



Post Office Box 3544
Ventura, CA 93006-3544
(805) 525-4431
<https://moundbasingsa.org>

**NOTICE IS HEREBY GIVEN that the
Mound Basin Groundwater Sustainability Agency (“Agency”)
Board of Directors (“Directors”) will hold a
REGULAR BOARD MEETING
at 1:00 P.M. on
Thursday, April 16, 2020**

In accordance with the **California Governor’s Executive Stay at Home Order and the **County of Ventura Health Officer Declared Local Health Emergency and Be Well at Home Order** resulting from the novel coronavirus (COVID-19), the Ventura City Hall is closed to the public. Therefore, the Mound Basin GSA will hold its **Regular Board of Directors meeting virtually using the Webex video conferencing application.****

If you are new to Webex video conferencing, please visit this test page in advance of the meeting date and time:

<https://www.webex.com/test-meeting.html>

To participate in the Board of Directors meeting via Webex, please access:
<https://meetingsamer9.webex.com/meetingsamer9/j.php?MTID=m85fa06d9a290104e995c1f71a1d7161d>

Meeting number: 298 940 773 Password: 1GSP (1477 from phones)

To hear just the audio portion of the meeting, please dial +1-408-418-9388 (tolls apply)
And use access code: 298 940 773

MOUND BASIN GROUNDWATER SUSTAINABILITY AGENCY
BOARD OF DIRECTORS MEETING AGENDA

CALL TO ORDER 1:00 p.m.

1. PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

The Board will receive public comments on items not appearing on the agenda and within the subject matter jurisdiction of the Agency. The Board will not enter into a detailed discussion or take any action on any items presented during public comments. Such items may only be referred to the Executive Director or other staff for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on specific agenda items should do so at the time specified for those items. In accordance with Government Code § 54954.3(b)(1), public comment will be limited to three (3) minutes per speaker.

3. ROLL CALL

4. Brief Overview of Webex features (mute microphone, raise hand, etc.)

5. APPROVAL OF AGENDA

Motion

6. 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)

6a Approval of Minutes

Motion

The Board will consider approving the Minutes from the February 20, 2020 Regular Mound Basin GSA Board of Directors meeting.

6b Approval of Warrants

Motion

The Board will consider approving payment of outstanding vendor invoices.

6c Monthly Financial Reports

Information Item

The Board will receive monthly profit and loss statements and balance sheet through March 2020.

6d Financial Statement Audit for Fiscal Years 2017-18 and 2018-19

Motion

The Board will consider receiving and filing the Auditor's reports for FY 2017-18 and FY 2018-19.

7. BOARD MEMBER ANNOUNCEMENTS

7a Directors will provide updates on matters not on the agenda.

7b Directors will provide oral reports of time spent on grant eligible activities since the previous regular Board meeting.

8. EXECUTIVE DIRECTOR UPDATE

The Board will receive an update from the Executive Director concerning miscellaneous matters and Agency correspondence and may provide feedback to staff.

9. MOTION ITEMS

9a Agency Officer Appointments and Required Bond

Motion

The Board will consider appointing a chair, vice chair/secretary, and a treasurer to serve during calendar year 2020. The Board will also provide direction concerning obtaining a bond for the Treasurer.

9b Groundwater Extraction Fee Payment Status

Motion

The Board will receive an update on the status of outreach concerning late groundwater extraction fees and consider providing direction to staff.

9c Waiver of Late Fees and Penalties for Santana Family Trust

Motion

The Board will consider waiving the late fees and penalties incurred by Santana Family Trust in the amount of \$1,164.17

9d Waiver of Late Fees and Penalties for Duda Farms Fresh Foods

Motion

The Board will consider waiving the late fees and penalties incurred by Duda Farms Fresh Foods in the amount of \$1,124.30.

9e GSP Monthly Update (Grant Category (d), Task 4)

Motion

The Board will receive an update from the Executive Director concerning development of the Agency's Groundwater Sustainability Plan and grant status. The Board may provide feedback or direction to staff.

10. FUTURE AGENDA ITEMS

ADJOURNMENT

The Board will adjourn to the next **Regular Board Meeting** on Thursday, **May 21, 2020**, 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 North 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 Mound Basin Clerk of the Board at (805) 525-4431 or the City of Ventura at (805) 654-7800. Notification of at least 48 hours prior to the meeting will enable the Agency to make appropriate arrangements.

Approved: _____


Executive Director Bryan Bondy

Posted: (date) April 13, 2020

(time) 11:30a.m.

(attest) **Kris Sofley**

At: <https://moundbasingsa.org>

Posted: (date) April 13, 2020

(time) 11:45a.m.

(attest) **Kris Sofley**

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

Posted: (date) April 13, 2020

(time) 11:30a.m.

(attest) **Kris Sofley**

At: United Water Conservation District, 1701 N. Lombard Street, Oxnard CA 93030

Posted: (date) April 13, 2020

(time)

(attest) **Debra Gallegos**

At: Ventura City Hall, 501 Poli Street, Ventura, California 93001



MOUND BASIN GROUNDWATER SUSTAINABILITY AGENCY
REGULAR BOARD OF DIRECTORS MEETING

Thursday, February 20, 2020, at 1p.m.
Ventura City Hall, Santa Cruz Conference Room (Room No. 223)
501 Poli Street, Ventura, California 93001

MINUTES

DIRECTORS IN ATTENDANCE:

Jim Chambers
Conner Everts
Mike Mobley, Chair
Susan Rungren, Secretary (arrived at 1:02pm)
Glenn Shephard, Treasurer

STAFF IN ATTENDANCE:

Bryan Bondy, Executive Director
Kris Sofley, Clerk of the Board

PUBLIC IN ATTENDANCE:

Burt Handy
Eva Ibarra, UWCD
John Lindquist, UWCD
Marge McLoughlin Ferris, MBAWG
Mark McLoughlin, McLoughlin Ranch
Ambry Tibay, UWCD

CALL TO ORDER 1:00 p.m.

Chair Mobley called the meeting to order at 1:00p.m. and asked everyone to join him in reciting the Pledge of the Allegiance.

1. PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

No public comments were offered.

3. ROLL CALL

Director Chambers, Director Everts, Director Mobley, and Director Shephard will all in attendance. Director Rungren arrived at 1:02pm.

4. APPROVAL OF AGENDA

Motion

Chair Mobley asked if there was any comments or questions regarding the agenda. None were offered.

Motion to approve the agenda, Director Everts; Second, Director Shephard. Voice vote: four ayes (Chambers, Everts, Mobley, Shephard), none opposed, one absent (Rungren). Motion carries 4/0/1.

5. 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)

5a Approval of Minutes

Motion

The Board will consider approving the Minutes from the December 19, 2019 Mound Basin GSA Board of Directors meeting.

5b Approval of Warrants

Motion

The Board will consider approving payment of outstanding vendor invoices.

5c Monthly Financial Reports

Information Item

The Board will receive a monthly profit and loss statement and balance sheet for the Mound Basin GSA from UWCD's accounting staff.

Chair Mobley asked if there were any discussions required of the Consent Calendar items. Director Chambers said he would abstain from voting on the Minutes as he was not present at the December 2019 meeting.

Motion to approve the Consent Calendar, Director Everts; Second, Director Shephard. Voice vote on the Minutes: three ayes (Everts, Mobley, Shephard); none opposed; one abstaining (Chambers); one absent (Rungren). Motion carries 3/0/1/1.

6. BOARD MEMBER ANNOUNCEMENTS

6a None offered.

6b Isotope Study review; one quarter of an hour per director.

