

U S L R G M A

Upper San Luis Rey Groundwater Management Authority

Greg Kamin – Chairman
Roland Simpson – Treasurer
Steve Wehr - Director

Tim Lyall – Vice Chairman
Rich Stehly – Director
Bill Pankey – Director

Michael Perricone- Secretary
Chuck Bandy – Director
Eric Steinlicht - Director

I. Call to order

II. Pledge of Allegiance

III. Roll Call

IV. Approval of the Agenda

V. Public Comment

VI. Consent Calendar

- a) Approval of Minutes from December 5, 2023
- b) Approval of Accounts Paid and Payables – November and December 2023
- c) Acceptance of Monthly Financial Reports – November and December 2023


VII. Action Discussion

- a) Approval for Professional Services to Prepare the SGMA Annual Report for Water Year 2023.

Background: On April 1st of each year, the Authority is required to submit an Annual Report to the Department of Water Resources. This report is used to collect pumping, water use and water quality data through groundwater monitoring events conducted each fall and spring. Geoscience has submitted a proposal to complete this required report.

Recommendation: Should the Board agree, approve the proposal for Geoscience and direct the Administrator to issue a purchase order for the service.

- b) Consider Approval of the Upper San Luis Rey Groundwater Management Authority Audited Financial Statements for Fiscal Year 2022-23.



Background: As a public agency, the Authority is required to conduct an annual independent audit of its financials. After this initial audit, and due to its small size, staff will seek a waiver to perform the audit every three years.

Recommendation: Should the Board agree, approve the audited financial statements as presented.

c) Presentation / Discussion – Preliminary Cost of Service Study.

Background: SCI Consulting has been completing a rate study in an effort to determine a per acre foot pumping rate that can be assessed to cover the basin management costs of the Authority. SCI will present their preliminary findings.

VIII. Other Business

Next Regular Meeting, Tuesday, February 20, 2024

IX. Adjournment

UPPER SAN LUIS REY

Groundwater Management Authority

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Date: December 5, 2023

Time: 3:00 p.m.

Call to Order

The Regular Meeting of the Board of Directors of the Upper San Luis Rey Groundwater Management Authority was held at the offices of the Yuima Municipal Water District at 34928 Valley Center Rd., Valley Center, California on Tuesday, the 5th day of December, 2023. The meeting was called to order at 3:01 p.m. and the Pledge of Allegiance was performed.

Roll Call – Determination of Quorum

Administrator Reeh conducted the roll-call and a quorum of the Board was established.

Directors In Attendance

Greg Kamin

Roland Simpson

Steve Wehr

Tim Lyall

Rich Stehly

Bill Pankey

Michael Perricone

Chuck Bandy

Others In Attendance

Amy Reeh – Administrator

Steve Anderson – General Counsel

Approval of the Agenda

Director Perricone motioned to approve the agenda; the motion was seconded by Director Wehr. The motion was passed by the following roll-call vote, to wit:

AYES: Kamin, Lyall, Perricone, Simpson, Stehly, Bandy, Wehr, Pankey

NOES: None

ABSTAIN: None

ABSENT: Steinlicht

Public Comment

There were no public comments.

Consent Calendar

With motion being offered by Director Simpson and seconded by Director Stehly, the Consent Calendar items including the Minutes of the October 17, 2023 Board meeting, Accounts Paid and Payable for October 2023 and Monthly Financials for October 2023 were approved by the following roll-call vote, to wit:

AYES: Kamin, Lyall, Perricone, Simpson, Stehly, Bandy, Wehr, Pankey
NOES: None
ABSTAIN: None
ABSENT: Steinlicht

Closed Session

General Counsel Anderson took the Board into Closed Session at 3:07 p.m.

The Board exited Closed Session at 3:37 p.m. with nothing to report.

Action Discussion

Resolution No. 11-2023 Ratifying the Actions Taken by the Pauma Valley Ground Water Agency to Approve and Submit the Groundwater Sustainability Plan to the Department of Water Resources.

Following a brief summary of the resolution by General Counsel and motion by Director Lyall, seconded by Director Bandy, *Resolution No. 11-2023 Ratifying the Actions Taken by the Pauma Valley Ground Water Agency to Approve and Submit the Groundwater Sustainability Plan to the Department of Water Resources* was accepted by the Board by the following roll-call vote, to wit:

AYES: Kamin, Lyall, Perricone, Simpson, Stehly, Bandy, Wehr, Pankey
NOES: None
ABSTAIN: None
ABSENT: Steinlicht

Information and Reports

There were no reports from the committees.

Other Business

Next Regular Meeting - January 16, 2024 at 3:00 p.m.

Adjournment

The meeting of the Board of Directors of the Upper San Luis Rey Groundwater Management Authority was adjourned at 3:46 p.m. until the next meeting on January 16, 2024 at 3:00 p.m.

