional Services Agreement No. 2019-08-21 ("Original Agreement") between Fillmore and Piru Basins Groundwater Sustainability Agency, herein "AGENCY", and Rogers, Anderson, Malody & Scott, LLP, herein "CONSULTANT", collectively referred to as the "PARTIES." The PARTIES agree as follows:

SECTION 1 - PURPOSE

Under the Original Agreement dated September 12, 2019, the AGENCY retained the CONSULTANT to provide financial auditing services. On April 15, 2021, the PARTIES executed Amendment No. 1 to the Original Agreement, adding to the scope of work, extending the term and increasing the compensation. The PARTIES desire to further modify the Agreement to reflect additional costs, additional financial auditing services for the Fiscal Years 2021-2022 and 2022-2023, and extended term.

SECTION 2 – EXPANDED SCOPE OF SERVICES

Exhibit A, "Scope of Services," to the Original Agreement and Exhibit B "January 27, 2021 Proposal Letter" are to remain in effect and amended by the addition of Exhibit C "April 5, 2023 Proposal Letter".

SECTION 3 - TERM

Section 3 of the Original Agreement, "Term" is amended to reflect the following new term:

"This agreement shall be in effect until the completion of the FY 2021-2022 and 2022-2023 audit and submission of the auditor's report. AGENCY will have the option to renew this contract for another two-year audit period."

SECTION 7 - CONSIDERATION

Section 7 of the Original Agreement and Amendment No. 1, "Consideration" is amended to reflect the following new total payment amount:

"The AGENCY shall compensate the CONSULTANT on a time-and-material basis at the rates and in the amounts shown in Exhibit C. Total payments shall not exceed \$27,320, except upon Parties' written agreement."

SECTION 4 – EFFECT OF AMENDMENT

Except as expressly amended, supplemented, and modified herein, nothing in this Amendment in any way alters or amends the restrictions, rights, or obligations under the Original Agreement that are not expressly amended herein, and all other provisions in the Original Agreement are hereby ratified, confirmed, and remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date of the latest signature below.

APPROVED:

Fillmore & Piru Basins Groundwater Sustainability Agency

By: _____ Date _____
Kelly Long, Chair

APPROVED AS TO FORM:

By: _____ Date _____
Steven O'Neill, Aleshire & Wynder, LLP
Agency Counsel

APPROVED:

Rogers, Anderson, Malody & Scott, LLP

By: _____ Date _____

Name & Title: _____



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

April 5, 2023

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Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

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To the Board of Directors
Fillmore & Piru Basins Groundwater Sustainability Agency
Fillmore, California

The following represents our understanding of the services we will provide the Fillmore & Piru Basins Groundwater Sustainability Agency.

You have requested that we audit the financial statements of the Fillmore & Piru Basins Groundwater Sustainability Agency (the Agency), as of June 30, 2023, and for the two years ending June 30, 2023 and June 30, 2022, and the related notes, which collectively comprise the Agency's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and the State Controller's *Minimum Audit Requirements for California Special Districts* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB) require that supplementary information, such as management's discussion and analysis (MD&A) and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP.

This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis (as applicable)

Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and the State Controller's *Minimum Audit Requirements for California Special Districts*. As part of an audit in accordance with these standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS, *Government Auditing Standards*, and the State Controller's *Minimum Audit Requirements for California Special Districts*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Agency's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- To provide us with:
 - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - Additional information that we may request from management for the purpose of the audit;
 - Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform, we agree to perform the following:

- To propose adjusting or correcting journal entries to be reviewed and approved by Agency management;
- To assist management with drafting the financial statements based on the Agency's trial balances; and
- Prepare the State Controller's Annual Financial Transactions Report.

We will not assume management responsibilities on behalf of the Agency. However, we will provide advice and recommendations to assist management of the Agency in performing its responsibilities.

The Agency's management is responsible for: (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards and
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Reporting

We will issue a written report upon completion of our audit of the Agency's basic financial statements. Our report will be addressed to the Board of Directors. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinion on the basic financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

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

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

If it is determined a Single Audit is needed subsequent to this engagement letter, we will provide the Agency with another engagement letter covering the terms and conditions related to a Single Audit and the Uniform Guidance.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Provisions of Engagement Administration, Timing and Fees

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

Scott Manno, CPA, CGMA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising our firm's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fee for the audit will be between \$9,350 - \$10,120. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the Agency's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

Our fee for this engagement assumes the following: the Agency will be adequately prepared for the audit and the Agency's financial operations and working trial balance will be consistent from year to year. If, after we receive the working trial balances, we notice there are excessive new accounts over the prior year; or if there are excessive subsequent journal entries; prepared by client workpapers that do not agree to the working trial balances, there are new funds/functions within the Agency, or other changes that necessitate a significant amount of time to address, we will need to come to an agreed upon change order to address any possible additional costs incurred by the firm. If the need for additional work does come to our attention, we will immediately notify Agency staff. If you choose to have us perform the additional work, then such work will be performed at the same hourly rates applicable to the audit work and set forth in an addendum to the contract between the Agency and our firm.