7. EXECUTIVE DIRECTOR UPDATE

Executive Director Bondy reported that the Agency's second grant report and invoice was approved and that the third report and invoice had been submitted. DWR was contacted again about technical support services for the potential monitoring well near the Santa Clara River. DWR reported that they are still working through the requests from critical overdraft basins and do not yet have a contract with a well driller capable of drilling to the

necessary depth in the Mound Basin. The Executive Director will continue to follow-up with DWR on this potential opportunity.

8. ACTION ITEMS

8a. Groundwater Extraction Fee Payment Status

Motion

Mr. Bondy reviewed the staff report with the Board and added that no payments have been received since publishing the staff report.

Well Operator No. 1: Director Mobley reported that he spoke with this well operator. The operator asked to be rebilled. Executive Director Bondy reported that the invoices had been resent. Director Mobley will follow-up again. Director Chambers added the he had made attempts to contact the well operator also, but did not receive a response.

Well Operator No. 2: Director Chambers explained that he reached out to the well operator, but did not receive a response. Executive Director Bondy explained that the operator is a corporation and that he reached out to the owner in January but did not receive a response. Executive Director Bondy said he will continue trying. Director Chambers added that the company may be having some hardships. Mr. Bondy said they paid the first invoice, and that the second and third invoices are outstanding. Director Chambers said there may be some confusion due to billings from MBAWG. The Clerk of the Board suggested adding descriptions of the organization to the invoices, which is what FPBGSA did to ease confusion of who was billing for what. Mr. Bondy asked finance staff to implement the change and resend invoices with descriptions to this operator.

Well Operator No. 3: Executive Director Bondy explained that this is a new past due account. This operator is also a corporation. The operator paid the first two invoices, but is late on the third. The local contact contacted Executive Director Bondy recently and explained that he did not receive the invoices from the corporate office until recently and that he approved them immediately upon receipt. The operator requested that the Agency waive the late fee and interest. Staff will bring the waiver request to the Board after payment is received.

The board asked staff to continue tracking and following up. The item was continued to the next meeting.

8b. Fiscal Year 2019/2020 2nd Quarter Budget Report and Mid-Year Budget Modifications

Motion

Executive Director Bondy presented the 2nd quarter budget report and proposed mid-year budget modifications. Expenses are under budget primarily because Executive Director, other professional services, and legal services expenses are

lower than anticipated because GSP development activities were limited during first and second quarters. Income is under budget because: (1) it was previously assumed that four grant invoices would be booked in FY 19/20, only three will be booked and (2) expenses have been lower than anticipated, resulting in smaller grant invoices.

Chair Mobley asked about the significant increase in postage and mailing and Mr. Bondy explained that was related to the mailing of the isotope study water samples.

Chair Mobley said that deferred expenses has left the Agency with plenty of cash so the \$50,000 loan from the County is no longer required.

Motion to approve the recommended action, Director Rungren; Second, Director Shephard. Roll call vote: five ayes (Chambers, Everts, Mobley, Rungren, Shephard); none opposed. Motion carries 5/0.

8c GSP Monthly Update (Grant Category (d), Task 4)

Motion

Executive Director Bondy stated that this would be a recurring monthly item on the agenda so the Board can provide director to staff on different elements of the Groundwater Sustainability Plan as the planning process proceeds. A scheduled graphical was developed pursuant to the Board's request and is presented in attachment A. Mr. Bondy walked the Board through the schedule. Board feedback on the schedule was to add the workshop symbols to the legend and fix the "2022" that is not showing properly.

Executive Director Bondy recommended that the Agency issue a newsletter periodically to update the stakeholders and generate interested for the first workshop. He reviewed a draft newsletter included in the Board meeting packet. Board feedback on the newsletter was to change the month from February to March.

Mr. Bondy said that the first GSP workshop will be scheduled for April or May, with the date depending on the work progress. The workshop agenda and date will be reviewed with the Board during its next meeting. Chair Mobley asked if it would be a standalone meeting and Mr. Bondy replied that it would be a workshop scheduled separately from the Board meetings. Director Mobley suggested that information about the groundwater model be included at the Workshop.

No motion required

8d Data Management System Update (Grant Category (d), Task 4)

Motion

Executive Director Bondy explained that the Data Management System (DMS) is a required component of the GSP. The DMS will house data and is designed to

output data in the format required by DWR for submittal with the GSP. He explained that the DMS includes fields to document data that is qualified or rejected and the reasons why. Upper Ventura River Groundwater Agency developed data review procedures which will be followed for data review. He described graphing tools that aid the data review process and data loading tools that help automate validate data validation and checking and enforce data relational integrity.

Chair Mobley asked if the DMS converts data. Executive Director Bondy explained that if the data is not in the required format, it will prevent it from being imported and put it in a table for review. The process is coded and removes the risk of human error in importing data and helps with workflow reviewing data. Executive Director Bondy explained that the data exporting tools are being wrapped up and then testing and debugging will be performed.

No Board feedback was provided on the DMS. No motion required.

8e Isotope Study Report (Grant Category (b))

Motion

Executive Director Bondy reminded the Board that the isotope study was funded through the GSP grant and was performed to help improve the understanding of the groundwater flow system, groundwater movement between distinct aquifer zones, age of water, and provide insight concerning groundwater recharge sources. Groundwater samples were collected from three locations in July and August from monitoring wells screened in different vertical zones and submitted for laboratory analysis of isotopes and other parameters. Executive Director Bondy reviewed the key results of the study, as summarized in the staff report.

Chair Mobley asked if the City is testing water for PFAS. Director Rungren replied yes and that it has not been detected.

Mr. Burt Handy asked if the monitoring was done in the areas that were recently added to the basin due to boundary modifications. Mr. Bondy replied that the monitoring wells sampled are in the middle of the basin, not at the edges where the boundary was modified.

Director Chambers asked if a monitoring well was being used near the estuary. Mr. Bondy replied that there is not a monitoring well at that location.

Chair Mobley asked if the Isotope study would be posted on the Agency's website and Mr. Bondy replied yes. He added that the City is wrapping up its Groundwater Study and that will also be posted on the Agency's website.

Motion to receive and file, Director Everts; Second, Director Chambers. Voice vote: five ayes (Chambers, Everts, Mobley, Rungren, Shephard); none opposed. Motion carries 5/0.

9. INFORMATION ITEMS

None

10. FUTURE AGENDA ITEMS

- Elect new officers
- Fiscal Audit
- Discuss and approve Workshop agenda/date/time/location

ADJOURNED 2:03 p.m.

The Board adjourned at 2:03 p.m. to the next **Regular Board Meeting** on Thursday, **March 19, 2020** or call of the Chair.

I certify that the above is a true and correct copy of the minutes of the Mound Basin Groundwater Sustainability Agency's Board of Directors meeting of February 20, 2020.