Michael Perricone, Secretary

Greg Kamin, Chairman

Upper San Luis Rey Groundwater Management Authority
Check Detail
November 2023

Num	Date	Name	Item	Paid Amount
	11/29/2023			
				-13.00
TOTAL				-13.00
1024	11/02/2023	Best, Best & Krieger		
971389	08/03/2023			-2,815.00
974056	09/06/2023			-1,680.00
974057	09/06/2023			-1,840.50
976582	10/05/2023			-279.00
976583	10/05/2023			-408.73
TOTAL				-7,023.23
1025	11/02/2023	Geoscience Support Services		
USLRG...	09/08/2023			-1,204.50
TOTAL				-1,204.50
1026	11/02/2023	Rutan & Tucker, LLP		
962429	06/12/2023			-2,674.73
968922	08/21/2023			-3,012.62
968928	08/21/2023			-105.00
971616	09/21/2023			-949.91
971618	09/21/2023			-70.00
TOTAL				-6,812.26
1027	11/02/2023	Yuima Municipal Water District		
72023	06/14/2023			-1,150.00
				-234.03
82023	07/14/2023			-1,150.00
				-398.98
TOTAL				-2,933.01
1028	11/02/2023	VOID		
TOTAL				0.00
1029	11/02/2023	ACWA / JPIA		
306	10/01/2023			-1,473.00
TOTAL				-1,473.00

Upper San Luis Rey Groundwater Management Authority
Check Detail
December 2023

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Item</u>	<u>Paid Amount</u>
	12/12/2023	NSF		
				-29.00
TOTAL				-29.00
	12/29/2023			
				-13.00
TOTAL				-13.00

Upper San Luis Rey Groundwater Management Authority

Balance Sheet

As of November 30, 2023

	<u>Nov 30, 23</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · General Checking	3,589.85
Total Checking/Savings	<u>3,589.85</u>
Total Current Assets	<u>3,589.85</u>
TOTAL ASSETS	<u>3,589.85</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	28,160.02
Total Accounts Payable	<u>28,160.02</u>
Total Current Liabilities	<u>28,160.02</u>
Total Liabilities	28,160.02
Equity	
32000 · Retained Earnings	-4,055.70
Net Income	<u>-20,514.47</u>
Total Equity	<u>-24,570.17</u>
TOTAL LIABILITIES & EQUITY	<u>3,589.85</u>

Upper San Luis Rey Groundwater Management Authority

Profit & Loss

July through November 2023

	<u>Jul - Nov 23</u>
Income	
40000 · Member Agency Contributions	38,377.53
40800 · Miscellaneous Income	52.80
Total Income	<u>38,430.33</u>
Gross Profit	38,430.33
Expense	
60000 · Yuima Management Fee	5,750.00
60001 · Yuima Non-Contract Expense	7,666.98
60100 · Bank Service Charges	61.00
60200 · Insurance Expense	1,473.00
60300 · Legal Expense	38,825.05
60400 · Audit Expense	1,150.00
60901 · Prof. Services - GSPConsultant	4,018.77
Total Expense	<u>58,944.80</u>
Net Income	<u><u>-20,514.47</u></u>

Upper San Luis Rey Groundwater Management Authority

Profit & Loss Budget vs. Actual

July through November 2023

	Jul - Nov 23	Budget
Income		
40000 · Member Agency Contributions	38,377.53	56,584.00
40100 · Grant Funds	0.00	3,950.00
40500 · Assessments - Groundwater	0.00	0.00
40800 · Miscellaneous Income	52.80	250.00
Total Income	38,430.33	60,784.00
Gross Profit	38,430.33	60,784.00
Expense		
60000 · Yuima Management Fee	5,750.00	5,750.00
60001 · Yuima Non-Contract Expense	7,666.98	6,750.00
60100 · Bank Service Charges	61.00	80.00
60200 · Insurance Expense	1,473.00	0.00
60300 · Legal Expense	38,825.05	41,669.00
60400 · Audit Expense	1,150.00	0.00
60501 · Website & Email Expense	0.00	1,060.00
60600 · Membership Fees	0.00	1,275.00
60700 · Permits & Licenses Expense	0.00	0.00
60900 · Professional Services	0.00	0.00
60901 · Prof. Services - GSPConsultant		
60901.1 · GSP Annual Report	0.00	0.00
60901.2 · GSP - Response to Comments	0.00	0.00
60901 · Prof. Services - GSPConsultant - Other	4,018.77	0.00
Total 60901 · Prof. Services - GSPConsultant	4,018.77	0.00
60902 · Prof. Services - Rate Study	0.00	11,850.00
60903 · Prof. Services - Engineering	0.00	250.00
60904 · Prof. Services Grant Consultant	0.00	2,400.00
Total Expense	58,944.80	71,084.00
Net Income	-20,514.47	-10,300.00

