



AGENDA

January 25, 2024 at 3:00 pm

Council Chambers, Ojai City Hall

401 South Ventura Street, Ojai, CA 93023

Phone: 805.640.1207 **Web site:** obgma.com

Email: obgma@aol.com

Board of Directors

Richard Hajas, Casitas Municipal Water District

Jim Finch, Ojai Water Conservation District

Peter Thielke, Mutual Water Companies

Bob Daddi, Community Facilities District

Andrew Whitman, City of Ojai

Zoom Teleconferencing for Public Call in Participation:

1. Zoom Dial in Information: 1-669-900-9128, Meeting ID: 827 5712 7464, Password: 218792.

For Public Viewing

2. Zoom Meeting
Link: <https://us02web.zoom.us/j/82757127464?pwd=Rm5JenhNUDNvRVovaEUwMzdScnFRdz09>
3. www.OBGMA.com
4. City of Ojai YouTube Channel at:
<https://www.youtube.com/channel/UC3DhCB5Z1DynNC7n8qcNeDQ/live> (2 Minute delay of transmission)
5. In Ojai, CA: Spectrum Channel 10.

Public Comments: Members of the public may provide public comments under Item 6 or on each agenda item presented herein. Please wait until the Board Chair asks if any members of the public wish to comment. This will provide for orderly participation during the meeting.

Members of the public may also submit written public comments in advance via e-mail no later than 12:00 p.m. on the day of the meeting. Public comment e-mails should be sent to

OBGMA@aol.com "Attention Board of Directors".

1. CALL TO ORDER AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. DIRECTOR ANNOUNCEMENTS/REPORTS/COMMENTS

- Mutual Water Companies
- Ojai Water Conservation District
- City of Ojai
- Casitas Municipal Water District
- Community Facilities District – CMWD Ojai Service Area

4. GENERAL MANAGER COMMENTS

5. BASIN STATUS REPORTS

- Current Status of Basin: Input, Output, and Storage

6. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

The Board will receive comments from the public at this time. Other than for emergency items, no action can be taken during this period. Matters raised at this time may be briefly discussed by the Board and will generally be referred to staff and/or placed on a subsequent agenda.

7. CONSENT AGENDA

- a. Financial Reports for November 2023 and December 2023**
- b. Minutes of the April 29, 2021, meeting**
- c. Minutes of the September 30, 2021, meeting**
- d. Minutes of the December 9, 2021, meeting**
- e. Minutes of the November 20, 2023, meeting**

8. ACTION ITEMS

- a. Election of Officers**
 - Elect Chair and Vice-Chair for 2024-2025
- b. Well Verification**
 - Review and Approve Water Well Registration and Verification Request for Assessor Parcel Number 014-0-040-200, 1388 Orange Road
- c. Financial Policy**
 - Review and Approve Financial Policy and Procedures
- d. Financial Audits**
 - Receive and Accept Financial Audits for Fiscal Years 2017-2018 and 2018-2019
- e. Financial Auditor Services**
 - Approve proposal from Farber, Hass, Hurley, LLC to provide financial auditing services for the 2020-2021 and 2021-22 fiscal years for an amount not to exceed \$20,000.00
- f. Ad-Hoc Committees**
 - Discuss and take action on a Meter Compliance Ad-Hoc Committee

- Discuss and take action on a Legislative Advocacy Ad-Hoc Committee

9. DISCUSSION ITEMS

- a. Strategy for Sustainable Groundwater Management Act Compliance

10.ADJOURNMENT

The regular meetings of the Ojai Basin Groundwater Management Agency are scheduled for the last Thursday of each month. The meeting agenda will be posted at Ojai City Hall and the OBGMA website 72 hours prior to the meeting.

The next regular meeting of the Ojai Basin Groundwater Management Agency is scheduled for February 29, 2024, at 3:00 p.m. to be held in the Council Chambers at Ojai City Hall and by Zoom Teleconferencing. Please contact OBGMA by email at obgma@aol.com or by calling 805.640.1207 with any questions.

Ojai Basin Groundwater Management Agency

Memorandum

To: Board of Directors
From: Julia Aranda, PE, Interim General Manager
Subject: Financial Reports for November and December 2023
January 25, 2024

Recommendation

- Approve Financial Reports for November and December 2023

Background and Discussion

The November and December 2023 Financial Reports are attached for review and approval. Extractions and associated charges were updated from the October 2023 report. The Extraction Charges for Water Year (WY) 2021/2022 are provided for comparison. For WY 2021/22 the total received from extraction charges was \$283,860.18 and for WY 2022/23 the total received was \$225,601.00, a decrease of 20 percent.

Budget Impact

There is no immediate budget impact related to approval of the Financial Reports.

Attachments: November and December 2023 Financial Reports

OBGMA
Budget Actuals FYTD 22/23

	Oct-22	Nov-22	YTD
Beginning Bank Balance			
Checking	53,370.69	98,401.77	
Savings	5,023.80	5,023.80	
	58,394.49	103,425.57	
Income			
Returned Check Charges			-
GSP Extraction Fees	34,707.16	11,041.73	45,748.89
Well Head Fee	4,915.57	6,914.71	11,830.28
Interest Charges	115.07	349.18	464.25
Recordation Fee	358.07	464.40	822.47
Extraction Charges	24,118.16	10,747.93	34,866.09
Savings Acct Interest			-
Total Income	64,214.03	29,517.95	93,731.98
Total Income	64,214.03	29,517.95	93,731.98
Expense			
Equipment Purchased			-
Advertising	97.75		97.75
Computer Repairs			-
Printing and Reproduction			-
Liability Insurance			-
Postage and Delivery	367.99	19.99	387.98
Bank Service Charges			-
Workers Comp Ins	(100.00)		(100.00)
Office Supplies	(254.07)	1,796.07	1,542.00
Payroll Expenses	2,806.88	2,614.83	5,421.71
Professional Fees	14,657.51	10,347.94	25,005.45
Website Expense			-
Rent	923.00	923.00	1,846.00
Travel			-
Telecommunications	68.52	77.97	146.49
Total Expense	18,567.58	15,779.80	34,347.38
Net Ordinary Income	45,646.45	13,738.15	59,384.60
Grant Activity			
WCB Grant Income			-
WCB (WS) Expenses			-
GSP Expenses			-
Net Income	45,646.45	13,738.15	59,384.60
Other Adjustments			
Deposit Paid			-
Transfer to Savings			-
Transfer From Savings			-
Deposit Adj from Bank			-
Payroll Tax Liab Paymnts	1,460.22		1,460.22
Payroll Liab on hold	516.76	543.89	1,060.65
Customer Overpayments	328.09	268.75	596.84
Nominal Over/Short			-
Refund- Work Comp Ins			-
Customer Credits Applied			-
Refunds			-
State Comp Fund Dividend			-
Rent Reimbursement			-
Customer Reimbursement			-
Ending Bank Balance			
Checking	98,401.77	112,952.56	
Savings	5,023.80	5,023.80	
	103,425.57	117,976.36	

OBGMA
Cash Flow
November 2023

Ending Cash Balances as of October 31, 2023

Bank of the Sierra-Checking	98,401.77
Bank of the Sierra-Savings	5,023.80
	<u>103,425.57</u>

Inbounds

GSP Extraction	11,041.73
Well Head Fee	6,914.71
Interest Charge On Extraction	349.18
Recordation Fee	464.40
Extraction Charges	10,747.93
Overpayments	268.75
	<u>29,786.70</u>