ATTEST: _____
Susan Rungren, Board Secretary

ATTEST: _____
Kris Sofley, Clerk of the Board

Mound Basin Groundwater Sustainability Agency

Check Detail

March 9 through April 9, 2020

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	11323	03/16/2020	A.J. Klein, Inc T. Denatale, B. Goldner	10000 · Bank of the Sierra	(88.50)
Bill Pmt -Check	11325	03/16/2020	County of Ventura- IT Servces Department	10000 · Bank of the Sierra	(120.00)
Bill Pmt -Check	11326	03/16/2020	INTERA Incorporated	10000 · Bank of the Sierra	(32,805.00)
Bill Pmt -Check	11327	03/16/2020	Stratum Reservoir (Isotech), LLC	10000 · Bank of the Sierra	(8,470.00)
Bill Pmt -Check	11328	03/16/2020	United Water Conservation District	10000 · Bank of the Sierra	(2,185.53)
Bill Pmt -Check	11329	03/16/2020	Bondy Groundwater Consulting, Inc	10000 · Bank of the Sierra	(9,875.65)
Bill Pmt -Check	11330	04/09/2020	Bondy Groundwater Consulting, Inc	10000 · Bank of the Sierra	(7,662.37)
Bill Pmt -Check	11331	04/09/2020	County of Ventura- IT Servces Department	10000 · Bank of the Sierra	(40.00)
Bill Pmt -Check	11332	04/09/2020	INTERA Incorporated	10000 · Bank of the Sierra	(5,293.75)
Bill Pmt -Check	11333	04/09/2020	United Water Conservation District	10000 · Bank of the Sierra	(2,892.19)
TOTAL					<u><u>(69,432.99)</u></u>



MoundBasin
GROUNDWATER SUSTAINABILITY AGENCY

Item No. 6c

DATE: April 16, 2020
TO: Board of Directors and Executive Director
FROM: Erin Gorospe, UWCD
SUBJECT: Monthly Financial Reports

SUMMARY

The Board will receive the monthly financial reports for the Mound Basin GSA.

INFORMATIONAL ITEM

UWCD accounting staff has prepared financial reports based on the Mound Basin GSA revenue and expenses through March 2020.

BACKGROUND

FISCAL SUMMARY

Not applicable.

ATTACHMENTS

- A. March 2020 Profit/Loss Statement
- B. March 2020 Profit/Loss by Class
- C. March 2020 Balance Sheet

Mound Basin Groundwater Sustainability Agency
Profit & Loss Budget Performance
July 2019 through March 2020

	<u>Jul '19 - Mar 20</u>	<u>Annual Budget</u>	<u>Budget</u>
Income			
40001 · Groundwater Extraction Fees	104,165.85	187,500.00	55.56%
41000 · Grant revenue			
41001 · State Grants	51,901.20	74,667.91	69.51%
Total 41000 · Grant revenue	<u>51,901.20</u>	<u>74,667.91</u>	
47000 · Other Revenue			
47001 · Late Fees	4,795.57	2,449.12	
Total 47000 · Other Revenue	<u>4,795.57</u>	<u>2,449.12</u>	195.81%
Total Income	<u>160,862.62</u>	<u>264,617.03</u>	
Gross Profit	<u>160,862.62</u>	<u>264,617.03</u>	60.79%
Expense			
52200 · Professional Services			
52240 · Prof Svcs - IT Consulting	360.00	893.00	40.31%
52250 · Prof Svcs - Groundwater/GSP Pre			
52252 · Prof Svcs - GSP Consultant	109,328.50	145,000.00	75.40%
52250 · Prof Svcs - Groundwater/GSP Pre - Other	3,602.50	0.00	
Total 52250 · Prof Svcs - Groundwater/GSP Pre	<u>112,931.00</u>	<u>145,000.00</u>	77.88%
52270 · Prof Svcs - Accounting	6,968.96	17,000.00	40.99%
52275 · Prof Svcs - Admin/Clerk of Bd	3,057.29	5,000.00	61.15%
52280 · Prof Svcs - Executive Director	10,578.75	15,000.00	70.53%
Total 52200 · Professional Services	<u>133,896.00</u>	<u>182,893.00</u>	73.21%
52500 · Legal Fees			
52501 · Legal Counsel	1,060.50	7,500.00	
Total 52500 · Legal Fees	<u>1,060.50</u>	<u>7,500.00</u>	14.14%
53000 · Office Expenses			
53010 · Public Information	588.08	588.08	100.00%
53020 · Office Supplies	18.60	1,015.00	1.83%
53026 · Postage & Mailing	3,317.29	3,600.00	92.15%
53070 · Licenses, Permits & Fees	4.40		
53110 · Travel & Training	254.33	1,000.00	25.43%
Total 53000 · Office Expenses	<u>4,182.70</u>	<u>6,203.08</u>	67.43%
53500 · Insurance			
53510 · Liability Insurance	2,099.24	2,126.00	
Total 53500 · Insurance	<u>2,099.24</u>	<u>2,126.00</u>	98.74%
70000 · Interest & Debt Service			
70120 · Interest Expense	0.00	1,238.00	
Total 70000 · Interest & Debt Service	<u>0.00</u>	<u>1,238.00</u>	
Total Expense	<u>141,238.44</u>	<u>199,960.08</u>	70.63%
Net Income	<u><u>19,624.18</u></u>	<u><u>64,656.95</u></u>	<u><u>30.35%</u></u>

**Mound Basin Groundwater Sustainability Agency
Profit & Loss by Class
July 2019 through March 2020**

	A - Grant Administration	B - Model and Studies	Task 03 - Stakeholder Outreach (C - Planning Activities)	Total C - Planning Activities	Task 04 - GSP Development (D - GSP Development)	D - GSP Development - Other (D - GSP Development)	Total D - GSP Development	Unclassified	TOTAL
Income									
40001 - Groundwater Extraction Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	104,165.85	104,165.85
41000 - Grant revenue									
41001 - State Grants	12,515.16	39,386.04	0.00	0.00	0.00	0.00	0.00	0.00	51,901.20
Total 41000 - Grant revenue	12,515.16	39,386.04	0.00	0.00	0.00	0.00	0.00	0.00	51,901.20
47000 - Other Revenue									
47001 - Late Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,795.57	4,795.57
Total 47000 - Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,795.57	4,795.57
Total Income	12,515.16	39,386.04	0.00	0.00	0.00	0.00	0.00	108,961.42	160,862.62
Gross Profit	12,515.16	39,386.04	0.00	0.00	0.00	0.00	0.00	108,961.42	160,862.62
Expense									
52200 - Professional Services									
52240 - Prof Svcs - IT Consulting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	360.00	360.00
52250 - Prof Svcs - Groundwater/GSP Pre									
52252 - Prof Svcs - GSP Consultant	15,210.00	35,453.50	1,560.00	1,560.00	57,105.00	0.00	57,105.00	0.00	109,328.50
52250 - Prof Svcs - Groundwater/GSP Pre - Other	0.00	0.00	0.00	0.00	3,602.50	0.00	3,602.50	0.00	3,602.50
Total 52250 - Prof Svcs - Groundwater/GSP Pre	15,210.00	35,453.50	1,560.00	1,560.00	60,707.50	0.00	60,707.50	0.00	112,931.00
52270 - Prof Svcs - Accounting	1,900.55	0.00	0.00	0.00	0.00	0.00	0.00	5,068.41	6,968.96
52275 - Prof Svcs - Admin/Clerk of Bd	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,057.29	3,057.29
52280 - Prof Svcs - Executive Director	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,578.75	10,578.75
Total 52200 - Professional Services	17,110.55	35,453.50	1,560.00	1,560.00	60,707.50	0.00	60,707.50	19,064.45	133,896.00
52500 - Legal Fees									
52501 - Legal Counsel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,060.50	1,060.50
Total 52500 - Legal Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,060.50	1,060.50
53000 - Office Expenses									
53010 - Public Information	0.00	0.00	0.00	0.00	0.00	0.00	0.00	588.08	588.08
53020 - Office Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.60	18.60
53026 - Postage & Mailing	0.00	3,147.29	0.00	0.00	0.00	0.00	0.00	170.00	3,317.29
53070 - Licenses, Permits & Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.40	4.40
53110 - Travel & Training	0.00	0.00	2.87	2.87	54.54	5.22	59.76	191.70	254.33
Total 53000 - Office Expenses	0.00	3,147.29	2.87	2.87	54.54	5.22	59.76	972.78	4,182.70
53500 - Insurance									
53510 - Liability Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,099.24	2,099.24
Total 53500 - Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,099.24	2,099.24
Total Expense	17,110.55	38,600.79	1,562.87	1,562.87	60,762.04	5.22	60,767.26	23,196.97	141,238.44
Net Income	-4,595.39	785.25	-1,562.87	-1,562.87	-60,762.04	-5.22	-60,767.26	85,764.45	19,624.18

