

Location: Yuima MWD Board Room
34928 Valley Center Rd.
Pauma Valley, CA 92061

Date: June 18, 2024

Time: 3:00 p.m.

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 May 21, 2024
- b) Approval of Accounts Paid and Payables May 2024
- c) Acceptance of Monthly Financial Reports – May 2024

VII. Action Discussion

a) Presentation – Cost of Service Study – SCI Consulting Group

Background: As part of the process to determine the necessary rate structure for implementation of the Groundwater Sustainability Plan, the Authority engaged the services of SCI Consulting Group. SCI took multiple factors of the basin into consideration when developing the Cost-of-Service Study finds that will be presented to the stakeholders of the basin both on June 18th and July 16th and prior to the public hearing being held to adopt the proposed rates.

b) Proposed Resolution Adopting the Operating Budget for Fiscal Year 2024-25

Background: The Authority must adopt an annual budget for each fiscal year. The 2024-25 Fiscal year budget is a balanced budget that incorporates the collection of proposed pumping fees and expenditures to meet the requirements of SGMA and management of the Authority.

Recommendation: That, should the Board agree, they approve the resolution to adopt the proposed budget.

- c) Authorize Administrator and Chairman to Sign the Auditor Engagement Letter for the 2023-24 Audit for Nigro & Nigro

Background: At the September 19, 2023, Board meeting the Board authorized the Administrator to contract with the firm Nigro & Nigro to perform independent audit services for FY 2022-23 through 2024-25. The included engagement letter is for the FY 2023-24 audit.

Recommendation: That, should the Board agree, they accept the Engagement Letter as presented

- d) Review and Approval of Self Certification Form

In an effort to obtain the most accurate well and pumping data for Authority records and to adequately and fairly bill well pumpers in the basin, a self-certification form has been developed for completion by well owners. The form will be sent to all parcels within the boundaries of the basin.

- e) Discussion: Domestic Well Pumping Fee Policy

VIII. Other Business

Public Hearing to Adopt Proposed Rates, July 16, 2024

Next Regular Meeting, Tuesday, July 16, 2024

IX. Adjournment

The JPA provides remote attendance options solely as a matter of convenience to the public. The JPA will not stop or suspend its in-person public meeting should a technological interruption occur with respect to the zoom or call-in line listed on the agenda. We encourage members of the public to attend JPA meetings in-person at 34928 Valley Center Road, Pauma Valley, CA, or remotely utilizing the options below:

For Online Participation:

Join Zoom Meeting <https://us02web.zoom.us/j/82778431470?pwd=Pux0lQc2bCRcTeXWmldELE9fbqEJcl.1>

Meeting ID: 827 7843 1470

Passcode: 410875

- c) Authorize Administrator and Chairman to Sign the Auditor Engagement Letter for the 2023-24 Audit for Nigro & Nigro

Background: At the September 19, 2023, Board meeting the Board authorized the Administrator to contract with the firm Nigro & Nigro to perform independent audit services for FY 2022-23 through 2024-25. The included engagement letter is for the FY 2023-24 audit.

Recommendation: That, should the Board agree, they accept the Engagement Letter as presented

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UPPER SAN LUIS REY
GROUNDWATER MANAGEMENT AUTHORITY

Board of Directors
Greg Kamin – Chairman
Tim Lyall– Vice-Chairman
Michael Perricone – Secretary
Roland Simpson - Treasurer
Charles Bandy - Director
William Pankey – Director
Eric Steinlicht – Director
Richard Stehly – Director
Stephen Wehr - Director

June 10, 2024

Dear Parcel Owner

On May 30, 2024 you were mailed a Notice of Public Hearing to Adopt a Proposed Fee.

In an effort to ensure that the stakeholders of the basin have as much information as possible the Upper San Luis Rey Groundwater Management Authority will be conducting two presentations of the Cost-of-Service Study that was used to determine the proposed rate being consider at the July 16, 2024 public hearing. Additionally, in an effort to make attendance as easy as possible these presentations will be done in a virtual Zoom meeting.

