

**AGENDA
GROUNDWATER BANKING JOINT POWERS AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING**

May 1, 2023
2:00PM

Rosedale Rio-Bravo Water Storage District
849 Allen Road
Bakersfield, CA 93314

Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, CA 92618

This meeting will be made available to the public telephonically/electronically.

To virtually attend the meeting and to be able to view any presentations or additional materials provided at the meeting, please join online using the link and information below:

Via Web: <https://zoom.us/j/83815086560>
Meeting Number (Access Code): 838 1508 6560
Meeting Password: 982590
Telephone Dial In: (669) 900-6833

As courtesy to the other participants, please mute your phone when you are not speaking.

PLEASE NOTE: Participants joining the meeting will be placed into the lobby when the Board enters closed session. Participants who remain in the “lobby” will automatically be returned to the open session of the Board once the closed session has concluded. Participants who join the meeting while the Board is in closed session will be placed in the waiting room. When the Board has returned to open session, the participants will be automatically added to the meeting.

CALL TO ORDER 2:00 p.m.

ROLL CALL Directors Pierucci, Selvidge, Reinhart, Swan

**PUBLIC COMMENT
NOTICE**

If you wish to address the Board of Directors on any item, please submit a request to speak via the “chat” feature available when joining the meeting virtually. Remarks are limited to three minutes per speaker on each subject. You may also submit a public comment in advance of the meeting by emailing mmisuraca@rrbwsd.com before 5:00 p.m. on April 30, 2023.

ALL VOTES SHALL BE TAKEN BY A ROLL CALL VOTE

1. COMMUNICATIONS TO THE BOARD

- a) Written:
- b) Oral:

2. ITEMS RECEIVED TOO LATE TO BE AGENDIZED

3. CONSENT ITEMS

- a) Meeting Minutes February 6, 2023
- b) Meeting Minutes April 20, 2023

4. JPA ADMINISTRATIVE AND FINANCIAL REPORT

- a) Budget to Actual Report for 3rd Quarter FYE June 30, 2023 (Cheryl)
- b) Consideration of FYE June 30, 2024 Budget and Cash Call (Cheryl)
- c) Consideration of FYE June 30, 2023 Audit Proposal (Cheryl)
- d) Appointment of new Assistant Treasurer (Cheryl)
- e) Consideration and Possible Action of Voter Designation for ACWA (Megan)

5. KERN FAN GROUNDWATER STORAGE PROJECT

- a) Engineering (Dan)
 - i. Design Update
 - ii. Conveyance Alternatives
 - iii. West Enos Pilot Project
- b) Grant Funding Update (Dan/Fiona)
- c) State Agreements Update (Fiona)
- d) Special Counsel for Public Benefits Agreement
- e) Interim Operating Agreements (Trent/Paul)

6. GENERAL MANAGER'S REPORT

7. OTHER BUSINESS

Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, and make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning any matter, or

direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments.

8. CLOSED SESSION

a) CLOSED SESSION CONFERENCE WITH REAL PROPERTY
NEGOTIATORS – Pursuant to Government Code Section 54956.8:

Property: Parcels 103-110-02; 103-110-04; 103-110-09; 103-120-14; 103-120-15; 103-120-16; 103-120-17; 103-130-01; 103-130-03; 103-130-05; 103-130-07; 103-140-02; 103-140-05; 103-140-06; 103-140-12; 103-140-15; 103-140-16; 103-140-17; 103-140-18; 103-140-19; 103-180-01; 103-180-05; 103-180-07; 103-190-13; 103-190-14; 103-200-23; 103-200-25; 103-200-26; 103-200-27; 103-200-28; 103-200-29; 103-270-07; 104-270-01,06; 104-260-09,15; 104-280-08,29,30,31,32,33, 34,35; 104-260-08;104-270-28;104-291-07;104-240-31,22,30; 104-250-20,21; 104-280-01,02,07,19,24,25,27; 104-240-18;104-292-09; 103-170-09,12,14,15 25-32; 160-010-66, 71; 104-280-18 and possible others all in County of Kern

Agency negotiators: Dan Bartel

Negotiating parties: Various parties and Groundwater Banking Joint Powers Authority

Under negotiation: Price and Terms of Payment

9. OPEN SESSION

General Counsel may announce any reportable actions taken during Closed Session.

10. ADJOURN

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Board in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection by contacting Megan Misuraca at mmisuraca@rrbwsd.com. If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available to the public at the same time as they are distributed to Board Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically during the meeting.