Outbounds

Postage and Delivery	19.99
Office Supplies	1,796.07
Payroll Expenses	2,070.94
Professional Fees	10,347.94
Rent	923.00
Telephone	77.97
	<u>15,235.91</u>

Ending Cash Balances as of November 30, 2023

Bank of the Sierra-Checking	112,952.56
Bank of the Sierra-Savings	5,023.80
	<u>117,976.36</u>

Net change in financial position 14,550.79

9:51 AM

12/11/23

OBGMA Reconciliation Summary

Bank of the Sierra-Checking, Period Ending 11/30/2023

	<u>Nov 30, 23</u>
Beginning Balance	101,935.02
Cleared Transactions	
Checks and Payments - 8 items	-3,481.71
Deposits and Credits - 8 items	29,786.70
Total Cleared Transactions	<u>26,304.99</u>
Cleared Balance	<u>128,240.01</u>
Uncleared Transactions	
Checks and Payments - 11 items	-15,287.45
Total Uncleared Transactions	<u>-15,287.45</u>
Register Balance as of 11/30/2023	<u>112,952.56</u>
New Transactions	
Checks and Payments - 2 items	-555.14
Deposits and Credits - 2 items	971.50
Total New Transactions	<u>416.36</u>
Ending Balance	<u>113,368.92</u>

OBGMA
Disbursements
As of November 30, 2023

Date	Num	Name	Split	Amount
11/01/2023	ACH	Staples	Office Supplies	-415.00
11/25/2023	ACH	Stamps.com	Postage and Delivery	-19.99
11/02/2023	ACH	Condor Self Storage	Rent	-123.00
11/16/2023	ACH	Spectrum	Telephone	-77.97
11/06/2023	3540	Ventura River Watershed Council	Professional Fees	-1,406.00
11/27/2023	3541	417 Bryant Circle LLC	Rent	-800.00
11/27/2023	3542	Casitas Municipal Water District	Professional Fees	-1,785.00
11/27/2023	3543	Hollister & Brace, Attorneys at Law	Professional Fees	-2,443.93
11/27/2023	3544	Kear Groundwater	Professional Fees	-4,238.01
11/27/2023	3545	Michelle Gaston	Professional Fees	-475.00
11/29/2023	3546	Julia Aranda	Office Supplies	-1,381.07
11/30/2023	3547	Ransom, Tara R.	Payroll	-850.48
11/30/2023	3548	VanDerMeer, Cece A	Payroll	-1,220.46
				-15,235.91
				<u>-15,235.91</u>

OBGMA
Budget Actuals FYTD 22/23

	Oct-22	Nov-22	Dec-22	YTD
Beginning Bank Balance				
Checking	53,370.69	98,401.77	112,952.56	
Savings	5,023.80	5,023.80	5,023.80	
	58,394.49	103,425.57	117,976.36	
Income				
Returned Check Charges				-
GSP Extraction Fees	34,707.16	11,041.73	4,340.84	50,089.73
Well Head Fee	4,915.57	6,914.71	2,871.00	14,701.28
Interest Charges	115.07	349.18		464.25
Recordation Fee	358.07	464.40	119.00	941.47
Extraction Charges	24,118.16	10,747.93	1,025.25	35,891.34
Savings Acct Interest			0.63	0.63
Total Income	64,214.03	29,517.95	8,356.72	102,088.70
Total Income	64,214.03	29,517.95	8,356.72	102,088.70
Expense				
Equipment Purchased				-
Advertising	97.75		432.14	529.89
Computer Repairs				-
Printing and Reproduction				-
Liability Insurance				-
Postage and Delivery	367.99	19.99	119.99	507.97
Bank Service Charges				-
Workers Comp Ins	(100.00)			(100.00)
Office Supplies	(254.07)	1,796.07	143.03	1,685.03
Payroll Expenses	2,806.88	2,614.83	2,393.34	7,815.05
Professional Fees	14,657.51	10,347.94		25,005.45
Website Expense				-
Rent	923.00	923.00	923.00	2,769.00
Travel				-
Telecommunications	68.52	77.97	77.97	224.46
Total Expense	18,567.58	15,779.80	4,089.47	38,436.85
Net Ordinary Income	45,646.45	13,738.15	4,267.25	63,651.85
Grant Activity				
WCB Grant Income				-
WCB (WS) Expenses				-
GSP Expenses				-
Net Income	45,646.45	13,738.15	4,267.25	63,651.85
Other Adjustments				
Deposit Paid				
Transfer to Savings				
Transfer From Savings				
Deposit Adj from Bank				
Payroll Tax Liab Paymnts	1,460.22			
Payroll Liab on Hold	516.76	543.89	459.37	
Customer Overpayments	328.09	268.75		
Nominal Over/Short				
Refund-Work Comp Ins				
Customer Credits Applied				
Refunds				
State Comp Fund Dividend				
Rent Reimbursement				
Customer Reimbursement				
Ending Bank Balance				
Checking	98,401.77	112,952.56	117,678.55	
Savings	5,023.80	5,023.80	5,024.43	
	103,425.57	117,976.36	122,702.98	

OBGMA
Cash Flow
As of December 31, 2023

Ending Cash Balances as of November 30, 2023

Bank of the Sierra-Checking	112,952.56
Bank of the Sierra-Savings	5,023.80
	<u>117,976.36</u>

Inbounds

Savings Interest	0.63
GSP Extraction	4,340.84
Well Head Fee	2,871.00
Recordation Fee	119.00
Extraction Charges	1,025.25
	<u>8,356.72</u>

Outbounds

Postage and Delivery	119.99
Advertisement	432.14
Office Supplies	143.03
Payroll Expenses	1,933.97
Rent	923.00
Telephone	77.97
	<u>3,630.10</u>

Ending Cash Balances as of December 31, 2023

Bank of the Sierra-Checking	117,678.55
Bank of the Sierra-Savings	5,024.43
Total Checking/Savings	<u>122,702.98</u>

Net change in financial position **4,726.62**

OBGMA Reconciliation Summary

Bank of the Sierra-Checking, Period Ending 12/31/2023

	<u>Dec 31, 23</u>
Beginning Balance	128,240.01
Cleared Transactions	
Checks and Payments - 15 items	-15,021.08
Deposits and Credits - 4 items	8,356.09
Total Cleared Transactions	<u>-6,664.99</u>
Cleared Balance	<u>121,575.02</u>
Uncleared Transactions	
Checks and Payments - 6 items	-3,896.47
Total Uncleared Transactions	<u>-3,896.47</u>
Register Balance as of 12/31/2023	<u>117,678.55</u>
New Transactions	
Checks and Payments - 10 items	-17,833.80
Deposits and Credits - 2 items	1,520.28
Total New Transactions	<u>-16,313.52</u>
Ending Balance	<u>101,365.03</u>

OBGMA
Disbursements
As of December 31, 2023

Date	Num	Name	Split	Amount
12/04/2023	ACH	LocalIQ	Advertisement	-432.14
12/02/2023	ACH	Condor Self Storage	Rent	-123.00
12/14/2023	ACH	Spectrum	Telecommunications	-77.97
12/25/2023	ACH	Stamps.com	Postage and Delivery	-19.99
12/11/2023	ACH	Staples	Office Supplies	-143.03
12/26/2023	ACH	Stamps.com	Postage and Delivery	-50.00
12/26/2023	ACH	Stamps.com	Postage and Delivery	-50.00
12/18/2023	3549	417 Bryant Circle LLC	Rent	-800.00
12/31/2023	3556	Ransom, Tara R.	Payroll	-507.54
12/31/2023	3557	VanDerMeer, Cece A	Payroll	-1,426.43
				-3,630.10
				<u>-3,630.10</u>