Mound Basin Groundwater Sustainability Agency
Balance Sheet
As of March 31, 2020

	<u>Mar 31, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · Bank of the Sierra	163,593.21
Total Checking/Savings	<u>163,593.21</u>
Accounts Receivable	
11000 · Accounts Receivable	184,959.71
Total Accounts Receivable	<u>184,959.71</u>
Total Current Assets	<u>348,552.92</u>
TOTAL ASSETS	<u><u>348,552.92</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	15,888.31
Total Accounts Payable	<u>15,888.31</u>
Other Current Liabilities	
20001 · Advance from City of Ventura	55,000.00
20510 · Interest Payable	894.60
Total Other Current Liabilities	<u>55,894.60</u>
Total Current Liabilities	<u>71,782.91</u>
Total Liabilities	71,782.91
Equity	
32000 · Retained Earnings	257,145.83
Net Income	19,624.18
Total Equity	<u>276,770.01</u>
TOTAL LIABILITIES & EQUITY	<u><u>348,552.92</u></u>



Item No. 6d

DATE: April 16, 2020
TO: Board of Directors
FROM: Erin Gorospe
SUBJECT: Financial Statement Audit for Fiscal Years 2017-18 and 2018-19

RECOMMENDED ACTION

Receive and file the final audit report, audited financial statements, and SAS 114 letter.

BACKGROUND

The Board contracted with Rogers, Anderson, Malody and Scott, LLP to provide an audit of the financial statements for Fiscal Year 2017-18 and Fiscal Years 2018-19. Their audit report and the audited financial statements are presented for the Board to review. The auditors gave an unmodified, or “clean” opinion on the financial statements.

Also attached is the SAS 114 letter, which is a required letter that communicates to the Board the scope of the audit, significant findings and other information that isn’t communicated in the financial statements.

FISCAL SUMMARY

N/A

ATTACHMENTS

- A. 2019 Audit Report
- B. SAS 114 Letter



MoundBasin

GROUNDWATER SUSTAINABILITY AGENCY

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2019

Mound Basin Groundwater Sustainability Agency

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Independent Auditor's Report

To the Board of Directors
Mound Basin Groundwater Sustainability Agency
Ventura, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Mound Basin Groundwater Sustainability Agency (the Agency), as of June 30, 2019, the changes in financial position for the years ended June 30, 2019 and June 30, 2018, cash flows for the years ended June 30, 2019 and June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California Special District's*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2019, and the changes in financial position and cash flows for the years then ended June 30, 2018 and 2019 in accordance with accounting principles generally accepted in the United States of America.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
March 5, 2020

Mound Basin Groundwater Sustainability Agency

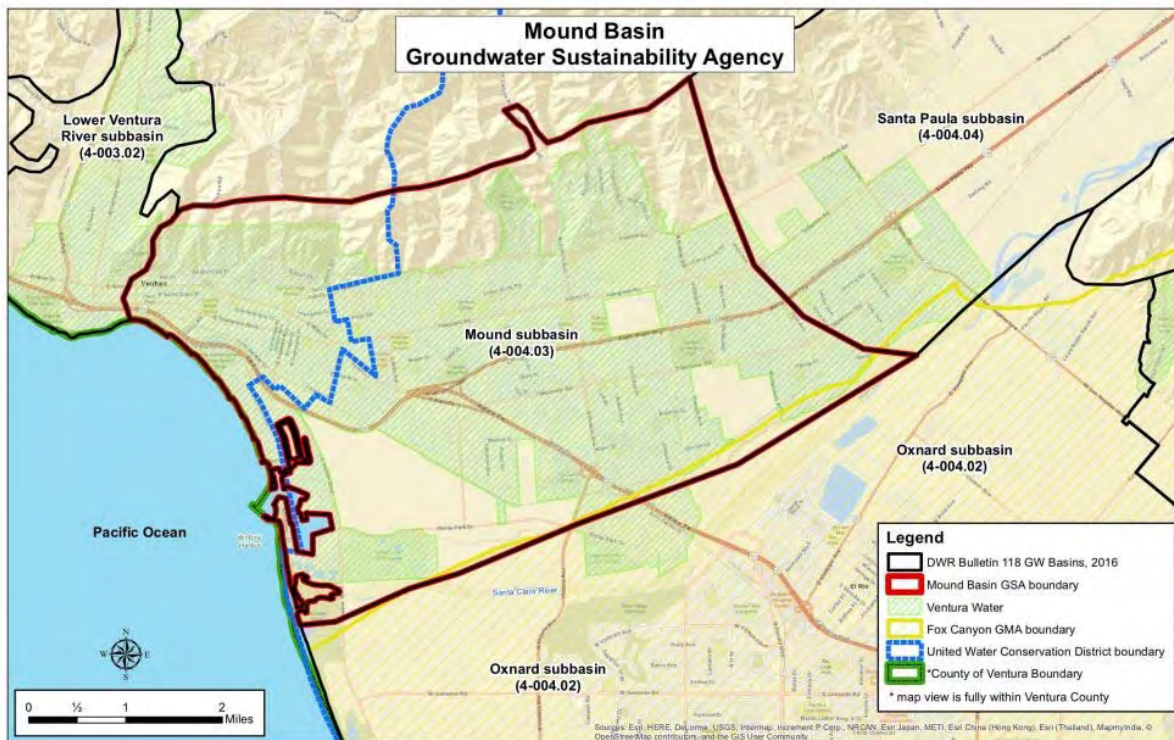
Management's Discussion and Analysis For the Year Ended June 30, 2019

The following Management Discussion and Analysis (MD&A) of activities and financial performance of the Mound Basin Groundwater Sustainability Agency (Agency) introduces the financial statements of the District for the fiscal years ended June 30, 2018 and June 30, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Introduction to the Agency

The Agency was formed in June 2017 in response to the 2014 Sustainable Groundwater Management Act (SGMA or the Act). SGMA requires groundwater basins subject to the Act to form a Groundwater Sustainability Agency (GSA), which is then required to develop and implement a groundwater sustainability plan (GSP or Plan) and achieve sustainable groundwater management within 20 years of Plan adoption. The Agency is required to submit its GSP to the Department of Water Resources for approval by January 31, 2022.

The Agency is a joint powers authority comprised of the following three local public agencies: United Water Conservation District (United), the County of Ventura (the County), and the City of San Buenaventura (the City). The boundaries of these agencies and the Mound Basin Groundwater Sustainability Agency are shown on the map below.



The Agency's Board of Directors is composed of three Member Directors and two Stakeholder Directors. United, the County, and the City each appoint one Member Director to the Board. The Joint Powers Agreement (JPA) specifies that one Agricultural Stakeholder Director and one Environmental Stakeholder Director will be selected by the Member Directors.

Mound Basin Groundwater Sustainability Agency

Management's Discussion and Analysis For the Year Ended June 30, 2019

The Agency's primary source of revenue is groundwater extraction fees, charged to each entity that extracts groundwater from a well located within the basin during the reporting period. Data on acre feet of water pumped is provided to the Agency by United. Well owners and operators report their pumping to United on a semi-annual basis.

The Agency was awarded a grant from the Department of Water Resources to assist with the preparation of the Groundwater Sustainability Plan. The grant period runs through April 2022. Grant funding totals \$758,100 and requires a cost share by the Agency of \$263,206. Grant revenue is recorded in the period in which it is earned.