Upper San Luis Rey Groundwater Management Authority
Check Detail
November 2023

Num	Date	Name	Item	Paid Amount
	11/29/2023			
				-13.00
TOTAL				-13.00
1024	11/02/2023	Best, Best & Krieger		
971389	08/03/2023			-2,815.00
974056	09/06/2023			-1,680.00
974057	09/06/2023			-1,840.50
976582	10/05/2023			-279.00
976583	10/05/2023			-408.73
TOTAL				-7,023.23
1025	11/02/2023	Geoscience Support Services		
USLRG...	09/08/2023			-1,204.50
TOTAL				-1,204.50
1026	11/02/2023	Rutan & Tucker, LLP		
962429	06/12/2023			-2,674.73
968922	08/21/2023			-3,012.62
968928	08/21/2023			-105.00
971616	09/21/2023			-949.91
971618	09/21/2023			-70.00
TOTAL				-6,812.26
1027	11/02/2023	Yuima Municipal Water District		
72023	06/14/2023			-1,150.00
				-234.03
82023	07/14/2023			-1,150.00
				-398.98
TOTAL				-2,933.01
1028	11/02/2023	VOID		
TOTAL				0.00
1029	11/02/2023	ACWA / JPIA		
306	10/01/2023			-1,473.00
TOTAL				-1,473.00

Upper San Luis Rey Groundwater Management Authority Deposit Detail November 2023

Type	Date	Name	Account	Amount
Deposit	11/02/2023		10000 · General Checki...	4,872.75
Payment	10/23/2023	Pauma Municipal Water District	12000 · Undeposited Fu...	-4,872.75
TOTAL				-4,872.75
Deposit	11/02/2023		10000 · General Checki...	7,919.76
Payment	11/02/2023	Pauma Valley Community Servi...	12000 · Undeposited Fu...	-7,919.76
TOTAL				-7,919.76
Deposit	11/02/2023		10000 · General Checki...	4,925.55
Payment	10/23/2023	Pauma Valley Community Servi...	12000 · Undeposited Fu...	-4,925.55
TOTAL				-4,925.55
Check	11/02/2023	VOID	10000 · General Checki...	0.00
TOTAL				0.00
Deposit	11/08/2023		10000 · General Checki...	4,872.75
Payment	11/08/2023	Yuima MWD	12000 · Undeposited Fu...	-4,872.75
TOTAL				-4,872.75

Upper San Luis Rey Groundwater Management Authority

Balance Sheet

As of December 31, 2023

	<u>Dec 31, 23</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · General Checking	3,547.85
Total Checking/Savings	<u>3,547.85</u>
Total Current Assets	<u>3,547.85</u>
TOTAL ASSETS	<u>3,547.85</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	33,945.47
Total Accounts Payable	<u>33,945.47</u>
Total Current Liabilities	<u>33,945.47</u>
Total Liabilities	33,945.47
Equity	
32000 · Retained Earnings	-4,055.70
Net Income	<u>-26,341.92</u>
Total Equity	<u>-30,397.62</u>
TOTAL LIABILITIES & EQUITY	<u>3,547.85</u>

2:00 PM

Upper San Luis Rey Groundwater Management Authority

01/09/24

Profit & Loss

Accrual Basis

July through December 2023

	<u>Jul - Dec 23</u>
Income	
40000 · Member Agency Contributions	38,377.53
40800 · Miscellaneous Income	52.80
Total Income	<u>38,430.33</u>
Gross Profit	38,430.33
Expense	
60000 · Yuima Management Fee	6,900.00
60001 · Yuima Non-Contract Expense	8,993.93
60100 · Bank Service Charges	103.00
60200 · Insurance Expense	1,473.00
60300 · Legal Expense	41,826.05
60400 · Audit Expense	1,150.00
60600 · Membership Fees	307.50
60901 · Prof. Services - GSPConsultant	4,018.77
Total Expense	<u>64,772.25</u>
Net Income	<u><u>-26,341.92</u></u>

Upper San Luis Rey Groundwater Management Authority

Profit & Loss Budget vs. Actual

July through December 2023

	Jul - Dec 23	Budget
Income		
40000 · Member Agency Contributions	38,377.53	71,121.00
40100 · Grant Funds	0.00	3,950.00
40500 · Assessments - Groundwater	0.00	0.00
40800 · Miscellaneous Income	52.80	500.00
Total Income	38,430.33	75,571.00
Gross Profit	38,430.33	75,571.00
Expense		
60000 · Yuima Management Fee	6,900.00	6,900.00
60001 · Yuima Non-Contract Expense	8,993.93	8,100.00
60100 · Bank Service Charges	103.00	96.00
60200 · Insurance Expense	1,473.00	0.00
60300 · Legal Expense	41,826.05	50,002.00
60400 · Audit Expense	1,150.00	3,500.00
60501 · Website & Email Expense	0.00	1,248.00
60600 · Membership Fees	307.50	1,275.00
60700 · Permits & Licenses Expense	0.00	0.00
60900 · Professional Services	0.00	0.00
60901 · Prof. Services - GSPConsultant		
60901.1 · GSP Annual Report	0.00	0.00
60901.2 · GSP - Response to Comments	0.00	0.00
60901 · Prof. Services - GSPConsultant - Other	4,018.77	0.00
Total 60901 · Prof. Services - GSPConsultant	4,018.77	0.00
60902 · Prof. Services - Rate Study	0.00	15,800.00
60903 · Prof. Services - Engineering	0.00	500.00
60904 · Prof. Services Grant Consultant	0.00	3,600.00
Total Expense	64,772.25	91,021.00
Net Income	-26,341.92	-15,450.00