OBGMA EXTRACTION CHARGES BY PERIOD

2022/2023

Oct/Nov/Dec 2022		(1-2023)		(\$25/acre foot)		
	Acre Feet	Charges	Well Head	Recordation	GSP Fees	Total Rec'd
Agriculture	333.86	\$8,451.10				
Dom/Land	39.06	\$1,130.75				
Muni/Indus	9.56	\$239.00				
CMWD	299.00	\$7,475.00				
Totals	681.48	\$17,295.85	\$8,840.00	\$510.00	\$22,944.17	\$49,590.02

Jan/Feb/Mar 2023		(2-2023)		(\$25/acre foot)		
	Acre Feet	Charges	Well Head	Recordation	GSP Fees	Total Rec'd
Agriculture	101.88	\$2,642.36				
Dom/Land	35.69	\$978.50				
Muni/Indus	1.83	\$47.25				
CMWD	229.50	\$5,737.50				
Totals	368.90	\$9,405.61	\$8,515.00	\$495.00	\$11,267.44	\$29,683.05

April/May/June 2023		(3-2023)		(\$25/acre foot)		
	Acre Feet	Charges	Well Head	Recordation	GSP Fees	Total Rec'd
Agriculture	489.66	\$12,308.37				
Dom/Land	54.69	\$1,398.60				
Muni/Indus	3.63	\$90.75				
CMWD	337.40	\$8,435.00				
Totals	885.38	\$22,232.72	\$9,425.00	\$255.00	\$30,681.44	\$62,594.16

Jul/Aug/Sept 2023		(4-2023)		(\$25/acre foot)		
	Acre Feet	Charges	Well Head	Recordation	GSP Fees	Total Rec'd
Agriculture	602.20	\$15,143.40				
Dom/Land	138.66	\$3,503.58				
Muni/Indus	11.87	\$296.75				
CMWD	493.70	\$12,342.50				
Totals	1246.43	\$31,286.23	\$8,461.65	\$624.00	\$43,361.89	\$83,733.77

Total for water YTD 10/1/22- 9/30/23

Acre Feet	Charges	Well Head Fee	Recordation Fee	GSP Fees	Total Rec'd
3182.19	\$ 80,220.41	\$35,241.65	\$1,884.00	\$108,254.94	\$225,601.00

OBGMA EXTRACTION CHARGES BY PERIOD

2021/2022 Water Year

October/November/December 2021 (1/2022)

(\$25/acre foot)

2022/1	Acre Feet	Charges	Well Head	Recordation	GSP Fees	Total Rec'd
Agriculture	416.97	\$10,570.13				
Dom/Land	59.44	\$1,652.62				
Muni/Indus	17.87	\$446.81				
CMWD	288.90	\$7,235.00				
Totals	783.18	\$19,904.56	\$9,620.00	\$555.00	\$27,745.53	\$57,825.09

Jan/Feb/Mar 2022 (2/2022)

(\$25/acre foot)

2022/2	Acre Feet	Charges	Well Head	Recordation	GSP Fees	Total Rec'd
Agriculture	491.68	\$12,293.93				
Dom/Land	59.57	\$1,699.90				
Muni/Indus	11.32	\$283.25				
CMWD	243.30	\$6,107.50				
Totals	805.87	\$20,384.58	\$9,620.00	\$575.00	\$28,945.13	\$59,524.71

April/May/June 2022 (3/2022)

(\$25/acre foot)

2022/3	Acre Feet	Charges	Well Head	Recordation	GSP Fees	Total Rec'd
Agriculture	747.09	\$18,975.15				
Dom/Land	116.69	\$3,137.55				
Muni/Indus	21.49	\$540.75				
CMWD	361.40	\$9,047.50				
Totals	1246.67	\$31,700.95	\$9,295.00	\$530.00	\$45,042.28	\$86,568.23

July/August/September 2022 (4/2022)

(\$25/acre foot)

2022/4	Acre Feet	Charges	Well Head	Recordation	GSP Fees	Total Rec'd
Agriculture	625.96	\$15,804.55				
Dom/Land	88.26	\$2,360.64				
Muni/Indus	34.78	\$869.49				
CMWD	389.70	\$9,742.50				
Totals	1138.70	\$28,777.18	\$9,230.00	\$530.00	\$41,404.97	\$79,942.15

Total for water YTD 10/1/21- 9/30/22

Acre Feet	Charges	Well Head Fee	Recordation Fee	GSP Fees	Total Rec'd
3974.42	\$ 100,767.27	\$37,765.00	\$2,190.00	\$143,137.91	\$283,860.18

Minutes of the Zoom Teleconference Board Meeting of April 29, 2021

The Regular Meeting of the Board of Directors of the Ojai Groundwater Management Agency, held as a Zoom Teleconference Meeting due to the Covid-19 virus response, called to order at 3:01 pm.

Attendees were: Board Members: Jim Finch, Bill Weirick, Peter Thielke (3:08), Bob Daddi, and Chair Richard Hajas; General Manager John Mundy, and Roberta Barbee, Administrative Assistant/Clerk of the Board. Also in attendance: Jordan Kear, Consultant, Betsy Stix, Bruce Kuebler, Trey Driscoll and Trevor Jones, Dudek Consultants

1. **Call to Order and Roll Call:** Chair Hajas called the meeting to order at 3:01 pm. Barbee called the roll.
2. **Pledge of Allegiance:** not performed.
3. **Director Announcements/Reports/Comments:**

Mutuals: Thielke had nothing to report

Ojai Water Conservation District: Finch said they met briefly. Oath of Office for Board Members took place; nothing to report of water substance.

City of Ojai: Weirick shared an interesting newspaper article from 1914 about the State Wildlife Commission planting/stalking trout annually in the Ventura River.

Community Facilities District – CMWD Ojai Service Area: Daddi had nothing to report.

Casitas Municipal Water District: Hajas reported the District has been working on revising the State Yield and projecting demands. At the April meeting a new yield was set at 15,010 AF/year, this includes a 15% safety factor to get us through dry periods the lake would not go below 44,000 AF a nice buffer to get through droughts.

Adopted projected demands and those are 14,525 AF which are lower than previous demands projected. We have enough water if everything stays the same historically so they are pursuing backup.

Weirick asked about the project with Santa Barbara County. Hajas said they are doing the environmental work and budgeting for new design.

4. **General Manager Comments:** Mundy reminded the Board that meetings are the last Thursday of each month. He will be working to offer having the Extraction Statements be online in pdf format to save errors, time, and money. He will be out of the country from May 11-18.
5. **Basin Status Reports:** Kear reported it has been getting late early in the Ojai Basin – feels like October but only end of April. Just under 5 inches on the valley floor, upward of 7 inches precipitation the ridge top. If no more rain this year, the valley floor total will be the lowest since 4.35 inches taken in 1947. Flow out of the Basin from San Antonio Creek is at 0.40 CFS, not a lot of change from last month.
6. **Public Comments On Items Not Appearing on the Agenda:** Kuebler thanked Mundy for setting up Zoom meetings. Mundy gave credit to City of Ojai.
7. **Consent Items:**
 - a. **Approve Minutes of March 25, 2021 Zoom Teleconference Regular Meeting:**

Weirick motioned to Approve Minutes of March 25, 2021 Zoom Teleconference Regular Meeting. Weirick made the motion, Finch seconded.