Financial and Operational Highlights

- Fiscal Year 2017-18 was the Agency's first year in operation. That year, the agency charged groundwater extraction fees for the period from January 1 through June 30, 2018 totaling 1,970 acre feet and generating \$78,816 in revenue.
- In Fiscal Year 2018-19, the Agency's charged groundwater extraction fees for 6,923 acre feet of water that was pumped in the basin during the year, generating \$263,270 in revenue.
- The Agency had an increase in net position of \$57,851 in Fiscal Year 2017-18 and an increase of \$199,296 in Fiscal Year 2018-19.
- The increase in net position was due to both higher groundwater pumping volumes and lower than anticipated operating expenses.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements consist of two components: 1) fund financial statements and 2) notes to the financial statements.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency utilizes one fund, which is categorized as a proprietary (enterprise) fund.

The Agency uses the *accrual basis of accounting* in its proprietary fund, which is similar to the accounting method used by most private sector companies. All the current year's revenues and expense are taken into accounts regardless of when the cash is received or paid.

Required Financial Statements

Statement of Net Position. The Statement of Net Position presents financial information on all the Agency's assets (resources) and liabilities (obligations), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

Mound Basin Groundwater Sustainability Agency

Management's Discussion and Analysis For the Year Ended June 30, 2019

The following condensed financial information provides an overview of the Agency's net position for the year ended June 30, 2019.

	As of June 30, 2019
Total assets	\$ 324,136
Total liabilities	66,989
Total net position, unrestricted	257,147

The Agency's total net position as of June 30, 2019 is \$257,147, all of which is unrestricted. The largest portion of the Agency's net position as of June 30, 2019 is cash of \$188,567, followed by receivables totaling \$135,569. The Agency's only liabilities are payables of \$11,989 and a cash advance from the City of San Buenaventura (the City) for \$55,000. The Agency's liabilities are 26% of net position.

Statement of Revenues, Expenses and Change in Net Position. The Statement of Revenues, Expenses and Change in Net Position provides information on the Agency's financial activity during the year. It provides a summary of the Agency's revenues generated from groundwater extraction fees and the operating expenses associated with the activities of the Agency. It also summarizes other non-operating revenue sources such as grant revenue.

The following condensed financial information provides an overview of the Agency's revenues and expenses for the fiscal years ended June 30, 2019 and June 30, 2018.

	June 30, 2019	June 30, 2018	Change
Operating revenue	\$ 263,270	\$ 78,816	\$ 184,454
Operating expenses	80,189	20,965	59,224
Operating income	183,081	57,851	125,230
Nonoperation revenue	17,110	-	17,110
Nonoperating expense	895	-	895
Change in net position	\$ 199,296	\$ 57,851	\$ 141,445

The Agency had an increase of net position of \$57,581 in Fiscal Year 17-18, which was its first year in operation. The agency's only source of revenue was groundwater extraction fees at the rate of \$40 per acre foot for the period of January through June 2018, which resulted in revenue of \$78,816. Because the Agency was newly formed, its expenses were minimal at only \$20,965 in Fiscal Year 17-18, which consisted of services for grant solicitation and legal fees.

In Fiscal Year 18-19, the Agency increased its net position by \$199,296. The most recent fiscal year included revenue for groundwater extractions fees for two periods: July through December 2018 at \$40 per acre foot and January through June 2019 at \$35 per acre foot. The largest component of the expenses (83%) related to professional services for GSP preparation and contracted staff. The Agency also recognized grant revenue of \$16,621 in FY 18-19.

Mound Basin Groundwater Sustainability Agency

Management's Discussion and Analysis For the Year Ended June 30, 2019

Budgetary Highlights

Original Budget to Final Budget. There were no changes made to the Fiscal Year 2017-18 budget. The Fiscal Year 2018-19 budget was modified to reflect the accrual basis of accounting, as the original budget had been on a cash basis.

Variances to Budget. A condensed statement of variances to budget is presented below.

	<u>2019 Actual</u>	<u>2019 Final Budget</u>	<u>Variance</u>	<u>2018 Actual</u>	<u>2018 Final Budget</u>	<u>Variance</u>
Operating revenues - groundwater extraction fees	\$ 263,270	\$ 204,000	\$ 59,270	\$ 78,816	\$ -	\$ 78,816
Operating expenses	80,189	251,185	(170,996)	20,965	41,100	(20,135)
Nonoperating revenues	16,215	9,540	6,675	-	-	-
Net income (loss)	<u>\$ 199,296</u>	<u>\$ (37,645)</u>	<u>\$ 236,941</u>	<u>\$ 57,851</u>	<u>\$ (41,100)</u>	<u>\$ 98,951</u>

Groundwater extraction fee revenue was \$138,086 higher than budgeted for the two fiscal years combined due to conservative budgeting based on historical average use. In total approximately 1,900 acre feet more of water was pumped from wells located in the Mound Basin than was projected.

Operating expenses were \$191,131 lower than budgeted for the two fiscal years combined. Approximately \$81,000 of this variance is a timing difference as professional services related to the development of the GSP have been incurred more slowly than planned. The remainder of the variance is due to savings in operating expenses, primarily contractual staff and legal fees.

The higher-than-planned net position will be used to cover the costs of development of the GSP and regular operating expenses in future fiscal years.

Statement of Cash Flows. The Statement of Cash Flows reports the Agency's sources and uses of cash and the change in cash balance during the reporting period. \$133,567 of the Agency's cash was provided by operating activities, consisting of cash received from customers, with the remaining \$55,000 representing a cash advance from the City to provide the Agency with initial working capital. The Agency had no investing activities during Fiscal Years 2017-18 or 2018-19.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 11-12 of this report.

Mound Basin Groundwater Sustainability Agency

Management's Discussion and Analysis For the Year Ended June 30, 2019

Capital Assets

The Agency has no capital assets and no plans to acquire capital assets in the coming fiscal year.

Debt

The Agency's only debt consists of a \$55,000 cash advance from the City of San Buenaventura. Interest is accrued at the annual rate published as the yield of the Local Agency Investment Fund administered by the California State Treasurer. The advance is to be repaid, with interest, by December 31, 2022.

Economic Factors and Next Year's Budgets and Rates

The following factors currently affect the Agency and were considered in developing the Fiscal Year 2019-20 budget.

- Anticipated groundwater pumping volume based on conservative historical averages, rather than based on Fiscal Year 2017-18 and 2018-19 pumping volumes.
- Anticipated timing of grant reimbursements, which occur approximately six months after the end of the quarterly reporting period.
- Professional services for the preparation of the GSP that were not performed in Fiscal Year 2017-18 or 2018-19 that will need to be performed in future years.
- Groundwater extraction fee rates to remain at \$35 per acre foot for the period of July through December 2019.
- Groundwater extraction fees to be reduced to \$30 per acre foot for the period of January through June 2020 as a result of higher revenue and cost savings in prior periods.

Requests for Information

This report is designed to provide the Agency's ratepayers, stakeholder, funding sources and other interested parties with an overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bryan Bondy, Executive Director, Mound Basin Groundwater Sustainability Agency, PO Box 3544, Ventura, CA 93006-3544.