The first of these presentations will be conducted on Tuesday, June 18, 2024 at 3:30 p.m. The Zoom information for participation is below.

<https://us02web.zoom.us/j/82778431470?pwd=Pux0lQc2bCRcTeXWldELE9fbqEJcl.1>

Meeting ID: 827 7843 1470

Passcode: 410875

The second of these meetings will be conducted prior to the public hearing on July 16, 2024 at 3:30 p.m. The Zoom information for participation is below.

<https://us02web.zoom.us/j/89654544843?pwd=NDZp8OHgKVhTACMrbbBips3QS8Tid.1>

Meeting ID: 896 5454 4843

Passcode: 777558

If you would like to receive email communications and notifications of the meeting agendas that will include a zoom link, please email me at amy@uslrgma.com. I will be happy to add you to our email list. Please feel free to contact me at (760) 742-3704 should you have any questions.

Sincerely,

Amy Reeh

Administrator

UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY

P.O. Box 984 • 34928 Valley Center Road • Pauma Valley, CA 92061
(760) 742-3704 • www.uslrgma.com

CONSENT CALENDAR

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: May 21, 2024

Time: 3:31 p.m.

I. 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 21st day of May, 2024. The meeting was called to order at 3:31 p.m. and the Pledge of Allegiance was performed.

II. Roll Call – Determination of Quorum

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

Directors In Attendance

Greg Kamin	Tim Lyall	Michael Perricone
Roland Simpson	Rich Stehly	Steve Wehr
Bill Pankey		

Directors Absent

Eric Steinlicht	Chuck Bandy
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Others In Attendance

Amy Reeh – Administrator
LaVonne Peck – SLRIWA
Steve Anderson – BB&K
Lutfi Kharuf – BB&K

III. Approval of the Agenda

Upon motion by Director Perricone and seconded by Director Wehr, the approval of the agenda was passed by the following roll-call vote, to wit:

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

IV. Public Comment

There were no public comments.

V. Consent Calendar

With motion being offered by Director Stehly and seconded by Director Simpson, the Consent Calendar items including the Minutes of the April 16, 2024 Board meeting, Accounts Paid and Payable for April 2024 and Monthly Financials for April 2024 were approved by the following roll-call vote, to wit:

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

VI. Action Discussion

a) Discussion of Prop 218/Rate Setting Process

Administrator Reeh reviewed the rate setting process, including the Prop 218 process and mailing and publication timelines. The Board also reviewed the meeting schedule to present the Cost-of-Service study to the stakeholders in the basin. The first presentation

b) **Proposed Resolution to Establish a methodology for the Upper San Luis Rey Groundwater Management Authority to collect and receive data from landowners and to respond to data requests that ensures the confidentiality of the data is maintained.**

Upon motion by Director Stehly, seconded by Director Lyall, approval of the ***Proposed Resolution to Establish a methodology for the Upper San Luis Rey Groundwater Management Authority to collect and receive data from landowners and to respond to data requests that ensures the confidentiality of the data is maintained*** was accepted by the Board by the following roll-call vote, to wit:

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

c) **Proposed Resolution Setting Forth the time and Place of Hearing and Giving Notice of Hearing for Proposed Groundwater Extraction Fees.**

Upon motion by Director Stehly, seconded by Director Lyall, the Board directed staff to move forward with the public hearing process and moved approval of the ***Proposed Resolution Setting Forth the time and Place of Hearing and Giving Notice of Hearing for Proposed Groundwater Extraction Fees*** was accepted by the Board by the following roll-call vote, to wit:

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

VII. Other Business

Next Regular Meeting – Tuesday, June 18, 2024

VIII. Adjournment

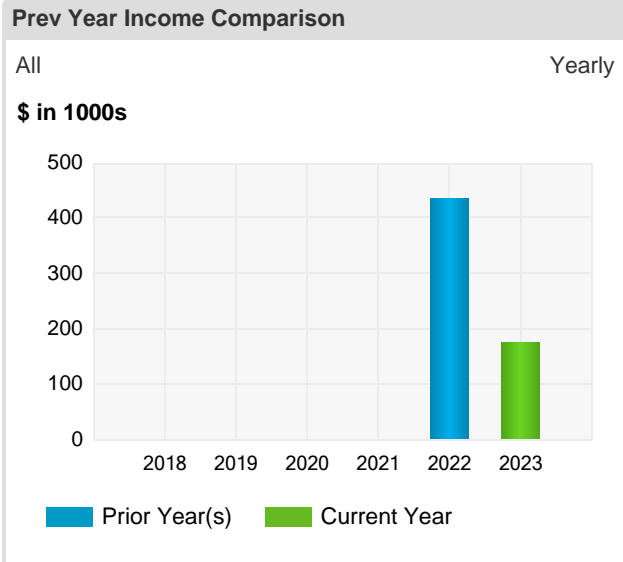
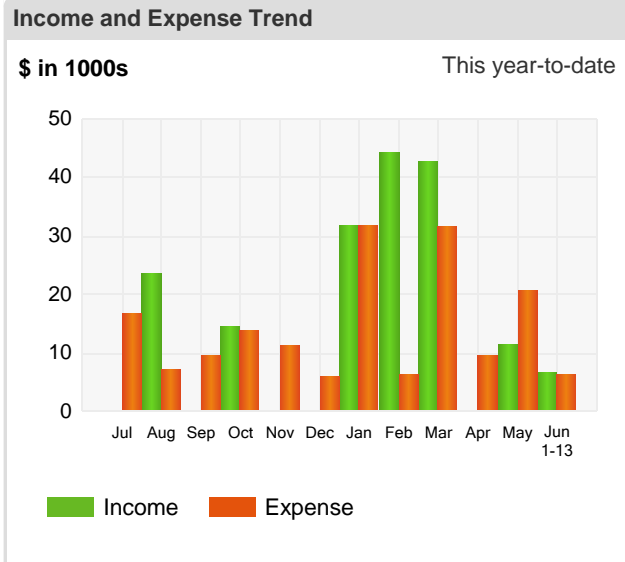
The meeting of the Board of Directors of the Upper San Luis Rey Groundwater Management Authority was adjourned at 4:36 p.m. until the next meeting on June 18, 2024 at 3:00 p.m.

Michael Perricone, Secretary

Greg Kamin, Chairman

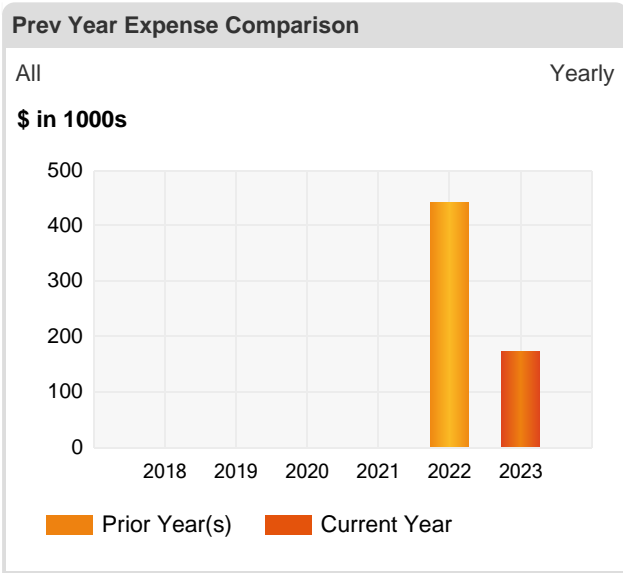
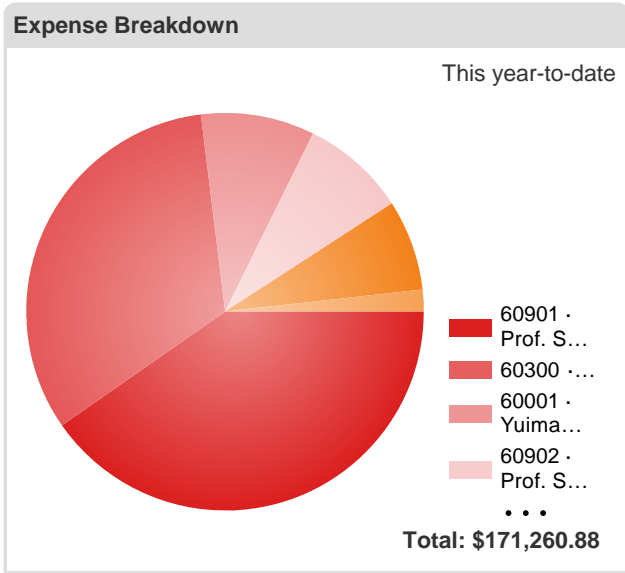
Upper San Luis Rey Groundwater Management Authority
Check Detail
 May 2024