Roll call vote:

Ayes: Finch, Weirick, Thielke, and Hajas

Noes: None

Abstain: Daddi

8. Action Items:

a. Treasurer's Report for March 2021, and Budget and Extraction Charges by Period:

Discussion about software purchases and backup for database.

Thielke motioned to approve Treasurer's Report. Weirick seconded.

Roll call vote:

Ayes: Finch, Daddi, Weirick, Thielke, and Hajas

Noes: None

b. Nested Monitoring Well Project Update. Jordan Kear provided an update.

c. GSP update – Water Budget Update: Dudek consultants Trey Driscoll and Trevor Jones presented the update, including Water Budget Proposed Alternative.

d. San Antonio Ranch Refund Request: Board reviewed the updated staff analysis and authorized refund of excess fees paid. Finch was confident in

refunding \$12,774, based on the three years it is clear the property owner was using the wrong multiplier on their extraction statements.

Finch motioned to approve the refund. Weirick seconded.

Roll call vote:

Ayes: Finch, Daddi, Weirick, Thielke, and Hajas

Noes: None

9. Information Items:

a. Form 700's – Annual & Leaving Office and Assuming Office for 2020/2021 Statements:

1. Annual statements – filed by April 1, 2021.
2. Leaving Office Statement – filed within 30 days of leaving office.
3. Assuming Office – filed within 30 days after assuming office.

- 10. Adjournment:** The meeting was adjourned at 4:05 pm. The next regular scheduled meeting will be May 27, 2021 at 5:00 pm, in the Council Chambers, Ojai City Hall, 401 South Ventura Street; Ojai, CA 93023. However, it is expected the meeting will continue to be held as a Zoom Teleconferencing Meeting at 3:00 pm that day.

ATTEST: _____

Minutes of the Zoom Teleconference Board Meeting of September 30, 2021

The Regular Meeting of the Board of Directors of the Ojai Groundwater Management Agency, held at Ojai City Hall and as a Zoom Teleconference Meeting, called to order at 3:04 pm.

Attendees were: Board Members: Jim Finch, Bill Weirick, Peter Thielke (via Zoom), Bob Daddi, and Chair Richard Hajas; General Manager John Mundy; Jordan Kear, Consultant; Trey Driscoll, Dudek; and Roberta Barbee, Administrative Assistant/Clerk of the Board.

1. **Call to Order and Roll Call:** Chair Hajas called the meeting to order at 3:04 p.m. Barbee called the roll.
2. **Pledge of Allegiance:** Led by Hajas.
3. **Director Announcements/Reports/Comments:**

Mutuals: Thielke had nothing to report.

City of Ojai: Weirick had nothing to report.

Community Facilities District: Daddi had nothing to report.

Ojai Water Conservation District: Finch had nothing to report.

Casitas Municipal Water District: Hajas had nothing to report.
4. **General Manager Comments:** Mundy mentioned expiration of Governor's Order related to the Brown Act. Zoom conferencing will still be available for future meetings.
5. **Basin Status Reports:** Jordan Kear presented. The last reading depth to water in the Key Well was 174.98 feet, 65% of capacity. Surface outflow between 0.07 to 2.8 CFS, discharge surface outflow is down to 5 to 45 AF/mo.
 - b. **Nested Monitoring Well Project Update:** Jordan Kear provided an update.
6. **Public Comments on Items Not Appearing on the Agenda:** None
7. **Consent Items:**
 - a. **Approve Minutes of June 9, June 24, July, & August 26, 2021 Regular Meetings:** Bring back at another meeting.
8. **Action Items:**
 - a. **Treasurer's Report for August 2021:** Mundy reported on bank balances, income, and expenses. Mundy is working on a reimbursement request for the

grant related to the monitoring well, due by 10/7/21. Groundwater extractions are not shown in this report; will be in the next report. So far 3,257 AF extracted for the year.

Weirick motioned to approve the Treasurer's Report. Finch seconded.

Roll call vote:

Ayes: Finch, Daddi, Weirick, Thielke, and Hajas

Noes: None

b. GSP Status Update: Dudek provided an update on Chapter 3 Sustainable Management Criteria, including criteria from Sustainable Groundwater Management Act enabling legislation.

c. Appoint the CFD Board Representative:

Weirick motioned to approve Bob Daddi as the CFD Board representative. Finch seconded.

Roll call vote:

Ayes: Finch, Daddi, Weirick, Thielke, and Hajas

Noes: None

d. Appoint the CFD Board Alternate: Jon Whaley was appointed.

Weirick motioned to approve Jon Whaley as the CFD Board representative. Finch seconded.

Roll call vote:

Ayes: Finch, Daddi, Weirick, Thielke, and Hajas

Noes: None

9. Information Items:

a. The groundwater modeling data and information developed by Daniel B. Stephens & Associates, Inc. was presented by Peter Candy.

b. OBGMA will participate in Ojai Day on Saturday, October 16, 2021 9:00am to 4:00.

10. Adjournment: The meeting was adjourned at 4:42pm. The next regular scheduled meeting will be October 28, 2021, at 3:00 pm, in the Council Chambers, Ojai City Hall, 401 South Ventura Street; Ojai, CA 93023 and as a Zoom Teleconferencing Meeting. Details for providing public comment and or observation of the meeting will be posted with the agenda 72 hours prior to the meeting.

ATTEST: _____

Minutes of the Zoom Teleconference Board Meeting of December 9, 2021

The Regular Meeting of the Board of Directors of the Ojai Groundwater Management Agency, held at Ojai City Hall and as a Zoom Teleconference Meeting, called to order at 2:00 pm.

Attendees were: Board Members: Jim Finch, Bill Weirick, Peter Thielke, Bob Daddi, and Chair Richard Hajas; General Manager John Mundy, and Roberta Barbee, Administrative Assistant/Clerk of the Board.

1. **Call to Order and Roll Call:** Chair Hajas called the meeting to order at 2:00pm. Barbee called the roll.

2. **Pledge of Allegiance:** led by Hajas.

3. **Director Announcements/Reports/Comments:**

Mutuals: Thielke reported on issues with well production for Senior Canyon.

City of Ojai: Weirick reported on removal of non-native species behind City Hall. Meeting with City of Ventura.

Community Facilities District – CMWD Ojai Service Area: Daddi had nothing to report

Ojai Water Conservation District: Finch had nothing to report.

Casitas Municipal Water District: Hajas reported on evaporation at Lake Casitas

4. **General Manager Comments:** Mundy reported he is working on budget for current fiscal year, 2020-21. He will bring forward a proposal from Dudek to prepare Annual Report to next meeting. New computer purchased for office and Carbonite to backup data.

5. **Basin Status Reports:** Kear. Reduced evapotranspiration. Depth to water in the Key Well was 192 feet, 60 % of capacity. At the discharging side of the Basin from San Antonio Creek daylight is similar to last month. Sampling at nesting monitoring well this month.

6. **Public Comments On Items Not Appearing on the Agenda:** None

7. **Consent Items:**

a. **Approve Minutes of June 9, 2021, Regular Meeting:** Daddi motioned to approve, Thielke seconded.
Roll call vote:

Ayes: Daddi, Finch, Thielke, and Hajas

Noes: None

Abstentions: Weirick

8. Action Items:

a. Public Hearing on Groundwater Sustainability Plan. John Mundy and Dudek provided a presentation on the Draft Groundwater Sustainability Plan for the Ojai Valley Basin. Comment letters from several agencies were discussed, including Casitas Municipal Water District, California Department of Fish and Wildlife, County of Ventura Public Works. One member of the public, a representative from the State Water Resources Control Board, and an alternate Board member provided comments. Several Board members provided input and feedback. The Public Hearing was then closed by Chair Hajas.

b. Treasurer's Report for October 2021. John Mundy provided a summary of the report.