Accommodations: Upon request, the Authority will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at the meeting. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed

Groundwater Banking Joint Powers Authority Board of Directors' Meeting

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to mmisuraca@rbwsd.com. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

DECLARATION OF POSTING: I, Megan Misuraca, declare under penalty of perjury, that I am employed by the Rosedale-Rio Bravo Water Storage District and I posted the foregoing Agenda at the District Office on or before April 27, 2023. I, Leslie Bonkowski, declare under penalty of perjury, that I am employed by the Irvine Ranch Water District and I posted the foregoing Agenda at the District Office on or before April 27, 2023.

**BOARD OF DIRECTORS
GROUNDWATER BANKING JOINT POWERS AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING**

February 6, 2023
2:00 PM

Note: This meeting was conducted by teleconference pursuant to and in conformance with Executive Order N-29-20 relating to public meetings during the State of Emergency that was declared as a result of COVID-19

DIRECTORS AND ALTERNATES PRESENT

Roy Pierucci
Peer Swan
Doug Reinhart
Jason Selvidge

DIRECTORS ABSENT

OTHERS PRESENT

Doug Gosling- JPA Legal Counsel
Dan Bartel- RRBWSD
Megan Misuraca- RRBWSD
Dan Raytis- RRBWSD
Cheryl Clary- IRWD
Fiona Sanchez- IRWD
Eileen Lin- IRWD
Robert Jacobson- IRWD
Paul Weghorst- IRWD
Trent Taylor- RRBWSD
Paul Cook- IRWD
Herbert Ng- IRWD
Robert Huang- IRWD
Itzia Rivera - DWR

CALL TO ORDER

President Pierucci called the meeting to order at approximately 2:00 p.m.

Mr. Gosling reviewed Resolution No. 2023-01- Authorizing AB 361 Teleconference Meeting with the Board. A motion was made by Director Reinhart with a second by Director Swan adopting Resolution 2023-01. A roll call vote was taken and the motion unanimously passed.

PUBLIC COMMENT NOTICE

There were no public comments.

1. COMMUNICATIONS TO THE BOARD

- a). Written: None.
- b). Oral: None.

2. ITEMS RECEIVED TOO LATE TO BE AGENDIZED

None.

3. CONSENT ITEMS

- a) Regular Meeting Minutes November 7, 2022
A motion was made by Director Selvidge with a second by Director Swan to adopt the consent items. A roll call vote was taken and the motion unanimously passed.

4. JPA ADMINISTRATIVE AND FINANCIAL REPORT

- a) Budget to Actual Report for 2nd Quarter Fiscal Year Ending June 30, 2023- Ms. Clary reviewed the budget to actual report for 2nd Quarter FYE June 30, 2023 and reported no cash call is necessary at this time.
- b) Fiscal Year Ending June 30, 2023 Forecast- Ms. Clary reviewed the forecast for Fiscal Year Ending June, 2023.
A motion was made by Director Swan with a second by Director Reinhart to receive and file the budget to actual report for 2nd quarter and the Fiscal Year End June 30, 2023 forecast. A roll call vote was taken and the motion unanimously passed.
- c) Approval for Replacement of Assistant Treasurer- Ms. Clary reported that the current Assistant Treasurer is set to retire in March of 2023 and staff recommends appointing Jennifer Davis as assistant treasurer for the Groundwater Banking JPA. A motion was made by Director Reinhart with a second by Director Selvidge to appoint Jennifer Davis as the Assistant Treasurer. A roll call vote was taken and the motion unanimously passed.

5. KERN FAN GROUNDWATER STORAGE PROJECT

- a) Engineering
- i. Design Update-Mr. Bartel reported on planning efforts for the project.
 - ii. Conveyance Alternative-Mr. Bartel reviewed comments received from Kern County Water Agency on the proposed Alternative 5 conveyance option.
- b) Grant Funding Update- Ms. Sanchez reported on various grant opportunity updates.
- c) State Agreements Update- Ms. Sanchez briefed the Board on the latest efforts in obtaining the agreements with the Department of Water Resources.
- d) Special Counsel for Public Benefits Agreement- Ms. Sanchez briefed the Board on the agreement for special counsel to oversee the public benefits agreement.
- e) Interim Operating Agreements- Mr. Taylor briefed the Board on the status of an interim operating agreement.

6. GENERAL MANAGER'S REPORT

None.

7. OTHER BUSINESS

None.

8. CLOSED SESSION

None.