Upper San Luis Rey Groundwater Management Authority
Check Detail
December 2023

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Item</u>	<u>Paid Amount</u>
	12/12/2023	NSF		
				-29.00
TOTAL				-29.00
	12/29/2023			
				-13.00
TOTAL				-13.00

2:38 PM

01/09/24

Upper San Luis Rey Groundwater Management Authority
Deposit Detail
December 2023

Type	Date	Name	Account	Amount
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Upper San Luis Rey Groundwater Management Authority
A/P Aging Summary
As of December 31, 2023

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
Association of California Water Agencies	0.00	307.50	0.00	0.00	0.00	307.50
Best, Best & Krieger	0.00	901.00	525.00	0.00	0.00	1,426.00
Nigro & Nigro	0.00	0.00	1,150.00	0.00	0.00	1,150.00
Rutan & Tucker, LLP	0.00	2,100.00	14,617.02	0.00	0.00	16,717.02
Yuima Municipal Water District	0.00	2,476.95	1,988.56	4,647.71	5,231.73	14,344.95
TOTAL	<u>0.00</u>	<u>5,785.45</u>	<u>18,280.58</u>	<u>4,647.71</u>	<u>5,231.73</u>	<u>33,945.47</u>

2:07 PM

01/09/24

Upper San Luis Rey Groundwater Management Authority
A/R Aging Summary
As of January 10, 2024

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
Pauma Municipal Water District	10,571.82	0.00	0.00	0.00	0.00	10,571.82
Pauma Valley Community Services District	10,571.82	0.00	0.00	0.00	0.00	10,571.82
Yuima MWD	10,571.82	0.00	0.00	0.00	0.00	10,571.82
TOTAL	<u>31,715.46</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>31,715.46</u>

Upper San Luis Rey Groundwater Management Authority

Trial Balance

As of December 31, 2023

	Dec 31, 23	
	Debit	Credit
10000 · General Checking	3,547.85	
11400 · Accounts Receivable - Members	0.00	
12000 · Undeposited Funds	0.00	
20000 · Accounts Payable		33,945.47
32000 · Retained Earnings	4,055.70	
40000 · Member Agency Contributions		38,377.53
40800 · Miscellaneous Income		52.80
60000 · Yuima Management Fee	6,900.00	
60001 · Yuima Non-Contract Expense	8,993.93	
60100 · Bank Service Charges	103.00	
60200 · Insurance Expense	1,473.00	
60300 · Legal Expense	41,826.05	
60400 · Audit Expense	1,150.00	
60600 · Membership Fees	307.50	
60901 · Prof. Services - GSPConsultant	4,018.77	
TOTAL	72,375.80	72,375.80

GEOSCIENCE

The First Name in Groundwater

December 5, 2023

Ms. Amy Reeh
Administrator
Upper San Luis Rey Groundwater Management Authority
P.O. Box 984
Pauma Valley, CA 92061

Re: Cost Proposal for Professional Services to Prepare SGMA Annual Report for the Upper San Luis Rey Groundwater Subbasin (Water Year 2023)

Dear Amy:

Per your request, Geoscience Support Services, Inc. (Geoscience) has developed this proposal to prepare the Sustainable Groundwater Management Act (SGMA) 2023 Annual Report for the Upper San Luis Rey (USLR) Groundwater Subbasin and ongoing basin monitoring through calendar year 2024. To meet SGMA requirements, the annual report will cover Water Year 2023 (representing the period from October 1, 2022, through September 30, 2023) and will include a summary of hydrologic conditions in the basin, an evaluation of sustainability management criteria (SMCs), as well as a discussion of Upper San Luis Rey Groundwater Management Authority (Authority) activities towards sustainability and implementation of the Groundwater Sustainability Plan (GSP). Ongoing basin monitoring includes the measurement of static groundwater elevations in designated monitoring wells and supplemental water quality sampling for constituents of concern to characterize spring and fall groundwater conditions. The following sections discuss the proposed scope of work in more detail.

Scope of Work

Task 1.0: Data Collection and Analysis

Task 1.1: Collection of Pumping, Water Use, and Water Quality Data

Geoscience will coordinate with the Authority to collect Water Year 2023 groundwater pumping and other water use data from basin stakeholders. Received data will be entered into the GSP's data management system. In addition, we will pull records of surface water diversions reported to the California State Water Resources Control Board Electronic Water Rights Information Management System (eWRIMs), which will

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f. 909.451.6638
www.gssiwater.com

provide a more complete understanding of surface water usage in the basin, and water quality data from the Division of Drinking Water (DDW).

Task 1.2: Evaluate Hydrologic Conditions and Sustainability Management Criteria

Task 1.2 includes the development of two sets of groundwater elevation contours from available information (representing fall and spring conditions), refinement and update of existing hydrographs, and the development of change in groundwater storage plots. Additional elements related to hydrologic conditions, such as precipitation patterns, water quality trends, and any available supplemental information regarding interconnected surface water and groundwater systems will also be evaluated.

Task 1.3: Estimate Total Water Use

Under this task, total water use will be estimated. This includes groundwater pumping by sector (e.g., urban, industrial, agricultural, etc.) and surface water supply (e.g., imported water, local diversions, etc.). An analysis will be conducted to estimate water use during Water Year 2023. Water use records will be used where available. Remaining water use will be estimated using methodology established during the development of the surface water and groundwater model, which is primarily based on land use, crop coverage, and hydrology. No model runs will be conducted for this effort.