Weirick motioned to approve, Finch seconded.

Roll call vote:

Ayes: Daddi, Finch, Thielke, Weirick, and Hajas

Noes: None

Abstentions: None

c. January 2022 Board Meeting: Meeting to adopt GSP scheduled for January 6, 2022, if City Hall is available. Alternate date of January 13, 2022.

9. Information Items:

a. Adoption of Groundwater Sustainability Plan.

b. Draft Groundwater Sustainability Plan available at obgma.com.

c. Casitas MWD GSP Comment Letter.

No comments on information items.

10. Adjournment: The meeting was adjourned at 3:25pm. The next regular scheduled meeting will be January 27, 2022, at 3:00 pm, in the Council Chambers, Ojai City Hall, 401 South Ventura Street; Ojai, CA 93023 and as a Zoom Teleconferencing Meeting.

ATTEST: _____

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
Minutes of the Regular Board Meeting of November 30, 2023

The Regular Meeting of November 30, 2023, of the Ojai Basin Groundwater Management Agency was called to order at 3:00 PM in the Council Chambers, Ojai City Hall, 401 S. Ventura Street, Ojai, CA 93023.

Attendees were: Board Members: Richard Hajas, Jim Finch and Bob Daddi. General Manager Julia Aranda and Clerk of the Board/Administrator Cece VanDerMeer were also in attendance.

Also in attendance: Jordan Kear, Consultant, Peter Candy, Attorney.

1. **Call to Order and Roll Call:** Chair Hajas called the meeting to order at 3:00pm. VanDerMeer called the roll.

2. **Pledge of Allegiance:** Led by Hajas.

3. **Director Announcements/Reports/Comments:**

Mutuals: None

Ojai Water Conservation District: None

City of Ojai: None

Casitas Municipal Water District: None

Community Facilities District Report: None

4. **GENERAL MANAGER COMMENTS:**

Julia Aranda reported the well application for 300 Longhorn Lane was administratively approved. Aranda stated she received an audit quote in the amount of \$17,500.00 for the years: 2020-2021 and 2021-2022. Aranda will request a proposal from Farber Hass Hurley LLP and will present to the Board for approval.

5. **BASIN STATUS REPORT:**

Jordan Kear reported that the Basin level is 90.52 feet and capacity is at 82% with 65,600 acre-feet.

6. **PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA:**

None

7. **CONSENT ITEMS:**

a. **Approve Minutes and Financial Report:**

Finch motioned to approve the consent agenda; Daddi seconded.

Roll call vote:

Ayes: Finch Daddi and Chair Hajas.

Noes: None

8. PUBLIC HEARING:

a. Proposed Resolution Increasing the Groundwater Sustainability Plan (GSP) Extraction Fee:

Chair Hajas opened the Public Hearing at 3:15pm. The Board discussed adoption of a resolution increasing the GSP extraction fee from its current rate of \$37 per acre-foot to \$75 per acre-foot, effective January 1, 2024, and then from \$75 per acre-foot to \$100 per acre-foot, effective October 1, 2024.

Public Comments:

Brandon Hanson asked about why the increase was necessary. Robert Davis stated that he has been a rancher in the valley for 70 years.

Chair Hajas closed the Public Hearing at 3:25pm.

Finch discussed the history of the basin and the possibility of getting legislation involved. Daddi stated that the basin has been stable for a long time. Daddi requested a short list of what the Department of Water Resources is requiring.

Finch motioned to approve Resolution 2023-05; Daddi seconded.

Roll call vote:

Ayes: Finch, Daddi and Chair Hajas.

Noes: None

9. ACTION ITEMS:

- a. Groundwater Sustainability Plan (GSP) Implementation
 - o Approve proposal from Dudek to provide GSP Implementation Support Services.

Daddi motioned to approve the proposal from Dudek; Finch seconded.

On a roll call vote:

Ayes: Finch, Daddi and Chair Hajas.

Noes: None

- b. Groundwater Sustainability Plan Implementation
 - o Approve proposal from Kear Groundwater to provide GSP Implementation Support Services.

Daddi motioned to approve the proposal from Dudek; Finch seconded.

On a roll call vote:

Ayes: Finch, Daddi and Chair Hajas.

Noes: None

- c. Consider cancellation of December 28, 2023, Board Meeting

Finch motioned to cancel the December 28, 2023 Board Meeting; Daddi seconded.

Ayes: Finch, Daddi and Chair Hajas

Noes: None

10. DISCUSSION ITEMS:

- a. Formation of Two Ad-Hoc Committees in 2024
 - o Outreach to State legislators and regulatory agencies to seek modifications to GSP reporting requirements. Daddi requested to be on the Ad-Hoc Committee for outreach.
 - o Explore strategies to enforce compliance with OBGMA metering and reporting requirements.

- 11. **ADJOURNMENT**-- The meeting was adjourned at 3:52 pm. The next regular scheduled meeting will be January 25, at 3:00 p.m. in the Council Chamber in Ojai City Hall, 401 S. Ventura Street, Ojai.

ATTEST: _____

Ojai Basin Groundwater Management Agency

Memorandum

To: Board of Directors
From: Julia Aranda, PE, Interim General Manager
Subject: Elect Chair and Vice-Chair

January 25, 2024

Recommendation

- Elect Chair and Vice-Chair

Background and Discussion

The current Board Chair and Vice-Chair were elected to these positions at the Board meeting of December 11, 2019.

Budget Impact

There is no immediate budget impact related to the election of officers.

Ojai Basin Groundwater Management Agency

Memorandum

To: Board of Directors
From: Julia Aranda, PE, Interim General Manager
Subject: Proposed New Well Located Within the Boundaries of the Agency on APN 014-0-040-200, 1388 Orange Road

January 25, 2024

Recommendation

- Determine the new well is not inconsistent with the Groundwater Sustainability Plan
- Determine the new well will not decrease the likelihood of achieving OBGMA's sustainability goals
- Adopt Resolution No. 2024-01 Authorizing Well Verification for a Proposed New Well Located Within the Boundaries of the Agency on APN 014-0-040-200, 1388 Orange Road

Background and Discussion

The attached Well Application for 1388 Orange Road was submitted for a replacement well for agricultural and domestic use with anticipated demand of 100 acre-feet per year (AFY). In accordance with Executive Orders No. N-7-22 and N-3-23, the applicant provided a Memorandum from DBS&A addressing potential impacts to existing wells and potential for new or exacerbated ground subsidence.

The applicant has stated the existing well will be destroyed, and in fact the County of Ventura requires this as a condition of approval for the new well. Previous quarterly statements from the applicant for the existing well show estimated use of 5 acre-feet (AF) per quarter (20 AF per year [AFY]). The application states the proposed extraction from the new well is 100 AFY.

Resolution No. 2024-01 is attached for adoption; the draft verification letter is attached for information.

Budget Impact

There is no immediate budget impact related to well verification as no fees are involved.