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Item</u>	<u>Paid Amount</u>
1063	05/14/2024	Best, Best & Krieger		
990319	03/12/2024			-2,765.00
992054	04/04/2024			-147.50
992055	04/04/2024			-105.00
TOTAL				<u>-3,017.50</u>
1064	05/14/2024	Geoscience Support Services		
USLRG...	04/11/2024			-5,814.50
USLRG...	01/11/2024		Professiona...	-877.00
TOTAL				<u>-6,691.50</u>
1065	05/14/2024	Rutan & Tucker, LLP		
988500	03/28/2024			-210.00
989472	04/09/2024			-210.00
989471	04/09/2024			-770.00
989474	04/09/2024			-162.48
TOTAL				<u>-1,352.48</u>
1066	05/14/2024	Yuima Municipal Water District		
remb G...	05/14/2024			-11,362.50
TOTAL				<u>-11,362.50</u>



Customers Who Owe Money

Customer	Due Date	Amt Due
Pauma Municipal Water D...	06/13/2024	2,210.69
Pauma Valley Community...	06/13/2024	2,210.69
Yuima MWD	06/13/2024	2,210.69



Account Balances

Account	Balance
Accounts Payable	8,896.80
Accounts Receivable - Members	6,632.07
General Checking	2,320.56
Accounts Receivable - Grants	0.00
Payroll Liabilities	0.00

Upper San Luis Rey Groundwater Management Authority

Balance Sheet

As of May 31, 2024

	<u>May 31, 24</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · General Checking	3,891.14
Total Checking/Savings	<u>3,891.14</u>
Accounts Receivable	
11400 · Accounts Receivable - Members	7,670.62
Total Accounts Receivable	<u>7,670.62</u>
Total Current Assets	<u>11,561.76</u>
TOTAL ASSETS	<u>11,561.76</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	11,752.50
Total Accounts Payable	<u>11,752.50</u>
Total Current Liabilities	<u>11,752.50</u>
Total Liabilities	11,752.50
Equity	
32000 · Retained Earnings	-4,055.70
Net Income	3,864.96
Total Equity	<u>-190.74</u>
TOTAL LIABILITIES & EQUITY	<u>11,561.76</u>