9. OPEN SESSION

10. ADJOURN

Director Pierucci adjourned the meeting at 3:15 p.m.

**BOARD OF DIRECTORS
GROUNDWATER BANKING JOINT POWERS AUTHORITY
MINUTES OF THE SPECIAL BOARD MEETING**

April 20, 2023
2:30 PM

DIRECTORS AND ALTERNATES PRESENT

Roy Pierucci
Peer Swan
Doug Reinhart
Jason Selvidge
Gary Unruh- Alternate

DIRECTORS ABSENT

Jason Selvidge

OTHERS PRESENT

Doug Gosling- JPA Legal Counsel
Dan Bartel- RRBWSD
Megan Misuraca- RRBWSD
Dan Raytis- RRBWSD
Cheryl Clary- IRWD
Fiona Sanchez- IRWD
Eileen Lin- IRWD
Paul Weghorst- IRWD
Trent Taylor- RRBWSD
Herbert Ng- IRWD
Robert Huang- IRWD
Kellie Welch-IRWD
Marina Lindsay-IRWD
Jared Dawson-IRWD
Andy Uk- IRWD
Kent

CALL TO ORDER

President Pierucci called the meeting to order at approximately 2:30 p.m.

PUBLIC COMMENT NOTICE

There were no public comments.

1. COMMUNICATIONS TO THE BOARD

- a). Written: None.
- b). Oral: None.

2. ITEMS RECEIVED TOO LATE TO BE AGENDIZED

None.

3. CONSENT ITEMS

None.

4. JPA ADMINISTRATIVE AND FINANCIAL REPORT

- a) Consideration of Emergency Action Resolution 2023-02- Mr. Gosling reviewed the state of emergency declaration by the Governor of California with the Board. A motion was made by Director Mr. Reinhart with a second by Director Unruh to adopt Resolution 2023-02- Declaration of a flood emergency and authorization for the procurement of equipment, services, and supplies for such emergency without giving notice for bids. A roll call vote was taken and the motion unanimously passed.

5. KERN FAN GROUNDWATER STORAGE PROJECT

- a) Grant Funding Update- Ms. Sanchez reported that the Kern Fan Project was awarded 4.7 million dollars of Small Storage Program funding from the Bureau of Reclamation.
- b) Consideration of West Enos Recharge Project Construction- Mr. Bartel reviewed the West Enos Recharge Project in detail. A motion was made by Mr. Swan with a second by Mr. Reinhart to authorize the General Manager to proceed with expediting the implementation of the West Enos Recharge Project consistent with the Executive Order N-4-23 subject to minimizing the loss of any potential federal funding. A roll call vote was taken and the motion unanimously passed.

Mr. Bartel briefed the Board on the opportunity to construct an interim recharge facility to maximize recharge of available water. A motion was made by Director Swan with a second by Director Unruh to approve the construction of an interim recharge project on the West Enos property with a budget not to exceed \$300,000. A roll call vote was taken and the motion unanimously passed.

6. GENERAL MANAGER'S REPORT

None.

7. OTHER BUSINESS

None.

8. CLOSED SESSION

None.

9. OPEN SESSION

10. ADJOURN

Director Pierucci adjourned the meeting at 3:05 p.m.

May 1, 2023
Prepared by:
Herbert/Eileen Lin
Reviewed by: Cheryl Clary
Agenda Item: 4a

FY 2022-23 Quarterly Actual to Budget and Forecast Results

DISCUSSION:

The quarterly unaudited actual to budget and forecast results for the nine-month period ended March 31, 2023 is attached as Exhibit "A". The report separates capital and operating expenditures.

The nine-month year to date total expenditures were \$455 thousand compared to a budget of \$3.3 million. Actual expenditures were \$2.8 million or 86% under budget. This is primarily due to lower expenditures than budgeted related to the timing for engineering design consulting and construction. Exhibit "A" provides additional comments.

The full year budget was \$5.6 million compared to the full year forecast of \$954 thousand. This is primarily due to the delay in engineering design and construction.

RECOMMENDATION:

Receive and File.