Task 1.4: Spring 2024 Water Level and Water Quality Monitoring Events

The USLR GSP has outlined semiannual monitoring events (Spring and Fall) for the evaluation of SMCs. Data collected during both the Spring water level and water quality monitoring events will be used to provide continuity in data collection, provide an indication of hydrologic conditions to the Authority and basin stakeholders for ongoing basin management planning and discussion, and allow for the evaluation of SMCs in future annual reporting.

This task includes taking static water level measurements at 33 designated monitoring locations to characterize Spring 2024 hydrologic conditions. Estimated effort includes scheduling, field work, maintenance and updates to water level databases, and submission of monitoring data to the DWR Monitoring Network Module before the July 1, 2024, deadline.

During development of the GSP, water quality samples were also taken at 15 of the monitoring wells. Semiannual sampling of constituents of concern should continue, as needed, to provide sufficient information on basin water quality. Since the majority of wells monitored for water level and water quality represent municipal supply wells for public drinking water systems, routine water quality data are readily available. Therefore, supplementary water quality sampling need only be conducted for monitoring wells not regularly reporting to the State. For the purpose of this estimate, it is assumed that supplementary water quality sampling will be conducted at four (4) well locations to help establish Spring 2024 water quality conditions. Water quality samples will be collected following the Sampling and Analysis Plan (SAP) outlined in the GSP and analyzed for total dissolved solids (TDS), total nitrate/nitrite, nitrate as nitrogen,

and electrical conductivity. These constituents (i.e., TDS and nitrate) have been identified in the GSP as the main constituents of concern in the basin. Additional costs can be provided for an expanded sampling suite or sampling effort at the discretion of the Authority.

Task 1.5: Fall 2024 Water Level and Water Quality Monitoring Events

This task includes taking static water level measurements at the 33 designated monitoring locations to characterize Fall 2024 hydrologic conditions. As with Task 1.4, estimated effort includes scheduling, field work, maintenance and updates to water level databases, and submission of monitoring data to the DWR Monitoring Network Module before the January 1, 2025, deadline.

For the purpose of this estimate, Task 1.5 also assumes that Fall 2024 water quality sampling will consist of supplementary sampling at four monitoring locations. Water quality samples will be collected following the SAP outlined in the GSP and analyzed for the constituents listed in Task 1.4.

Task 2.0: Prepare Draft and Final Annual Report

Task 2.1: Prepare Draft Annual Report

Under this task, Geoscience will prepare the draft 2023 Annual Report. This annual report will include the elements listed in DWR's GSP Annual Report Elements Guide, communicate groundwater conditions to basin stakeholders, and will include a narrative description of the Authority's progress towards implementing the USLR GSP and next steps. Data collected through the reporting period will be provided in the report in appropriate tables, figures, and charts. These data include information collected from the monitoring network, reported groundwater extractions, imported water deliveries, total water usage (both reported and estimated), changes in groundwater storage based on observed and modeled groundwater elevations, and ambient groundwater quality. A description of updated monitoring will also be provided, including a discussion of the installation of dedicated USLR monitoring wells and expanded monitoring in a previously-identified data gap area near the Rincon Reservation. Recommendations will be provided for an official revision of the monitoring network during a future GSP update. Upon completion, the draft annual report will be submitted to the Authority for review and comment.

Task 2.2: Finalize Annual Report

The draft annual report will be finalized following incorporation of any comments from the Authority and basin stakeholders. Our estimate of costs includes addressing one round of comments.

Task 3.0: Project Management and Meetings

Task 3.1: Project Management

Geoscience will coordinate project activities throughout the development of the annual report and associated calendar year 2024 activities to support the GSP, as described in the tasks above. Project

management includes additional hours and costs to cover minor tasks related to any unforeseen issues or miscellaneous requests that arise during calendar year 2024.

Task 3.2: Present Findings at USLRGMA Board Meeting

Geoscience will also present the findings of the 2023 Annual Report to interested stakeholders at a regularly scheduled Authority Board Meeting, after the Authority has had an opportunity to review the draft report. It is assumed that the call will be held remotely (e.g., Zoom).

Cost Estimate

The total proposed cost of Tasks 1 through 3, described above, is \$69,558. A breakdown of cost by task and anticipated staff participation is provided in attached Table 1.

Assumptions and Exclusions

1. Geoscience's Cost Estimate included with this bid is valid for a period of 12 months.
2. Geoscience will manage work hours between employee classifications or utilize other employee classifications provided that the total project fee is not exceeded without prior approval of the Authority. Geoscience will first request approval from the Authority before work hours are managed between Tasks as listed in the Cost Estimate.
3. Services not specifically identified in the Scope of Work are not included in this Agreement for Professional Services.
4. Reimbursable expenses for sub-consultants, sub-contractors, equipment and instrumentation purchase or rental, supplies, travel, and other reimbursable project expenses—excluding field staff per-diem costs--will be billed to client at cost + 10%.
5. Consultant assumes that data assembled and provided by the Authority and/or Project Stakeholders is accurate, complete, and can be used as it is. Verification of Owner furnished-data accuracy from primary source(s) is outside the scope of work.
6. One (1) round of comments and resulting deliverable revision is budgeted for the Annual Report as listed in the Scope of Work and Schedule. Reasonable efforts within this budget will be made to address responsive comments. If comments or suggested revisions require additional effort outside of the proposed scope of work, then the revisions will only be performed upon consultation with the Authority and through a contract modification. The Final Annual Report will not incorporate any additional new comments.