Upper San Luis Rey Groundwater Management Authority

Profit & Loss

06/13/24

July 2023 through May 2024

Accrual Basis

	<u>Jul '23 - May 24</u>
Income	
40000 · Member Agency Contributions	168,687.54
40800 · Miscellaneous Income	52.80
Total Income	<u>168,740.34</u>
Gross Profit	168,740.34
Expense	
60000 · Yuima Management Fee	12,650.00
60001 · Yuima Non-Contract Expense	15,853.69
60100 · Bank Service Charges	142.00
60200 · Insurance Expense	1,473.00
60300 · Legal Expense	54,825.92
60400 · Audit Expense	1,150.00
60600 · Membership Fees	307.50
60901 · Prof. Services - GSPConsultant	
60901.1 · GSP Annual Report	51,380.77
60901 · Prof. Services - GSPConsultant - Other	12,522.50
Total 60901 · Prof. Services - GSPConsultant	63,903.27
60902 · Prof. Services - Rate Study	14,570.00
Total Expense	<u>164,875.38</u>
Net Income	<u><u>3,864.96</u></u>

Upper San Luis Rey Groundwater Management Authority

06/13/24

Profit & Loss Budget vs. Actual

Accrual Basis

July 2023 through May 2024

	Jul '23 - May 24	Budget
Income		
40000 · Member Agency Contributions	168,687.54	127,806.00
40100 · Grant Funds	0.00	159,850.00
40500 · Assessments - Groundwater	0.00	0.00
40800 · Miscellaneous Income	52.80	750.00
Total Income	168,740.34	288,406.00
Gross Profit	168,740.34	288,406.00
Expense		
60000 · Yuima Management Fee	12,650.00	12,650.00
60001 · Yuima Non-Contract Expense	15,853.69	14,850.00
60100 · Bank Service Charges	142.00	176.00
60200 · Insurance Expense	1,473.00	1,500.00
60300 · Legal Expense	54,825.92	91,667.00
60400 · Audit Expense	1,150.00	3,500.00
60501 · Website & Email Expense	0.00	2,188.00
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	51,380.77	75,000.00
60901.2 · GSP - Response to Comments	0.00	208,333.34
60901 · Prof. Services - GSPConsultant - Other	12,522.50	0.00
Total 60901 · Prof. Services - GSPConsultant	63,903.27	283,333.34
60902 · Prof. Services - Rate Study	14,570.00	35,550.00
60903 · Prof. Services - Engineering	0.00	750.00
60904 · Prof. Services Grant Consultant	0.00	9,600.00
Total Expense	164,875.38	457,039.34
Net Income	3,864.96	-168,633.34

Upper San Luis Rey Groundwater Management Authority
A/P Aging Summary
As of June 13, 2024

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
Best, Best & Krieger	1,240.00	0.00	0.00	0.00	0.00	1,240.00
Geoscience Support Services	5,145.50	0.00	0.00	0.00	0.00	5,145.50
Yuima Municipal Water District	0.00	2,511.30	0.00	0.00	0.00	2,511.30
TOTAL	<u>6,385.50</u>	<u>2,511.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,896.80</u>

11:07 AM

06/13/24

Upper San Luis Rey Groundwater Management Authority
A/R Aging Summary
As of June 13, 2024

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - 120</u>	<u>> 120</u>	<u>TOTAL</u>
Pauma Municipal Water District	2,210.69	0.00	0.00	0.00	0.00	0.00	2,210.69
Pauma Valley Community Services District	2,210.69	0.00	0.00	0.00	0.00	0.00	2,210.69
Yuima MWD	2,210.69	0.00	0.00	0.00	0.00	0.00	2,210.69
TOTAL	<u>6,632.07</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,632.07</u>

Upper San Luis Rey Groundwater Management Authority Deposit Detail May 2024

Type	Date	Name	Account	Amount
Deposit	05/14/2024		10000 · General Checki...	7,561.47
Payment	05/14/2024	Pauma Municipal Water District	12000 · Undeposited Fu...	-2,520.49
Payment	05/14/2024	Pauma Valley Community Servi...	12000 · Undeposited Fu...	-2,520.49
Payment	05/14/2024	Yuima MWD	12000 · Undeposited Fu...	-2,520.49
TOTAL				-7,561.47
Deposit	05/28/2024		10000 · General Checki...	3,835.31
Payment	05/28/2024	Pauma Municipal Water District	12000 · Undeposited Fu...	-3,835.31
TOTAL				-3,835.31

ACTION / DISCUSSION

The Cost of Service presentation will be provided by SCI Consulting on the day of the Board meeting. The presentation will be available to the public on the website after the meeting.