Attachments:

- Well Application
- DBS&A Memorandum, Replacement Well Interference and Subsidence Evaluation for Calvin Zara [TO BE PROVIDED SEPARATELY, PRIOR TO THE BOARD MEETING]
- Resolution No. 2024-01
- Verification Letter with Conditions



**OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
A STATE OF CALIFORNIA WATER AGENCY**

417 BRYANT CIRCLE, SUITE 112
OJAI CA 93023

P.O. BOX 1779
OJAI CA 93024

WWW.OBGMA.COM
WATER WELL REGISTRATION AND VERIFICATION REQUEST
NO FEE REQUIRED

GENERAL INFORMATION

Ojai Basin Groundwater Management Agency (OBGMA or Agency) requires all groundwater extraction facilities within its jurisdictional boundaries to be registered with the Agency. No extraction facility may be operated or otherwise utilized so as to extract groundwater within the boundaries of the Agency unless the facility is registered with the Agency, equipped with a water meter, and all extractions are reported to the Agency as required by OBGMA Ordinance No. 8. In addition, pursuant to Governor Newsom's Executive Order N-3-23, Paragraph 4a, all non-exempt proposed new or modified extraction facilities located within the boundaries of the Ojai Valley Groundwater Basin (DWR Bulletin 118 Basin No. 4-002) require written verification from the Agency prior to issuance of a well permit by the Ventura County Watershed Protection District. The written verification must find that groundwater extraction by the proposed well would not be inconsistent with the Agency's Groundwater Sustainability Plan (GSP) for the Ojai Valley Groundwater Basin, and would not decrease the likelihood of achieving any of the sustainability goals the Agency has established for the Basin pursuant to the GSP.

ALL WELLS MUST HAVE A METER INSTALLED PER OBGMA ORDINANCE NO. 8

A. PROPERTY OWNER INFORMATION

NAME: _____
PROPERTY ADDRESS: _____
ASSESSOR'S PARCEL NUMBER: _____
PHONE NO.: _____
EMAIL: _____

B. OPERATOR INFORMATION (IF DIFFERENT FROM OWNER)

NAME: _____
ADDRESS: _____
PHONE NO.: _____
EMAIL: _____

C. TYPE OF WELL

<input type="checkbox"/>	NEW	EXISTING WELL NO.:	_____
<input type="checkbox"/>	REPLACEMENT	EXISTING WELL NO.:	_____
<input type="checkbox"/>	ALTERATION OF EXISTING WELL		

D. TYPE OF USE

<input type="checkbox"/>	IRRIGATION			
		<u>EXISTING OR</u>		
	<u>CROP TYPE</u>	<u>NEW?</u>	<u>ACREAGE</u>	<u>TYPE OF IRRIGATION SYSTEM</u>
	_____	_____	_____	_____
	_____	_____	_____	_____
<input type="checkbox"/>	DOMESTIC	NO. OF HOUSING UNITS:	_____	
<input type="checkbox"/>	MUNICIPAL			
<input type="checkbox"/>	INDUSTRIAL	TYPE OF INDUSTRY:	_____	
<input type="checkbox"/>	MONITORING			



E. PROPOSED EXTRACTION

ACRE-FEET PER YEAR: _____

F. EXISTING WATER SUPPLY

NO OTHER SUPPLY
 EXISTING WELL WELL NO.: _____
 PUBLIC WATER SUPPLIER WATER AGENCY: _____

G. WELL DRILLER

NAME: _____
 ADDRESS: _____
 PHONE NO.: _____
 EMAIL: _____

H. MAP REQUIREMENTS

Attach a map accurately plotted and show the location of the proposed well. If a replacement well, show location of existing well and distance to proposed well. Provide dimensions of area to be irrigated, indicating crop type for each area, as applicable. For domestic, municipal, or industrial, show the water distribution system and location of structures to be served. Include a north arrow, the Assessor's Parcel Number, and the nearest streets. No permit applications will be accepted without an adequate map.

I. APPLICANT SIGNATURE

By signing in the space below, the Applicant declares under penalty of perjury under the laws of the State of California that (1) the information provided with this form is true and correct, and (2) the Applicant/Owner/Operator of the proposed extraction facility agrees to comply with all Agency rules and regulations governing extraction facilities located within the boundaries of the Agency.

 Applicant *Calvin Zara* Date

A WELL COMPLETION REPORT MUST BE PROVIDED TO OBGMA WITHIN 30 DAYS OF COMPLETION

**WELL VERIFICATION
FOR AGENCY USE ONLY**

This Well Verification is provided pursuant to Executive Order N-3-23. If the box marked "Exempt" below is checked, it means the proposed well meets the criteria for exemption set forth in Executive Order N-3-23. If the box marked "Verified" below is checked, it means the Agency has found based on substantial evidence that groundwater extraction by the proposed well meets the requirements for well verification set forth in Executive Order N-3-23, Paragraph 4a, specifically that extraction by the proposed well would not be inconsistent with the sustainable groundwater management program established by the Agency in the GSP adopted for the Ojai Valley Groundwater Basin, and would not decrease the likelihood of achieving any of the sustainability goals for the Basin established by the Agency pursuant to the GSP. If the box marked "Denied" below is checked, it means substantial evidence does not support a finding the proposed well meets the requirements for well verification set forth in Executive Order N-3-23, Paragraph 4a.

<input type="checkbox"/> Verified	<input type="checkbox"/> Exempt	<input type="checkbox"/> Denied
State Well No. _____	<input type="checkbox"/>	Reasons: _____
OBGMA Well No. _____		
County Permit No. _____		
	<input type="checkbox"/> Less than 2 AFY for domestic use <input type="checkbox"/> Public water system <input type="checkbox"/> Replaces existing well of equivalent quantity when existing well replaced due to eminent domain or under threat of condemnation	

BY: _____
General Manager

DATE: _____

RESOLUTION NO. 2024-01

A RESOLUTION OF THE OJAI BASIN GROUNDWATER MANAGEMENT AGENCY AUTHORIZING VERIFICATION FOR A PROPOSED NEW WATER WELL LOCATED WITHIN THE BOUNDARIES OF THE AGENCY ON ASSESSOR'S PARCEL NO. 014-0-040-200

WHEREAS, by its enabling legislation, the Ojai Basin Groundwater Management Agency (OBGMA) is responsible for managing the groundwater resource within its jurisdictional boundaries.

WHEREAS, the OBGMA jurisdictional boundaries contain the Ojai Valley Groundwater Basin (Ojai Basin), as defined by the Department of Water Resources (DWR), as well as some, but not all, of the larger watershed area containing the Ojai Basin. The Ojai Basin is designated by DWR as a high priority basin.

WHEREAS, pursuant to California Water Code § 10723(c)(1), and by its Resolution No. 2014-4, OBGMA is designated as the Groundwater Sustainability Agency (GSA) for the Ojai Basin.

WHEREAS, by its Ordinance No. 8, the OBGMA requires all water wells constructed within the OBGMA boundary to be registered with the Agency and to be issued a verification letter from the Agency prior to the issuance of a Well Permit by Ventura County.