Management is also responsible for the implementation of new standards issued by the Governmental Accounting Standards Board. We will provide reasonable assistance in the preparation of the items noted herein, but any significant time needed to complete the financial statements will be billed separately.

Our proposed fee is also dependent on all items requested being completed in the format requested or in a mutually agreed upon format and uploaded to the Engagement Organizer hosted by our firm in a timely manner in accordance with the agree-upon audit timeline.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report. Upon expiration of this period, we will be free to destroy our records related to the engagement. However, we do not keep original client documents, so we will return those as they are used during each engagement. It is management's responsibility to retain and protect the records for possible future use, including examination by regulators and federal agencies.

We require that a copy of the final trial balance (i.e., a trial balance ready to audit) be delivered to us at least 10 business days prior to the start of the audit, otherwise we may reschedule the start of the audit.

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- Our view about the qualitative aspects of the Agency's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management

The audit documentation for this engagement is the property of our firm and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators, federal agencies, and to the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Rogers, Anderson, Malody & Scott, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the regulators. The regulators may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Non-solicit Clause

We value each and every one of our clients as well as each and every one of our employees. We have spent a great deal of time and resources to locate, train and retain our employees. We respectfully request that you do not solicit our employees to work for you. If you do hire one of our employees within 2 years of when they last worked for RAMS, we will be due a finder's fee equal to 50% of the annual salary they were earning as of their last day of employment. Payment will be due within 10 days of your receipt of our invoice.

To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

International Alliance Membership

Our firm is an independent member firm of Alliot Global Alliance, which is an international alliance of independent accounting, law, and specialist firms. Alliot Global Alliance and its member firms are legally distinct and separate entities. These entities are not and shall not be construed to be in the relationship of a parent firm, subsidiary, partner, joint venture, agent, or a network. No Alliot Global Alliance member firm has any authority (actual, apparent, implied, or otherwise) to obligate or bind Alliot Global Alliance or any other Alliot Global Alliance member firm in any manner whatsoever. Equally, neither Alliot Global Alliance nor any other member firm has any authority to obligate or bind us or any other member firm. All Alliot Global Alliance members are independent firms, and as such, they each render their services entirely on their own account (including benefit and risk). In connection with the engagement contemplated by this letter or any other services from time to time provided by us, we may seek advice from or may recommend the retention of an Alliot Global Alliance member firm. Alliot Global Alliance and its other member firms shall have no liability for advice rendered by us or such consulted or retained Alliot Global Alliance member firm. Nor shall we have liability for advice rendered by any of the other Alliot Global Alliance member firms, even if consulted or recommended to you by our firm.

Please sign and return the attached original of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. Keep the copy for your records.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

ROGERS, ANDERSON, MALODY & SCOTT, LLP



Scott Manno, CPA, CGMA
Partner

Board of Directors
Fillmore & Piru Basins Groundwater Sustainability Agency

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Fillmore & Piru Basins Groundwater Sustainability Agency by:

Name: _____

Title: _____

Date: _____

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

June 4, 2021

To the Partners of Rogers, Anderson, Malody & Scott, LLP, and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP (the firm) in effect for the year ended November 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP in effect for the year ended November 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Rogers, Anderson, Malody & Scott, LLP has received a peer review rating of *pass*.



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April 5, 2023

To the Board of Directors
Fillmore and Piru Basins Groundwater Sustainability Agency
Fillmore, California

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

This letter is provided in connection with our engagement to audit the financial statements of the Fillmore and Piru Basins Groundwater Sustainability Agency (the Agency) as of June 30, 2023, and for the two years ending June 30, 2023 and 2022. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated April 5, 2023, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the State Controller's *Minimum Audit Requirements for California Special Districts*, for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and State regulations governing special districts. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility relating to other information, whether financial or nonfinancial information (other than financial statements and the auditor's report thereon), included in the entity's annual report includes only the information identified in our report. We have no responsibility for determining whether such information is properly stated. We require that we receive the final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report, or if that is not possible, as soon as practicable and, in any case, prior to the entity's issuance of such information.

Planned Scope of the Audit

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants



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Board of Directors
Fillmore and Piru Basin Groundwater Sustainability Agency

Our audit will include obtaining an understanding of the Agency and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Certain significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although we are currently in the planning stage of our audit, the following presumptive significant risks are applicable to our audit and require special audit considerations:

- *Management's override of internal controls over financial reporting:* Auditors must consider and respond to the risk of management override of internal controls, which is the intervention by management in handling financial information and making decisions contrary to internal control policy.
- *Revenue recognition:* Auditors must consider and respond to the risk of management subversion of generally accepted accounting principles in determining how and when revenue is recognized.

We expect to begin our audit in October 2023. Scott Manno, CPA, CGMA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the information and use of the Board of Directors and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Rogers, Anderson, Malachy & Scott, LLP.