LIST OF EXHIBITS:

Exhibit "A" – FY 2022-23 Actual to Budget Results (Unaudited)

Exhibit A
Groundwater Banking Joint Powers Authority
Unaudited Actual to Budget Report
Fiscal Year 2022-23

Task / Account Name	Unaudited Actual 3/31/23	Budget 3/31/23	Budget (Over) /Under	Approved FY2022-23 Budget	Forecast Full Year FY2022-23	Forecast (Over)/ Under	FY2022-23 Budget/Forecast Variance Comment
Kern Fan Groundwater Capital Project							
Engineering - Planning and Design Staff	\$ 39,800	\$ 21,500	\$ (18,300)	\$ 28,700	\$ 40,000	\$ (11,300)	JWP and staff time for USBR grant preparation.
Grant Administration and Reporting	2,000	18,900	16,900	25,200	2,500	22,700	Simplified quarterly reporting to CWC.
CWC and USBR Feasibility Studies	19,900	27,800	7,900	37,000	20,000	17,000	USBR study accepted.
JPA Administration	25,000	55,800	30,800	74,400	30,000	44,400	Expenditures lower than anticipated.
Supplemental Environmental Impact Report	700	13,100	12,400	17,500	1,000	16,500	DWR delayed SEIR to next FY (additional analysis of high flows).
Agreements with State Agencies	19,600	9,000	(10,600)	12,000	22,000	(10,000)	CDFW/CWC pushing forward Public Benefits Agmt Template development.
Engineering Design - Outside	298,500	1,141,500	843,000	1,522,000	500,000	1,022,000	Timing of expenditures. Anticipated expenditures for Phase 1 in next FY.
Engineering CA&I - Outside	-	196,900	196,900	337,500	-	337,500	Anticipated expenditures for Phase 1 adjusted and in next FY budget.
Construction	-	1,631,300	1,631,300	3,262,500	-	3,262,500	Anticipated expenditures for Phase 1 adjusted and in next FY budget.
Legal JPA	44,300	94,300	50,000	125,700	60,000	65,700	Lawsuits dismissed. Timing of expenditures. Special counsel support for state agmts.
Preliminary Design Report and Feasibility Report	-	9,500	9,500	9,500	-	9,500	Less outside technical support needed. USBR feasibility study coded to 1.15.
Development of Agreement with DWR	1,700	16,900	15,200	22,500	1,700	20,800	Less outside technical support needed. Delays on turnout and exchange pending DWR studies/SEIR.
Environmental	-	37,500	37,500	50,000	1,000	49,000	NEPA/additional CEQA for Phase 1 now expected next FY.
Capital Project Total	451,500	3,274,000	2,822,500	5,524,500	678,200	4,846,300	
Operating Income							
Lease Revenue	(32,200)	(32,200)	-	(32,200)	(32,200)	-	Bolthouse lease ended December 1st, 2022.
Operating Income Total	(32,200)	(32,200)	-	(32,200)	(32,200)	-	
Operating Expense							
Temporary Phase 1 Facilities	-	-	-	-	250,000	(250,000)	W.Enos approved by Board 4/20/23.
Administration/Management	24,800	38,000	13,200	50,600	45,000	5,600	Lower staff time than anticipated.
Audit	5,000	5,000	-	5,000	5,000	-	
Bank Charges	2,400	1,300	(1,100)	1,700	2,700	(1,000)	Interest income from bank has been separated from bank fees.
Insurance	4,100	2,900	(1,200)	3,900	5,600	(1,700)	Change in coverage/persons.
Membership	1,000	-	(1,000)	600	1,000	(400)	Annual invoice for ACWA Membership paid in full 2nd Quarter.
Website Maintenance	900	800	(100)	1,000	900	100	Annual invoice paid in full 2nd Quarter.
Operating Expense Total	38,200	48,000	9,800	62,800	310,200	(247,400)	
Non-Operating Income							
Interest Revenue	(2,200)	-	2,200	-	(2,600)	2,600	Interest income from bank has been separated from bank fees.
Non-Operating Income Total	(2,200)	-	2,200	-	(2,600)	2,600	
Total	\$ 455,300	\$ 3,289,800	\$ 2,834,500	\$ 5,555,100	\$ 953,600	\$ 4,601,500	

May 1, 2023
Prepared by: Fiona Sanchez/Herbert
Ng/ Eileen Lin
Reviewed by: Cheryl Clary
Agenda Item: 4b

GBJPA Proposed FY2023-24 Budget and Cash Call

DISCUSSION:

The proposed \$3.1 million budget for the Fiscal Year (FY) 2023-24 is attached as Exhibit "A" and includes both capital and operating expenses. Staff is proposing a one-year budget versus a multi-year budget as there are too many unknowns to reasonably estimate expenditures beyond this fiscal year.