Mound Basin Groundwater Sustainability Agency

Statement of Net Position As of June 30, 2019

Assets

Current assets:

Cash	\$	188,567
Receivables:		
Accounts Receivable		118,948
Grant Receivable		16,621
Total current assets		<u>324,136</u>
Total assets		<u>324,136</u>

Liabilities

Current liabilities:

Accounts payable		11,094
Interest Payable		895
Total current liabilities		<u>11,989</u>

Noncurrent liabilities:

Advance from City of San Buenaventura (see note 3)		55,000
Total noncurrent liabilities		<u>55,000</u>
Total liabilities		<u>66,989</u>

Net position:

Restricted		<u>257,147</u>
Total net position	\$	<u><u>257,147</u></u>

The accompanying notes are an integral part of these financial statements.

Mound Basin Groundwater Sustainability Agency

Statement of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
Operating revenues		
Groundwater extraction fees	\$ 263,270	\$ 78,816
Total operating revenues	<u>263,270</u>	<u>78,816</u>
Operating expenses		
Professional services	66,726	16,586
Legal fees	10,461	4,379
Offices expenses	938	-
Insurance	2,064	-
Total operating expenses	<u>80,189</u>	<u>20,965</u>
Operating income	<u>183,081</u>	<u>57,851</u>
Nonoperating revenues (expenses)		
State grants	16,621	-
Other revenues	489	-
Interest expense	(895)	-
Total nonoperating revenues (expenses)	<u>16,215</u>	<u>-</u>
Net income	199,296	57,851
Net position, beginning of year	<u>57,851</u>	<u>-</u>
Net position, end of year	<u>\$ 257,147</u>	<u>\$ 57,851</u>

The accompanying notes are an integral part of these financial statements.

Mound Basin Groundwater Sustainability Agency

Statement of Cash Flows

For the Years Ended June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from customers	\$ 223,627	\$ -
Cash payments to suppliers for goods and services	(90,060)	-
Net cash provided by operating activities	<u>133,567</u>	<u>-</u>
Cash flows provided by financing activities:		
Cash received from City of San Buenaventura	55,000	-
Net cash provided by financing activities	<u>55,000</u>	<u>-</u>
Net change in cash and cash equivalents	188,567	-
Cash and investments, beginning of year	<u>-</u>	<u>-</u>
Cash and investments, end of year	<u>\$ 188,567</u>	<u>\$ -</u>
	<u>2019</u>	<u>2018</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 183,081	\$ 57,851
Adjustments to reconcile operating income to net cash used for operating activities:		
(Increase) decrease in assets:		
Accounts receivables	(39,643)	(78,816)
Increase (decrease) in liabilities:		
Accounts payable	<u>(9,871)</u>	<u>20,965</u>
Net cash provided by operating activities	<u>\$ 133,567</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Mound Basin Groundwater Sustainability Agency

Notes to Financial Statements

For the Years Ended June 30, 2019 and June 30, 2018

1. Summary of Significant Accounting Policies

Reporting entity

In May 2017, the City of San Buenaventura (the City), County of Ventura (the County), and United Water Conservation District (the District) entered into a joint powers agreement to form the Mound Basin Groundwater Sustainability Agency (the Agency). The Agency was created primarily to satisfy the requirements of the Sustainable Groundwater Management Act. The Agency is governed by one representative from the City, one representative from the County, and one representative from the District.

Measurement focus and basis of accounting

The Agency utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the Agency uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of any related cash flows.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or member contributions in connection with the principal ongoing operations.

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

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Agency considers cash on hand, demand deposits at financial institutions to be cash and cash equivalents. The Agency does not hold any investments as of June 30, 2019.

Non-current liabilities

The Agency has received an advance from the City of San Buenaventura to fund start-up costs and is listed as a non-current liability.

Mound Basin Groundwater Sustainability Agency

Notes to Financial Statements

For the Years Ended June 30, 2019 and June 30, 2018

2. Cash and cash equivalents

Cash and cash equivalents at June 30, 2019 consist of cash in the bank of \$188,567. The carrying amount of the Agency's cash is covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities.

3. Advances from the City of San Buenaventura

The Agency received an advance from the City of San Buenaventura to fund the Agency's start-up costs. The advance is to be paid back to the City of San Buenaventura in full by December 31, 2022, plus any accrued interest at the annual rate published as the yield of the Local Agency Investment Fund. Interest incurred in fiscal year 2019 amounted to \$895.

The following is a schedule of changes in the advance for the year ended June 30, 2019:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>



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Mound Basin Groundwater Sustainability Agency
Ventura, CA

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We have audited the financial statements of the Mound Basin Groundwater Sustainability Agency (the Agency) as of and for the year ended June 30, 2019 and the statement of revenues and expenses and cash flows for the year ended June 30, 2018, and have issued our report thereon dated March 5, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 11, 2019, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note A to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. No such misstatements have been identified.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 5, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Agency we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the Agency, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
March 5, 2020



March 5, 2020

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of Mound Basin Groundwater Sustainability Agency (Agency), which comprise the financial position as of June 30, 2019, and the statement of revenues and expenses for years ended June 30, 2019 and June 30, 2018, statement of cash flow for the years ended June 30, 2019 and June 30, 2018 and the respective changes in financial position for the years 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 the 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 5, 2020.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 11, 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 required supplementary information in accordance with the applicable criteria.
- 2) 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.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have a process to track the status of audit findings and recommendations.

- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 9) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 11) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) Guarantees, whether written or oral, under which the Agency is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 13) All required supplementary information is measured and presented within the prescribed guidelines; if presented.
- 14) 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 of the various opinion units referred to above, such as records, documentation, meeting minutes, 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 Agency from whom you determined it necessary to obtain audit evidence.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16) 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.
- 17) We have no knowledge of any fraud or suspected fraud that affects the Agency 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.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.

- 19) 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.
- 20) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 21) We have disclosed to you the identity of the Agency's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 22) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 23) 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.
- 24) The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) 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.
- 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 Agency 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 Agency has complied with all aspects of contractual agreements that would have a material effect on the 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) Components of net position (net investment in capital assets; restricted; and unrestricted), are properly classified and, if applicable, approved.
- 32) Investments are properly valued.
- 33) Provisions for uncollectible receivables have been properly identified and recorded.
- 34) Expenses have been appropriately classified in or allocated to functions and programs, and allocations have been made on a reasonable basis.
- 35) Revenues are appropriately classified within operating revenues and non-operating revenues.
- 36) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 37) Capital assets are properly capitalized, reported, and, if applicable, depreciated; if presented.
- 38) We have appropriately disclosed the Agency'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.

Signature: *Bryan Bondy*

Name/Title: Bryan Bondy, Executive Director



Item No. 8

DATE: April 16, 2020
TO: Board of Directors
FROM: Executive Director
SUBJECT: Executive Director Update

SUMMARY

The following are updates on Agency matters and correspondence since the last Board meeting. The Board may provide feedback to staff.

1. Administrative:

- a. Executive Director Bondy has transitioned to an Agency email address (bryan@moundbasingsa.org). Please use this e-mail for Agency matters.
- b. The Agency's cloud file storage system (Dropbox) is now on-line.

2. Financial:

- a. The audit of the Fiscal Year 2017-18 and 2018-19 financial statements was completed (please see Item 6d for more information).
- b. Staff began work on the Fiscal Year 2020-21 and long range budget updates. Staff plans to bring these to the Board for approval at the May Board meeting.
- c. Groundwater extraction fee invoices for semi-annual period 2019-2 were sent to well owners/operators in late March.

3. Legal: No update.

4. Sustainable Groundwater Management:

- a. GSP Development and grant status – Please see Item 9e.
- b. Groundwater Monitoring Well – DWR Technical Support Services (TSS) – The Department of Water Resources (DWR) recently notified the Executive Director that they are now accepting TSS applications for non-critical overdraft basins. The Executive Director is working with UWCD staff to

determine the ideal location for that well in light of updated analysis for the GSP.