**Upper San Luis Rey
Groundwater Management Authority
FY 2024-25 PROPOSED BUDGET**

	Current Year	Proposed
	Projected 2023-24	Budget 2024-25
Income		
Fixed Cost Revenue		\$90,000
Variable Per Acre Foot Pumped Revenue		\$331,246
Member Agencies Contributions	\$198,067	\$0
Grant Reimbursements	\$0	\$0
Other Revenue (Well Permit Application Processing)	\$0	\$1,000
Interest	\$53	\$0
TOTAL REVENUE	\$198,120	\$422,246
Operating Expenses		
<i>Professional Services</i>		
Management Contract	\$13,800	\$13,800
Non-Contract Management Services	\$17,295	\$16,200
Grant Local Cost Share	\$0	
<i>Office Expense</i>		
Bank Service Charges	\$158	\$192
<i>Insurance</i>		
Liability / Building E&O Directors	\$1,473	\$1,500
<i>General & Admin Expenses</i>		
Legal Fees	\$54,826	\$100,000
Audit	\$1,150	\$1,150
Website, Email, Domain Name	\$0	\$2,726
Memberships	\$308	\$2,275
Prof. Serv. Engineering - Well Application Review ²	\$0	\$1,000
Professional Services - GSP		
GSP Annual Report/GSP Update	\$69,558	\$243,890
Cost of Service Study	\$39,500	\$0
Professional Services - Grant Consultant		\$0
Property Taxes	\$0	\$0
Depreciation	\$0	\$0
Contingency Reserve		\$19,000
Member Agency Contribution Repayment		\$20,513
TOTAL EXPENDITURES	\$198,067	\$422,246
NET PROFIT / (LOSS)	\$53	\$0

1) Expense to be reimbursed by grant funding

2) Well Application Engineering Review to be paid by Applicant

RESOLUTION NO. 15-2024

**RESOLUTION OF THE BOARD OF DIRECTORS OF
UPPER SAN LUIS REY GROUNDWATER MANAGEMENT AUTHORITY
ADOPTING THE OPERATING BUDGET
FOR THE FISCAL YEAR 2024-25**

WHEREAS, the Board of Directors of Upper San Luis Rey Groundwater Management Authority has reviewed and considered the Budget for Fiscal Year 2024-25 hereinafter referred to as the “Budget;” and

WHEREAS, the Budget provides a comprehensive plan of financial operations for the Authority including an estimate of revenues and the anticipated requirements for expenditures and appropriations for the forthcoming fiscal year; and

WHEREAS, the Budget establishes the basis for incurring liability and making expenditures on behalf of the Authority; and

WHEREAS, it is the interest of the Upper San Luis Rey Groundwater Management Authority to adopt an Annual Operating Expenditure Budgets for the 2024-25 Fiscal Year;

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED by the Board of Directors of Upper San Luis Rey Groundwater Management Authority as follows:

1. That the budget document which is on file and a summary of which is attached hereto as “Exhibit A” is adopted as the operating budget for the Authority for the 2024-25 fiscal year.
2. That the amounts designated in the 2024-25 operating and capital budget are hereby appropriated and may be expended for which they are designated.

PASSED AND ADOPTED at the regular meeting of the board of Directors of Upper San Luis Rey Groundwater Management Authority held on the 18th day of June 2024, by the following vote to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

Management Authority

Michael Perricone, Secretary
Upper San Luis Rey Groundwater Management Authority

Greg Kamin, Chair
Upper San Luis Rey Groundwater



May 1, 2024

Board of Directors and Ms. Amy Reeh, General Manager
Upper San Luis Rey Groundwater Management Authority
34928 Valley Center Road
Pauma Valley, CA 92061

We are pleased to confirm our understanding of the services we are to provide Upper San Luis Rey Groundwater Management Authority (Authority) as of and for the year ended June 30, 2024.