WHEREAS, in response to the severe drought, Governor Newsom issued Drought Executive Order N-7-22 on March 28, 2022, and issued a revision under Executive Order N-3-23 dated February 13, 2023, which included new well permitting requirements for local agencies to prepare for and lessen the effects of drought conditions. In compliance with Executive Order N-3-23 Paragraph 4 (a), Ventura County requires all applications for a permit to construct a new water well or for alteration of an existing water well shall be subject to the following in addition to the requirements of Ventura County Ordinance No. 4468:

To protect health, safety, and the environment during this drought emergency, a county, city, or other public agency shall not:

- a. Approve a permit for a new groundwater well or for alteration of an existing well in a basin subject to the Sustainable Groundwater Management Act and classified as medium- or high-priority without first obtaining written verification from a Groundwater Sustainability Agency managing the basin or area of the basin where the well is proposed to be located that groundwater extraction by the proposed well would not be inconsistent with any sustainable groundwater management program established in any applicable Groundwater Sustainability Plan adopted by that Groundwater Sustainability Agency and would not decrease the likelihood of achieving a sustainability goal for the basin covered by such a plan.*

NOW, THEREFORE, BE IT RESOLVED, the OBGMA Board of Directors finds as follows in consideration of the Well Verification Application of Calvin Zara (APN 014-0-040-200) dated December 8, 2023:

1. The proposed groundwater extraction by the proposed well would not be inconsistent with any sustainable groundwater management program established in OBGMA's Groundwater Sustainability Plan as adopted by OBGMA, and would not decrease the likelihood of achieving a sustainability goal for the basin covered by the plan.
2. The proposed well must be constructed and operated pursuant to the standards of Ventura County Ordinance 4468, Section 4814, which incorporates California Well Standards, Bulletin 74-81; the draft supplemental, Bulletin 74-90; and Ventura County Water Well Standards Bulletin No. 74-9.
3. The proposed well must meet OBGMA's requirements for construction of new wells including registration, monitoring, reporting, and any special conditions of approval.
4. The proposed well is not located near a source of contamination or other environmental concern that would require the OBGMA or the County of Ventura to exercise their discretion in order to mitigate potential adverse environmental effects of the proposed well. (See *Protecting Our Water & Env'tl. Res. v. Stanislaus Cnty.*, S251709 (Cal. May 29, 2020).)
5. The proposed well is not located within the Southwestern Uppermost Saturated Zone (SWUSZ) of the Ojai Basin as determined by OBGMA.
6. For the foregoing reasons, the Agency's consideration and approval of the Well Verification Application for Calvin Zara (APN 014-0-040-200) is a ministerial action and not subject to the California Environmental Quality Act (CEQA).
7. The following standard conditions shall apply:
 - a. Compliance with all County permitting requirements;
 - b. OBGMA staff or consultants shall be provided an opportunity to confirm the drilling location prior to drilling;
 - c. OBGMA staff or consultants shall be provided an opportunity to observe drilling operations as they are occurring;
 - d. OBGMA staff or consultants shall be provided an opportunity to review all drill cuttings, and any geophysical logs following drilling; and
 - e. Calvin Zara shall comply with all applicable OBGMA Ordinances and Resolutions related to well metering, extraction reporting, and fee payment that are now in effect or as may hereafter be adopted.
 - f. Well contractor to provide OBGMA with the Completion Report and State Well Number within 30 days of well completion.

WHEREFORE, the Application of Calvin Zara (APN 014-0-040-200) for a Well Verification dated December 8, 2023, is hereby **APPROVED** by the Board of Directors of the Ojai Basin Groundwater Management Agency on January 25, 2024.

Richard Hajas, President

Attest: _____
Peter Thielke, Secretary

Vote:

Richard Hajas, Casitas Municipal Water District	[Yes / No / Abstain / Absent]
Peter Theilke, Mutual Water Companies	[Yes / No / Abstain / Absent]
Jim Finch, Ojai Water Conservation District	[Yes / No / Abstain / Absent]
Andrew Whitman, City of Ojai	[Yes / No / Abstain / Absent]
Bob Daddi, Community Facilities District	[Yes / No / Abstain / Absent]



Member Agencies

Ojai Water Conservation District Ojai Basin Mutual Water Companies:
Casitas Municipal Water District Senior Canyon MWC
City of Ojai Siete Robles MWC
Community Facilities District Hermitage MWC

January 26, 2024

Calvin Zahn
1388 Orange Road
Ojai CA 93023

Subject: Well Verification Application for APN 014-0-040-200, 1388 Orange Road, Ojai CA

Dear Property Owner:

California Governor, Gavin Newsom, signed Executive Order N-7-22 on March 28, 2022 and revised the order under N-3-23 dated February 13, 2023 as follows:

4. Paragraph 9 of Executive Order N-7-22 is withdrawn and replaced with the following text:

To protect health, safety, and the environment during this drought emergency, a county, city, or other public agency shall not: a. Approve a permit for a new groundwater well or for alteration of an existing well in a basin subject to the Sustainable Groundwater Management Act and classified as medium- or high-priority without first obtaining written verification from a Groundwater Sustainability Agency managing the basin or area of the basin where the well is proposed to be located that groundwater extraction by the proposed well would not be inconsistent with any sustainable groundwater management program established in any applicable Groundwater Sustainability Plan adopted by that Groundwater Sustainability Agency and would not decrease the likelihood of achieving a sustainability goal for the basin covered by such a plan; or b. Issue a permit for a new groundwater well or for alteration of an existing well without first determining that extraction of groundwater from the proposed well is (1) not likely to interfere with the production and functioning of existing nearby wells, and (2) not likely to cause subsidence that would adversely impact or damage nearby infrastructure. This Paragraph shall not apply to permits for wells (i) that will provide less than two acre-feet per year of groundwater for individual domestic users, (ii) that will exclusively provide groundwater to public water supply systems as defined in section 116275 of the Health and Safety Code, or (iii) that are replacing existing, currently permitted wells with new wells that will produce an equivalent quantity of water as the well being replaced when the existing well is being replaced because it has been acquired by eminent domain or acquired while under threat of condemnation.

(A domestic water well user is considered using water for residential use not for agricultural or commercial use.)

The attached bulletin from the County of Ventura dated March 28, 2022, outlines how water well owners are to meet the requirements of Section 9a and 9b of the order. To comply with Section 4, water well applicants, not exempt under the order, are required to get a verification letter from the local Groundwater Sustainability Agency, in this case it is the Ojai Basin Groundwater Management Agency (OBGMA), for submittal to the County of Ventura.

Office Address: 417 Bryant Circle Drive, Suite 112, Ojai CA 93023
Mailing Address: P.O. Box 1779, Ojai CA 93024
www.obgma.com

805.640.1207
obgma@aol.com

OBGMA Verification under Executive Order N-3-23, Section 4 or
Denial of Water Well Application.

Your application is:

Approved: X based on:

1. Exemptions within the Executive Order; water use is intended for domestic use and the extraction and will be under 2 acre-feet each water year (October through September of each year)
2. A verification analysis has been completed and the water well is consistent with OBGMA's Groundwater Sustainability Plan and would not decrease the likelihood of achieving a sustainability goal for the basin covered by such a plan. This verification is approved by the OBGMA Board of Directors and this is your authorization to proceed with application to the County of Ventura, subject to the General and Standard permit conditions contained herein. Requirements under N-7-22 Section 9b are to be coordinated with the County of Ventura.

Any approval shall be valid for one year from the date of this verification unless changes in law make this approval invalid.