5. Correspondence: None.

INFORMATIONAL ITEM

Receive an update from the Executive Director concerning Agency matters and correspondence. Provide feedback to staff.

BACKGROUND

Not applicable

FISCAL SUMMARY

Not applicable

ATTACHMENTS

None



Item No. 9a

DATE: April 16, 2020
TO: Board of Directors
FROM: Executive Director
SUBJECT: Agency Officer Appointments and Required Bond

SUMMARY

The Board will consider appointing a chair, vice chair/secretary, and a treasurer to serve during calendar year 2020. The Board also will provide direction concerning obtaining a bond for the Treasurer.

RECOMMENDED ACTION

It is recommended that the Board appoint a chair, vice chair/secretary, and a treasurer to serve during calendar year 2020. It is further recommended that the Board set a bond amount for the Treasurer pursuant to Government Code section 6505.1 and direct the Treasurer to post a bond in that amount.

BACKGROUND

Pursuant to Joint Exercise of Powers Agreement (JPA) Article 7, the Board of Directors shall select officers annually at the first Board meeting following January 1st of each year. This was inadvertently skipped in February 2020.

Officers may serve for multiple consecutive terms, with no term limit.

The 2019 Officers were as follows:

- Chair: Mike Mobley
- Vice Chair/Secretary: Susan Rungren
- Treasurer: Glenn Shephard

Government Code section 6505.1, the JPA agreement §13.3, and the GSA Bylaws § 4.4 require the Treasurer to post a bond as determined by the GSA. The Board must determine a bond amount for the Treasurer to post. The prior year bond amount was \$5,000.

FISCAL SUMMARY

A nominal fee will be charged for the required bond.

Action: Motion to appoint Director { } as Chair, Director { } as Vice Chair/Secretary, and Director { } as treasurer

Motion: _____ 2nd: _____

S. Rungren ___ M. Mobley ___ G. Shephard ___ J. Chambers ___ C. Everts ___



Motion Item No. 9b

DATE: April 16, 2020
TO: Board of Directors
FROM: Staff
SUBJECT: Groundwater Extraction Fee Payment Status

SUMMARY

There is currently one well operator with unpaid groundwater extraction fees, penalties, and interest totaling \$19,024.00¹. A detailed breakdown of the unpaid amounts is included in Table 1 of this staff report.

Executive Director Bondy made contact with the well operator in late February concerning the unpaid invoices for semi-annual periods 2018-2 and 2019-1, issued in April and October, 2019, respectively. The operator did not receive the invoices in question and believes it may be because they moved their office during 2019. Staff provided the well operator with the unpaid invoices via e-mail on March 2. Payment has not been received as of April 9. Staff reached out again on April 9 and is waiting for a response. In light of the COVID-19 emergency, staff recommends taking no action at this time. Staff will continue to follow-up with the well operator.

RECOMMENDED ACTION

Receive an update on the status of outreach concerning late groundwater extraction fee payments and consider providing direction to staff.

BACKGROUND

Table 1. Summary of Past Due Account

Category	Amounts
2018 – 1 Fee (Issued 9/1/18)	\$0.00
2018 – 2 Fee (Issued 4/30/19)	\$12,347.20
2019 – 1 Fee (Issued 10/31/19)	\$3,680.95
Subtotal Unpaid Fees	\$16,028.15
Penalties and Interest ⁽¹⁾	\$2,995.85
Totals	\$19,024.00
Notes: (1)As of March 31, 2020 (2) Well Operator has three wells (accounts); values are combined totals for all accounts.	

¹ Interest amounts are through March 31, 2020.

FISCAL SUMMARY

The Agency has collected \$19,024.00 less in cash than it is owed. Any collection efforts that the Agency decides to pursue may have a cost associated with them, which is unknown at this time. Penalties and interest are not included in the current fiscal year budget.

ATTACHMENTS

None.

Action: _____
Motion: _____ 2 nd : _____
J.Chambers: _____ C.Everts: _____ M.Mobley: _____ S.Rungren: _____ G.Shephard: _____



Motion Item No. 9c

DATE: April 16, 2020
TO: Board of Directors
FROM: Erin Gorospe
SUBJECT: Waiver of Late Fees and Penalties for Santana Family Trust

RECOMMENDED ACTION

The Board will consider waiving the late fees and penalties incurred by Santana Family Trust in the amount of \$1,164.17.

BACKGROUND

Staff received a request to waive late fees and penalties totaling \$1,164.17 for the following invoices:

- 2018-1 Fees billed 9/1/18 for \$2,530, paid on 2/14/2020
- 2018-2 Fees billed 4/30/19 for \$2,968.40, paid on 2/14/2020
- 2019-1 Fees billed 10/31/19 for \$857.85, paid on 2/14/2020

Director Mobley can provide additional background during the Board meeting concerning the reasons for late payment based on his conversations with the well owner.

FISCAL SUMMARY

The waiver of late fees will result in the Agency receiving less revenue in the amount of \$1,164.17. However, late fees are not included in the budget and waiver of late fees will not materially affect the Agency’s financial position.

Proposed Motion: <i>“Motion to waive the late fees and penalties incurred by Duda Farm Fresh Foods in the amount of \$1,164.17”</i>
Motion: _____ 2 nd : _____
J.Chambers: _____ C.Everts: _____ M.Mobley: _____ S.Rungren: _____ G.Shephard: _____



Motion Item No. 9d

DATE: April 16, 2020
TO: Board of Directors
FROM: Erin Gorospe
SUBJECT: Waiver of Late Fees and Penalties for Duda Farms Fresh Foods

SUMMARY

RECOMMENDED ACTION

The Board will consider waiving the late fees and penalties incurred by Duda Farms Fresh Foods (Duda) in the amount of \$1,124.30.

BACKGROUND

Staff received a request to waive late fees and penalties for the following invoices:

2019-1 Fees billed 10/31/19 for \$9,369.15 (three wells), paid on 2/14/2020

Duda paid the first two extraction fee billings on time (2018-1 and 2018-2). Executive Director Bondy received a call from Duda concerning the third billing (2019-1) in mid-January. The invoice was received but did not get routed to the local Duda manager from the corporate office until mid-January. The local Duda manager called immediately to let the Agency know the status and that payment would be processed. Staff supports the waiver request.

FISCAL SUMMARY

The waiver of late fees will result in the Agency receiving less revenue in the amount of \$1,124.30. However, late fees are not included in the budget and waiver of late fees will not materially affect the Agency’s financial position.

Proposed Motion: <i>“Motion to waive the late fees and penalties incurred by Duda Farm Fresh Foods in the amount of \$1,124.30”</i>
Motion: _____ 2 nd : _____
J.Chambers: _____ C.Everts: _____ M.Mobley: _____ S.Rungren: _____ G.Shephard: _____



MoundBasin

GROUNDWATER SUSTAINABILITY AGENCY

Motion Item No. 9e

DATE: April 16, 2020
TO: Board of Directors
FROM: Executive Director
SUBJECT: GSP Monthly Update (Grant Category (d), Task 4)

SUMMARY

The Executive Director will provide a monthly status update on the Groundwater Sustainability Plan (GSP) and associated grant. An updated GSP schedule is attached for discussion.

GSP Development:

1. GSP Status

The hydrogeologic conceptual model (HCM) and description of current and historical groundwater conditions remains the focal point of current GSP development efforts, which is being developed by UWCD staff. Progress on these aspects has been slowed as a result of UWCD's office move and UWCD's Water Sustainability Summit, which notably reduced UWCD staff availability for GSP development in February. The COVID-19 emergency notably slowed progress in March. The schedules for HCM and groundwater conditions and preliminary sustainable management criteria have been extended one month in the updated GSP schedule (Attachment A). The delays are not anticipated to impact the overall GSP development schedule.