Audit Scope and Objectives

We will audit the business-type activities of the Authority, as of June 30, 2024 and for the year then ended and the related notes, which collectively comprise the Authority's basic financial statements as listed in the table of contents of the financial statements.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information (RSI) such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. As part of an audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with *Government Auditing Standards*.

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

Compliance with Laws and Regulations

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

Management Responsibilities

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

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

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility:

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

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

Nonattest Services

With respect to any nonattest services we perform,

At the end of the year, we agree to perform the following:

- a) Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the Authority's management.
- b) Word process the financial statements using information provided by management.

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

The Authority's management is responsible for:

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

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

- a) We will perform the services in accordance with applicable professional standards
- b) The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the Authority with regard to tax positions taken in the preparation of the tax return, but the Authority must make all decisions with regard to those matters.

Reporting

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

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

Preparation of State Controller Report

Our Responsibilities

The objective of our engagement is to prepare the annual Financial Transactions Report (FTR) in accordance with the California State Controller's Office Instructions based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's

Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the FTR.

Our engagement cannot be relied upon to identify or disclose any FTR misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the Authority or noncompliance with laws and regulations.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the FTR in accordance with the State Controller's Office Instructions. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your FTR in accordance with SSARs:

- a) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements
- b) 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
- c) The prevention and detection of fraud
- d) To ensure that the Authority complies with the laws and regulations applicable to its activities
- e) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements
- f) To provide us with:
 - i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
 - ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - iii. Unrestricted access to persons of whom we determine necessary to communicate.

As part of our engagement, we will issue a disclaimer that will state that the FTR were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Engagement Fees

Our fixed fees for the services previously outlined will be as follows:

Financial Statements and Auditor Reports	\$1,000
Preparation of the State Controller's Report	150
Total	\$1,150

If significant changes occur in the Authority's audit requirements with the implementation of new Governmental Accounting Standards Board (GASB) Standards, Government Auditing Standards or the Audit and Accounting Guide for State and Local Governments issued by the AICPA for attest and/or nonattest services, this may render additional services needed which may increase the above noted fixed fee.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the Authority's account becomes 60 days or more overdue and may not be resumed until the Authority's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The Authority will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from Authority personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

Additionally, our fees are dependent on the availability, quality, and completeness of the Authority's records and, where applicable, upon the Authority's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., Authority employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

We will schedule the engagement based in part on deadlines, working conditions, and the availability of Authority key personnel. We will plan the engagement based on the assumption that Authority personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, Authority personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

If circumstances occur related to the condition of Authority records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable.

Scheduling

Scheduling of the Audit Final-Fieldwork Dates will be based on an agreeable timetable with the Authority. We ask that the Authority prepare a completed and finalized Trial Balance and General Ledger in Excel form as of the June 30, 2024 date with all Balance Sheet accounts properly reconciled in Excel or PDF form and uploaded into the Suralink Portal System by the date scheduled. Failure to complete all the above noted items by the date scheduled will result in a \$1,000 extra fee charge and postponement of the audit to a later date. A 30-day notice before the initial scheduled Audit Final-Fieldwork date is required to change the date and avoid the extra \$1,000 fee. However, if a December or January date is chosen for the re-scheduled Audit Final-Fieldwork date, the \$1,000 fee will still apply to cover Overtime costs incurred during those months and will only guarantee the audit will be completed by January 31, 2025.

Other Engagement Matters

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

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

Paul J Kaymark, CPA is the engagement partner responsible for supervising the engagement and signing the report.

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

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

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

The audit documentation for this engagement is the property of Nigro & Nigro, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Nigro & Nigro, PC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will notify the Authority of any such request.