If you have any questions, please contact me at (909) 451-6650

Sincerely,

A handwritten signature in blue ink that reads "Lauren Wicks". The signature is written in a cursive, flowing style.

Lauren Wicks, PG


Project Geohydrologist

**Cost Proposal for Professional Services to
Prepare SGMA Annual Report for the Upper San Luis Rey Subbasin (Water Year 2023)**

Task Description		Geoscience Support Services, Inc.									Reimbursable Expenses ¹	Total Cost
		Principal Hydrologist	Senior Geohydrologist	Project Modeler	Project Geohydrologist	Associate Modeler	Senior Associate Geohydrologist	Technical Illustrator	Clerical	Geoscience Labor		
Hourly Rate:		\$290	\$249	\$259	\$226	\$208	\$180	\$165	\$113			
1.0	Data Collection and Analysis											
1.1	Collection of Pumping and Water Use Data		8			8	16			\$ 6,536	\$ -	\$ 6,536
1.2	Evaluate Hydrologic Conditions and Sustainability Management Criteria (includes production of 2 sets of groundwater elevation contours, hydrographs, and change in groundwater storage plots)	1	16			2	8	4		\$ 6,790	\$ -	\$ 6,790
1.3	Estimate Total Water Use (including any missing pumping and surface water diversions)	1	8	1		2	16			\$ 5,837	\$ -	\$ 5,837
1.4	Spring 2024 Water Level and Water Quality Monitoring Events (assumes supplementary water quality sampling and includes database updates and submission of monitoring data to DWR)		8				46			\$ 10,272	\$ 775	\$ 11,047
1.5	Fall 2024 Water Level and Water Quality Monitoring Events (assumes supplementary water quality sampling and includes database updates and submission of monitoring data to DWR)		8				46			\$ 10,272	\$ 775	\$ 11,047
	Subtotal Task 1.0:	2	48	1	0	12	132	4	0	\$ 39,707	\$ 1,550	\$ 41,257
2.0	Prepare Draft and Final Annual Report											
2.1	Prepare Draft Annual Report	4	30				8	8		\$ 11,390		\$ 11,390
2.2	Finalize Annual Report (assumes one round of comments)	1	16				1	1		\$ 4,619		\$ 4,619
	Subtotal Task 2.0:	5	46	0	0	0	9	9	0	\$ 16,009	\$ -	\$ 16,009
3.0	Project Management and Meetings											
3.1	Project Management	4	30							\$ 8,630		\$ 8,630
3.2	Present Findings at USLRGMA Board Meeting (assumes virtual meeting)	1	8				4	4		\$ 3,662		\$ 3,662
	Subtotal Task 3.0:	5	38	0	0	0	4	4	0	\$ 12,292	\$ -	\$ 12,292
TOTAL HOURS AND COST:		12	132	1	0	12	145	17	0	\$ 68,008	\$ 1,550	\$ 69,558

Notes:

¹ Reimbursable Expenses include sampling supplies, equipment rental, field per diem, and laboratory costs for 4 wells. A 10% mark-up on all reimbursable expenses - excluding field staff per-diem - is included. Geoscience is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. The work Geoscience performs does not fall under prevailing wage rate categories.



UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY
Report to the Board of Directors
For the Fiscal Year Ended
June 30, 2023



NIGRO & NIGRO^{PC}

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

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For the Fiscal Year Ended June 30, 2023

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Board of Directors
Upper San Luis Rey Groundwater Management Authority
Pauma Valley, California

We are pleased to present this report related to our audit of the financial statements of the Upper San Luis Rey Groundwater Management Authority (Authority) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Authority.

Very truly yours,

A handwritten signature in blue ink that reads 'Nigro & Nigro, PC'. The signature is written in a cursive, flowing style.

Murrieta, California
December 31, 2023

Required Communications

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Required Communications

For the Fiscal Year Ended June 30, 2023

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<p>Our Responsibilities with Regard to the Financial Statement Audit</p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated October 16, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<p>Overview of the Planned Scope and Timing of the Financial Statement Audit</p>	<p>An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.</p>
<p>Accounting Policies and Practices</p>	<p>Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p>Adoption of, or Change in, Significant Accounting Policies or Their Application Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management’s Judgments and Accounting Estimates Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
<p>Audit Adjustments</p>	<p>Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries.</p>
<p>Uncorrected Misstatements</p>	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Required Communications

For the Fiscal Year Ended June 30, 2023

Area	Comments
Discussions With Management	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	None Reported – Due to First Year