As shown in Exhibit "A", the proposed \$3.1 million budget reflects a decrease of \$2.4 million compared to the prior year's \$5.6 million approved budget. The decrease is primarily due to the project delay and lower anticipated expenditures in engineering design and construction costs for FY2023-24.

A cash call is requested in May 2023 for a total of \$2.0 million based on the remaining forecasted expenditures for FY 2022-23 and the proposed FY2023-24 first quarter budget. Each partner will be requested to fund \$1.0 million into the GBJPA bank account in May 2023.

RECOMMENDATION:

That the Board approve the adoption of the FY2023-24 budget and the May 2023 cash call.

LIST OF EXHIBITS:

Exhibit "A" – GBJPA Proposed FY2023-24 Budget

Exhibit A
Groundwater Banking Joint Powers Authority
Proposed Budget
Proposed Budget FY2023-24

	Unaudited FY2022-23 Actual (As of 3/31/23)	FY2022-23 Full Year Forecast	Approved FY2022-23 Budget	Proposed FY2023-24 Budget	\$ Increase /(Decrease) from PY Budget	% Increase /(Decrease) from PY Budget
Kern Fan Groundwater Capital Project						
Engineering - Planning and Design Staff	\$ 39,800	\$ 40,000	\$ 28,700	\$ 104,400	\$ 75,700	264%
Grant Administration and Reporting	2,000	2,500	25,200	6,700	(18,500)	-73%
CWC and USBR Feasibility Studies	19,900	20,000	37,000	-	(37,000)	-100%
JPA Administration	25,000	30,000	74,400	57,600	(16,800)	-23%
Supplemental Environmental Impact Report	700	1,000	17,500	15,200	(2,300)	-13%
Agreements with State Agencies	19,600	22,000	12,000	20,400	8,400	70%
Engineering Design - Consultants	298,500	500,000	1,522,000	310,000	(1,212,000)	-80%
Engineering CA&I- Outside	-	-	337,500	108,400	(229,100)	-68%
Construction	-	-	3,262,500	1,993,200	(1,269,300)	-39%
Legal JPA	44,300	60,000	125,700	72,300	(53,400)	-42%
Preliminary Design Report and Feasibility Report	-	-	9,500	-	(9,500)	-100%
Development of Agreement with FWS	-	-	-	7,500	7,500	100%
Development of Agreement with DWR	1,700	1,700	22,500	10,000	(12,500)	-56%
Environmental	-	1,000	50,000	8,400	(41,600)	-83%
Permitting	-	-	-	20,000	20,000	100%
Capital Project Total	451,500	678,200	5,524,500	2,734,100	(2,790,400)	-51%
Operating Income						
Lease Revenue	(32,200)	(32,200)	(32,200)	-	32,200	-100%
Operating Income Total	(32,200)	(32,200)	(32,200)	-	32,200	-100%
Operating Expense						
Temporary Phase 1 Facilities	-	250,000	-	-	-	0%
Repair and Maintenance	-	-	-	270,000	270,000	100%
Equipment Rental	-	-	-	49,800	49,800	100%
Administration/Management	24,800	45,000	50,600	70,900	20,300	40%
Audit	5,000	5,000	5,000	5,800	800	16%
Bank Charges	2,400	2,700	1,700	3,200	1,500	88%
Insurance	4,100	5,600	3,900	6,900	3,000	77%
Membership	1,000	1,000	600	1,000	400	67%
Website Maintenance	900	900	1,000	1,000	-	0%
Operating Expense Total	38,200	310,200	62,800	408,600	345,800	551%
Non-Operating Income						
Interest Revenue	(2,200)	(2,600)	-	(3,200)	(3,200)	100%
Non-Operating Income Total	(2,200)	(2,600)	-	(3,200)	(3,200)	100%
Total	\$ 455,300	\$ 953,600	\$ 5,555,100	\$ 3,139,500	\$ (2,415,600)	-43%

May 1, 2023
Prepared by: Eileen Lin
Reviewed by: Cheryl Clary
Agenda Item: 4c

Recommendation of Independent Audit Firm

DISCUSSION:

Section 9b of the Bylaws of Groundwater Banking Joint Powers Authority (GBJPA) states that the Board of Directors shall select an Auditor in the manner provided by law. California government code Section 6505 requires Joint Power Authorities to have an annual independent audit and have the audited financial statements available on their Commission website.

Last Fiscal Year (FY) 2021-22, Davis Farr, LLP conducted the audit for the GBJPA. Their audit proposal for this FY2022-23 is attached as "Exhibit A". The proposal is for a fixed price fee of \$5,750. Staff is familiar with Davis Farr, LLP and recommends them due to their professionalism, the partner and staff competency.