Conflict Resolution

Should any litigation or adverse action (such as audits by outside governmental agencies and/or threatened litigation, etc.), by third parties arise against the Authority or the board of directors subsequent to this engagement, which results in the subpoena of documents from Nigro & Nigro, PC and/or requires additional assistance from us to provide information, depositions or testimony, the Authority hereby agrees to compensate Nigro & Nigro, PC (at our standard hourly rates) for additional time charges and other costs (copies, travel, etc.), and to indemnify us for any attorney's fees to represent Nigro & Nigro, PC.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

The Authority and Nigro & Nigro, PC both agree that any dispute over fees charged by the auditor to the Authority will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of California. Such arbitration shall be binding and final. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.** The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Conclusion

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

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

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

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,

Nigro & Nigro, PC

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Management signature: _____

Title: _____

Date: _____

GROUNDWATER USER SELF-CERTIFICATION

The primary purpose of this form is to inform the Upper San Luis Rey Groundwater Authority about groundwater use of your parcel for the purposes of implementation of the Groundwater Sustainability Plan.

The information you provide may also be used by the GMA as it develops and implements fees to fund groundwater sustainability programs and projects.

The information collected by filling out the self-certification is confidential and private to the maximum extent allowed by law, will only be used only for the purposes of sustainable groundwater management, will improve information on groundwater in our region, and will not be disclosed unless required by law.

**IF YOU DO NOT HAVE OR EXTRACT WATER FROM WELL
PLEASE DISREGARD THIS NOTICE**

For definitions on wells, water suppliers and water uses please see the enclosed glossary.

Please complete the self-certification in its entirety. All required information is noted with an asterisk. Please complete as much of the form as you can, to the best of your knowledge.

For additional information or questions, please feel free to contact Amy Reeh at 760-742-3704.

Section 1 – Contact Information

Property Owner

Legal First Name*: _____ Legal Last Name*: _____

Legal First Name*: _____ Legal Last Name*: _____

Phone Number*: _____ Home Cell Other

Email Address*: _____

Phone Number*: _____ Home Cell Other

Email Address*: _____

Secondary Contact Information (Optional)

Legal First Name*: _____ Legal Last Name*: _____

Legal First Name*: _____ Legal Last Name*: _____

Phone Number*: _____ Home Cell Other

Email Address*: _____

Property Information*

Assessor Parcel Number	Location Address (if Different from mailing)

Please attach a separate list if more room is necessary.

Section 2 - Water Sources

Does the parcel / parcels use groundwater from an onsite well? Yes No

If you answered yes to the above question please complete the table below.

Please complete the tables below, to the best of your knowledge, **using data for the time period of October 1, 2022 and September 30, 2023**

GROUNDWATER SOURCES

Well Identifier	Location APN	Meter Y/N	Total Acre Feet Pumped	Well Depth	Year Constructed

Please attach a separate list if more room is necessary.

Does the parcel / parcels receive water from a public water system? Yes No

If you answered yes, please complete the table below.

PUBLIC WATER SYSTEM SOURCES

APN Being Served	Name of Water Supplier	Total Acre Feet Purchased (Oct. 2022 – Sept. 2023)

Does the parcel/parcels use diverted surface water? Yes No

If you answered yes, please complete the table below.

SURFACE WATER SOURCES

State registration/Application/License #	Total Annual Acre Feet Diverted (Oct. 2022 – Sept. 2023)

Section 3 - Water Uses

Please complete the information below regarding uses of water on parcel / parcels.

APN #	Number of Acres	Type of Crop (if grown)	Number of Crop Acres	Residential Dwelling on Parcel Y / N

Additional information or comments: _____

The Upper San Luis Rey Groundwater Management Authority would like to thank you for your assistance in gathering this information.

When completed, please return the form in the enclosed self-addressed, stamped envelope or email to amy@uslrgma.com. Please contact Amy Reeh with any questions.