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

Summary of Adjusting Journal Entries

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

*Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2023*

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To Accrue Expenses at June 30, 2023			
60300	Legal Expense	12,417.27	
60901	Prof. Services - GSPConsultant	2,814.27	
20100	Accrued Expenses		15,231.54
Total		15,231.54	15,231.54
Adjusting Journal Entries JE # 2			
To Reclass Yuima Cash Starting Deposit from Revenue to Accrued Liability			
40800	Miscellaneous Income	50.00	
20100	Accrued Expenses		50.00
Total		50.00	50.00
	Total Adjusting Journal Entries	15,281.54	15,281.54
	Total All Journal Entries	15,281.54	15,281.54

**UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NIGRO & NIGRO^{PC}

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

For the Fiscal Year Ended June 30, 2023

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Upper San Luis Rey Groundwater Authority
Pauma Valley, California

Opinion

We have audited the accompanying financial statements of the Upper San Luis Rey Groundwater Management Authority (Authority) which comprise the balance sheet as of June 30, 2023, the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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. Misstatements 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.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Authority's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements due to the Authority's first year in operations. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic Financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 31, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Murrieta, California
December 31, 2023

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Balance Sheet

June 30, 2023

	<u>2023</u>
ASSETS	
Cash and cash equivalents (note 2)	\$ 3
Accounts receivable	39,091
Total assets	<u>\$ 39,094</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 58,432
Total liabilities	<u>58,432</u>
NET POSITION	
Unrestricted	<u>(19,338)</u>
Total net position	<u>(19,338)</u>
Total liabilities and net position	<u>\$ 39,094</u>

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY
Statement of Revenues Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	<u>2023</u>
Operating Revenues:	
Member agency contributions – initial funding (note 3)	\$ 302,340
Member agency contributions – operations (note 4)	<u>135,039</u>
Total operating revenues	<u>437,379</u>
Operating Expenses:	
Contracted services – initial funding (note 3)	302,340
Contracted services – operations	17,250
General and administrative	<u>137,127</u>
Total operating expenses	<u>456,717</u>
Operating income(loss)	<u>(19,338)</u>
Change in net position	(19,338)
Net Position	
Beginning of year	<u>-</u>
End of year	<u>\$ (19,338)</u>

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

	<u>2023</u>
Cash flows from operating activities:	
Cash received from member agencies	\$ 398,288
Cash payments for operating expenses	<u>(398,285)</u>
Net cash provided by (used in) operating activities	<u>3</u>
Net increase(decrease) in cash and cash equivalents	<u>3</u>
Cash and cash equivalents:	
Beginning of year	<u>-</u>
End of year	<u>\$ 3</u>
	<u>2023</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income(loss)	\$ (19,338)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(39,091)
Increase (decrease) in liabilities:	
Accounts payable	<u>58,432</u>
Net cash provided by operating activities	<u>\$ 3</u>

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Upper San Luis Rey Groundwater Management Authority (Authority) was formed under a Joint Exercise of Powers Authority on May 1, 2022, pursuant to the provisions of Article 1, Chapter 5; Division 7, Title 1 commencing with Section 6500 of the Government Code of the State of California. The Authority was formed between the Member Agencies “collectively” Yuima Municipal Water District (YMWD), Pauma Municipal Water District (PMWD), Pauma Valley Community Services District (PVCSD), Upper San Luis Rey Resource Conservation District (USLRRCD), and the San Luis Rey Municipal Water District (SLRMWD). The Authority was formed for the purpose of, among other things, serving as the Groundwater Sustainability Agency (GSA) for the Subbasin and implementing the Groundwater Sustainability Plan (GSP). The goal is to perform sustainable and equitable groundwater management, in accordance with the Sustainable Groundwater Management Act (SGMA), that will protect the groundwater resources in the Upper San Luis Rey Groundwater Basin for all beneficial users into the foreseeable future.

The Authority is an independent public Authority separate from the Members. The Authority’s board consists of two board members each from Yuima Municipal Water District, Upper San Luis Rey Resource Conservation District, and Pauma Municipal Water District and one member from Pauma Valley Community Services District, Rancho Pauma Mutual Water Company, and San Luis Rey Municipal Water District.

Each member of the Authority shall be obligated to pay its proportional share of the operating and administrative costs. The payment obligation of each member is based upon the number of directors each member is authorized to appoint to the Board. The San Luis Rey Municipal Water District and the Upper San Luis Rey Resource Conservation District do not participate in the cost share payments.

Basis of Accounting and Measurement Focus

The Authority reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Authority is that the costs of providing services be financed or recovered primarily through user (member) charges, capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Financial Reporting

The Authority’s basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States Board (GAAP), as applied to enterprise funds, The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Authority’s proprietary fund.

Operating revenues and expenses result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Management administration is also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Notes to Financial Statements

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Unrestricted – This component of net position is the net amount of the assets less liabilities that are not included in the determination of the investment in capital assets component of net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Member Authority Contributions

Contribution revenue consists of payments from members that are planned to match operating and administrative expenses. The activities of the Authority consist solely of facilitating the preparation of a groundwater sustainability plan for the San Luis Rey Valley Groundwater Basin.