2. Outreach:

- a. The Executive Director presented information concerning the Agency and SGMA to the Ivy Lawn Memorial Park and Funeral Home (Ivy Lawn) Board of Directors pursuant to their request on February 19, 2020. Ivy Lawn extracts groundwater from the basin for landscape irrigation at its memorial park.
- b. The Agency's first newsletter was distributed to stakeholders and posted on the website in March.
- c. GSP Workshop No. 1 - As discussed at the February Board meeting, Workshop No. 1 was planned for late April / early May. Subsequently, the

County of Ventura and State of California issued “Stay at Home” orders in response to the COVID-19 emergency. The County of Ventura order remains in effect until at least April 20, 2020. The State order will remain in place until further notice. By all accounts, it appears that gatherings, such as stakeholder workshops, will likely be prohibited until at least the end of April, if not longer. Even after the orders are lifted, it is likely that some people will not be comfortable attending gatherings for some time. Staff has considered options for holding an on-line workshop. However, staff believes that a critical aspect of the workshops is interacting and developing relationships with the stakeholders, which cannot be accomplished effectively via an on-line workshop.

Based on the GSP development status and uncertain duration of the COVID-19 emergency, Staff recommends canceling GSP Workshop No. 1 and rolling the workshop content into a larger Workshop No. 2. The timing of Workshop No. 2 can be decided in the coming months based on GSP development progress and COVID-19 status. The topics and timing of the remaining workshops can then be adjusted, as needed, as GSP planning progresses. Additionally staff proposes to post the HCM and groundwater conditions information on the Agency website and issue another newsletter concerning these items.

3. Data Management System (DMS) - The DMS was completed and will be reviewed by the Executive Director in the near future. DMS documentation is under development.

Sustainable Groundwater Planning (SGWP) Grant:

1. Invoices:

- a. Invoice No. 2 for \$36,864.20 was approved by DWR on February 16, 2020.
- b. Invoice No. 3 for \$15,037.00 was submitted to DWR on February 14, 2020.
- c. Staff will begin working on Invoice No. 4 soon, which is due May 15, 2020.

2. Grant Deliverables:

- a. Geophysics Study – A geophysics study prepared by UWCD covering a portion of eastern Mound Basin was finalized in late March. UWCD labor on the geophysics study provides a portion of the cost share on the Agency’s GSP planning grant. The report has been posted to the Agency’s website and will be submitted to DWR in accordance with the Agency’s grant agreement. This report will help inform the GSP.

- b. Mound Basin Groundwater Conditions and Perennial Yield Study – A final draft of this study funded by the City of Ventura was released in mid-March. The report expenses provide a portion of the cost share for the Agency’s GSP planning grant. The report will be finalized in the near future and will be posted to the Agency’s website and submitted to DWR in accordance with the Agency’s grant agreement. This report will help inform the GSP.
- c. Other required grant deliverables include quarterly progress reports and invoices, final report, and the GSP. These deliverables will be submitted when due.

RECOMMENDED ACTION

Receive an update from the Executive Director concerning Groundwater Sustainability Plan development and associated grant and consider providing feedback or direction to staff.

BACKGROUND

None.

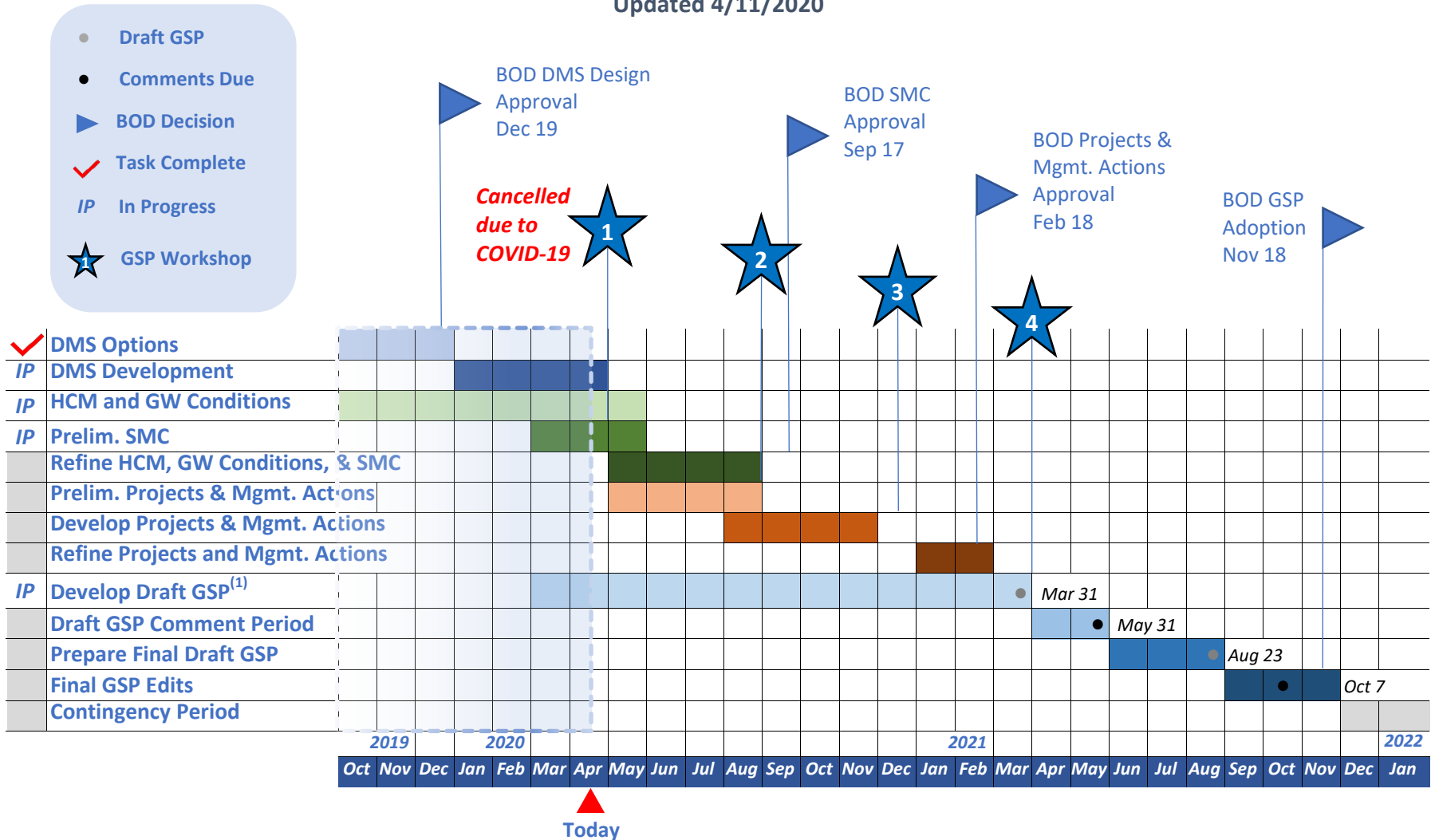
FISCAL SUMMARY

None.

ATTACHMENTS

- A. GSP Schedule

Mound Basin GSA GSP Development Schedule Updated 4/11/2020



Notes:

(1) GSP topics not listed above generally consist of background or supporting information and will be prepared concurrently with the above-listed tasks.

BOD = Board of Directors; DMS = Data Management System; HCM = Hydrogeologic Conceptual Model; GSA = Groundwater Sustainability Agency;

GSP = Groundwater Sustainability Plan; GW = Groundwater