RECOMMENDATION:

That the Board confirm the selection of Davis Farr, LLP to perform the audit for the fiscal year ending June 30, 2023.

LIST OF EXHIBITS:

Exhibit "A" – Davis Farr, LLP audit proposal



February 8, 2023

Groundwater Banking Joint Powers Authority
Attn: Cheryl Clary, Treasurer
15600 Sand Canyon Ave
Irvine CA, 92618

Dear Ms. Clary:

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide **Groundwater Banking Joint Powers Authority** (the "Entity").

You have requested that we audit the business-type activities of the Entity, as of June 30, 2023 and for the year then ended and the related notes, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

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

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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.² However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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 Entity'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 entity 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 entity 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 entity 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:

- Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the Entity's management.

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

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

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

- We will perform the services in accordance with applicable professional standards
- 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 Entity with regard to tax positions taken in the preparation of the tax return, but the Entity must make all decisions with regard to those matters.

Reporting

We will issue a written report upon completion of our audit of the Entity's basic financial statements. Our report will be addressed to [*the Board of Directors*] of the Entity. 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.

Engagement Fees

Our fixed fees for the services previously outlined will be \$5,750.

Our fees are dependent on the availability, quality, and completeness of the Entity's records and, where applicable, upon the Entity'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., Entity employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

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.

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.

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

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.

The undersigned 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.

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

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

- Management’s consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Davis Farr LLP 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 Davis Farr LLP’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.

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.

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

Very truly yours,



Jonathan Foster, Partner
Davis Farr LLP

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

Groundwater Banking Joint Powers Authority

By _____
Treasurer

Date _____



Report on the Firm's System of Quality Control

Davis Farr LLP

and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Davis Farr LLP (the firm) in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and examination of a service organization (SOC 1 engagement).

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

CPAs ■ Advisors

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 909.948.9990 / 800.644.0696 / FAX 909.948.9633
 gyl@gylcpa.com
 www.gylcpa.com

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Davis Farr LLP has received a peer review rating of *pass*.

GYL LLP

Ontario, California
August 8, 2022

May 1, 2023
Prepared by: Kent Morris
Reviewed by: Cheryl Clary
Agenda item: 4d

Appointment of Assistant Treasurer

DISCUSSION:

Due to the retirement of the Assistant Treasurer Robert Jacobson on March 3, 2023, staff recommends that the Board appoint Mr. Kent Morris, Director of Treasury at the Irvine Ranch Water District, as an Assistant Treasurer of the Groundwater Banking Joint Powers Authority effective May 1, 2023. Jennifer Davis was appointed as an Assistant Treasurer at the February 6, 2023 Board meeting and will remain an Assistant Treasurer as well.

The current Resolution and Certificate of Incumbency names the Board of Directors, General Manager, Treasurer and Assistant Treasurers as Authorized Signers to establish new accounts, close accounts and to enter into agreements for treasury/cash management services.

RECOMMENDATION:

That the Board appoint Kent Morris as a Groundwater Banking Joint Powers Authority Assistant Treasurer effective immediately.

ACWA has launched two separate but concurrent election processes for the 2024-'25 term: the board officers' election for President and Vice President and the region board elections. **In order to vote for the board officers, each member agency must designate one voting representative by June 16.** To designate your agency's one voter, submit this Authorized Voting Representative Form by the June deadline. If you do not designate a representative to vote by the deadline, your agency's General Manager will be the authorized voter by default. Authorized voters will receive an electronic ballot on July 17. For more information about ACWA's elections, visit www.acwa.com/elections.

The person designated below will cast our agency's vote for the election of ACWA's President and Vice President for the 2024-'25 term in the upcoming election.

Member Agency's Name		Agency's Phone No.
Authorized Voting Representative's Name	Authorized Voting Representative's Email	Authorized Voting Representative's Phone No.

Our member agency would like to cast a paper ballot by U.S. mail instead of voting electronically.
Please provide the mailing address below only if you are voting by mail.

Mailing Address	City, State and Zip
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Print Name of Member Agency's Authorized Signatory

X

Authorized Signatory Signature

Date

SUBMIT YOUR FORM

To: Donna Pangborn, Senior Clerk of the Board
Email: donnap@acwa.com
Mail: 980 9th Street, Suite 1000, Sacramento, CA 95814

**SUBMISSION DEADLINE
JUNE 16, 2023**