Member’s Net Position

In the event of a member withdrawal, member termination, or dissolution of the Authority, any property interest remaining in the Authority, following a discharge of all obligations shall be disposed of pursuant to the Joint Powers Agreements as adopted by the Governing Board.

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023, are classified on the balance sheet as follows:

Description	2023
Cash and cash equivalents	\$ 3
Total cash and investments	\$ 3

Cash and investments at June 30, 2023, consisted of the following:

Description	2023
Demand deposits held with financial institutions	\$ 3
Total cash and investments	\$ 3

Demand Deposits with Financial Institutions

At June 30, 2023 the carrying amount of the Authority's demand deposits was \$3, and the financial institution's balance was \$3. There was no net difference and/or other reconciling items between the financial institution's balance and the Authority's balance for the year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Notes to Financial Statements

June 30, 2023

NOTE 3 – MEMBER CONTRIBUTIONS – INITIAL FUNDING

The Member Agencies acknowledged that the “Initial Funding” of costs associated with the formation of the Authority provided by the YMWD between July 2019 and June 2022 will be determined by subtracting out a payment from the USLRCD of \$25,000 and allocating the remaining costs by 1/3 to the PMWD, PVCSD & YMWD. The SLRMWD was not asked to participate in the funding of the Initial Costs as follows:

<u>Agency</u>	<u>Initial Funding</u>
Pauma Municipal Water District	\$ 92,447
Pauma Valley Community Services District	92,447
Upper San Luis Rey Resource Conservation District	25,000
Yuima Municipal Water District	92,446
Total	\$ 302,340

NOTE 4 – MEMBER CONTRIBUTIONS – OPERATIONS AND MEMBER NET POSITION

The Authority was formed collectively by the Member Agencies. The Member Agencies agreed that the PMWD, PVCSD and YMWD would share the costs for ongoing operations of the Authority. The SLRMWD and USLRCD have not been asked to participate in the cost sharing of the ongoing operations of the Authority except for the cost of acquiring insurance to protect the Authority. The Member Agencies investment or net position in the Authority for ongoing operations as of June 30, 2023 has been calculated as follows:

<u>Member Agency</u>	<u>For the Period Ending June 30, 2023</u>			
	<u>Member Contributions</u>	<u>Grant Revenue</u>	<u>Operating Expenses</u>	<u>Net Position</u>
Pauma Municipal Water District	\$ 45,013	\$ -	\$ (51,459)	\$ (6,446)
Pauma Valley Community Services District	45,013	-	(51,459)	(6,446)
Yuima Municipal Water District	45,013	-	(51,459)	(6,446)
Total	\$ 135,039	\$ -	\$ (154,377)	\$ (19,338)

<u>Member Agency</u>	<u>Remaining Balances at June 30, 2023</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Position</u>
Pauma Municipal Water District	\$ 13,031	\$ 19,477	\$ (6,446)
Pauma Valley Community Services District	13,031	19,477	(6,446)
Yuima Municipal Water District	13,032	19,478	(6,446)
Total	\$ 39,094	\$ 58,432	\$ (19,338)

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Notes to Financial Statements

June 30, 2023

NOTE 5 – RISK MANAGEMENT

The Authority is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the
C. Participants	As of September 30, 2022 – 396 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2022
Audit signed	February 7, 2022

	Sept 30, 2022
Statement of financial position:	
Total assets	<u>\$ 246,615,214</u>
Deferred outflows	<u>6,108,562</u>
Total liabilities	<u>137,126,606</u>
Deferred inflows	<u>2,813,249</u>
Net position	<u><u>\$ 112,783,921</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 175,619,417
Total expenses	<u>(212,646,028)</u>
Change in net position	(37,026,611)
Beginning - net position	<u>149,810,532</u>
Ending - net position	<u><u>\$ 112,783,921</u></u>

F. Member agencies share of year-end financial position	Not Calculated
--	----------------

The Authority participated in the self-insurance programs of the Insurance Authority as follows:

General Liability – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence.

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

Notes to Financial Statements

June 30, 2023

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation

The Authority is involved in certain litigation incidental to its business and may be subject to further claims and litigation from outside parties.

San Luis Rey Indian Water Authority (SLRIWA) vs. Pauma Valley Groundwater Sustainability Agency and its Successor the Authority

The SLRIWA is not seeking damages from the Authority, but it is seeking, a through invalidation of the Groundwater Sustainability Plan (GSP) filed with the California Department of Water Resources (DWR) in January 2022, to potentially limit the amount of water that the Authority’s members can take from the Upper San Luis Rey Subbasin (Subbasin). The court case has been continued until after January 2024 to allow the DWR to determine the adequacy of the GSP for the Subbasin prior to the court making a ruling. This stipulation further provides that the Authority will be added as a Defendant in the SLRIWA Litigation when the stay ends—likely in or around March of 2024.

NOTE 7 – SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through December 31, 2023, the date which the financial statements were available to be issued.

Other Independent Auditors' Reports



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

Board of Directors
Upper San Luis Rey Groundwater Management Authority
Pauma Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Upper San Luis Rey Groundwater Management Authority (Authority) which comprise the balance sheet as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 31, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Murrieta, California
December 31, 2023