Not Approved: _____ based on:

1. Needing the following additional information or clarification on your water well application (see attached); or
2. Needing to meet the requirements under Section 9a, Executive Order N-7-22

The following general conditions are to be followed for the proposed water well:

1. The proposed well must be constructed and operated pursuant to the standards of Ventura County Ordinance 4468, Section 4814, which incorporates California Well Standards, Bulletin 74-81; the draft supplemental, Bulletin 74-90; Ventura County Water Well Standards Bulletin No. 74-9 and compliance with all other County permitting requirements.
2. The proposed well must meet OBGMA's requirements of new wells including registration, monitoring, reporting, and any other special conditions of approval.
3. The proposed well is not located near a source of contamination nor other environmental concern requiring the OBGMA or the County of Ventura to exercise their discretion in order to mitigate potential adverse environmental effects of the proposed well. (See *Protecting Our Water & Env'tl. Res. v. Stanislaus Cnty.*, S251709 (Cal. May 29, 2020).)
4. If the proposed well is located in an area overlying the Southwestern Uppermost Saturated Zone (SWUSZ) of the Ojai Basin as determined by OBGMA, the well shall be equipped with a seal of adequate depth to preclude communication between the well's production zones and the SWUSZ. In most cases this condition will be met with a 50-foot seal around the conductor casing or production casing. **The proposed well is not located within the SWUSZ of the OBGMA jurisdiction.**

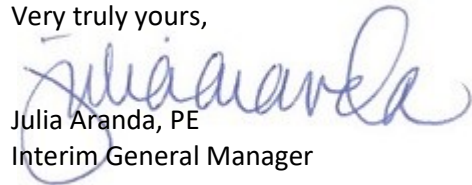
5. The following standard OBGMA permit conditions are also made a part of this water well authorization to proceed:
- a. OBGMA staff or consultants shall be provided an opportunity to confirm the drilling location prior to drilling
 - b. OBGMA staff or consultants shall be provided an opportunity to observe drilling operations as they are occurring
 - c. OBGMA staff or consultants shall be provided an opportunity to review all drill cuttings, and any geophysical logs following drilling
 - d. The well owner shall comply with all applicable OBGMA Ordinances and Resolutions requiring metering of the well, extraction reporting, and fee payment to OBGMA now in effect or as may hereafter be adopted
 - e. Well contractor to provide OBGMA with the completion Report and State Well Number within 30 days of well completion

The following forms are attached for your information and use:

- Resolution No. 2024-01
- Well Registration Form
- Blank Statement
- First Notice of Groundwater Extraction

Please contact us at obgmagn@gmail.com if you have any questions.

Very truly yours,



Julia Aranda, PE
Interim General Manager

c: County of Ventura

Attachments: Bulletin from County of Ventura dated March 28, 2022
Resolution No. 2024-01
Well Registration Form
Blank Statement
First Notice of Groundwater Extraction

Ojai Basin Groundwater Management Agency

Memorandum

To: Board of Directors
From: Julia Aranda, PE, Interim General Manager
Subject: Financial Policy and Procedures

January 25, 2024

Recommendation

- Review and Approve Financial Policy and Procedures

Background and Discussion

The attached Financial Policy and Procedures was developed to serve as OBGMA's commitment to protecting the financial receipts, expenditures, and assets entrusted to the Agency. The financial goals are to:

- Ensure the financial integrity of the Agency
- Manage the financial assets in a sound and prudent manner
- Improve financial information for decision makers at all levels including:
- Policy makers, specifically the Board of Directors (Board) as it contemplates actions that may affect the Ojai Basin on a long-term basis; and
 - Staff as they implement policy on a day-to-day basis
 - Maintain and further develop programs to ensure the long-term ability to pay all costs necessary to provide the level and quality of service to the community it serves
- Maintain a spirit of openness and transparency while being fully accountable to the public for the Agency's fiscal activities

Budget Impact

There is no immediate budget impact related to approval of the Financial Policy.

Attachment: Financial Policies and Procedures, January 2024



FINANCIAL POLICY AND PROCEDURES

Adopted by the Board of Directors

January 25, 2024

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1. Statement of Purpose and Goals

The financial integrity of the Ojai Basin Groundwater Management Agency (Agency) is of utmost importance to the community it serves. The Agency has developed this policy to serve as its commitment in protecting the financial receipts, expenditures, and assets entrusted to the Agency.

Written, adopted, financial control policies provide many benefits, such as assisting the elected officials and staff in the financial management of the Agency, saving time and energy when discussing financial matters, engendering public confidence, and providing continuity over time as elected officials and staff members change. While these policies will be amended periodically, they will provide the basic foundation and framework for the Agency in carrying out its responsibilities.

The Agency's financial goals are to:

- Ensure the financial integrity of the Agency
- Manage the financial assets in a sound and prudent manner
- Improve financial information for decision makers at all levels including:
 - Policy makers, specifically the Board of Directors (Board) as it contemplates actions that may affect the Ojai Basin on a long-term basis; and
 - Staff as they implement policy on a day-to-day basis
- Maintain and further develop programs to ensure the long-term ability to pay all costs necessary to provide the level and quality of service to the community it serves;
- Maintain a spirit of openness and transparency while being fully accountable to the public for the Agency's fiscal activities

2. Accounting, Auditing and Financial Reporting

This Accounting, Auditing and Financial Reporting Policy establishes the standards for accounting practices of the Agency, thereby enabling the Board and staff to make sound decisions in preparing and adopting the budget and management of finances.

2.1. Accounting

The accounting practices of the Agency shall conform to Generally Accepted Accounting Principles for local governments as established by the Governmental Accounting Standards Board. The Agency will establish and maintain a system of fund accounting and shall measure financial position and results of operations using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary and fiduciary funds.

2.2. Auditing

Biennially the Board will cause the financial statements to be audited by a qualified, properly licensed, independent accounting firm. The Biennial Audit will be presented to the Board for review and approval.

2.3. Monthly and Annual Financial Reporting

Staff will prepare monthly financial reports for review at the Board of Director meetings and for public dissemination. These reports will consist of:

- Budget Report showing revenues collected and appropriations expended for the previous month with the variance from the budget amounts for each line item.
- Statement of Revenue, Expenditures, and Changes in Fund Balance showing revenues and expenditures and the difference between the two, the beginning fund balance for the period, and the ending fund balance.
- Balance Sheet showing estimated assets less liabilities and fund balance.

Staff will also prepare an annual financial report. This report will include financial statements for the Agency as well as appropriate additional disclosures as necessary for the complete understanding of the financial statements presented. In addition, the annual report will include a narrative discussion and appropriate graphics explaining how the current financial position and results of financial activities compare with those of the prior year and with budgeted amounts. This report, together with the most recent independent auditor's report (every other year) will be presented to the Board at a regular meeting.

3. Purchasing

The Agency will strive to: obtain the highest quality goods and services at the lowest possible price; exercise financial control and oversight of the purchasing process; clearly define purchasing authority; allow fair and equal opportunity among qualified suppliers; and provide for public confidence in the procedures followed in public purchasing.

3.1. Purchase Authorization

No purchases over \$2,500 shall be made by any Agency officer or employee without prior approval of the Board. When making any purchase over \$2,500, staff shall obtain quotations from at least three vendors unless the Board has approved a sole source vendor. Suppliers will be selected based on cost, the quality of the goods and services offered, and the ability, capacity, skill of the vendor as demonstrated under prior contracts with the Agency, and the timing when the goods or services are needed.

Purchases under \$2,500 may be made by Agency staff, without prior Board approval. All purchases under \$2,500 shall be approved by the General Manager prior to purchase. Approval may be demonstrated by written signature, email or telephone call. Should the General Manager not be available, approval may be obtained from the Board President or Vice-President via signature, email or telephone call. Any approval by telephone call shall be documented with an email confirmation including the date, time of contact, name of the person making the approval and the employee requesting approval. All approval documents shall be

kept with the original sales receipt. All purchases obtained in this manner shall be reported to the Board of Directors at the next Regular Meeting as part of the monthly financial reporting.

3.2. Exceptions

Sole Source Purchases. If the Board determines there is only one possible source for a proposed purchase, it may waive the bid process and authorize the purchase from the sole source. The General Manager will provide a detailed explanation for why the purchase is a sole source purchase.

Recurring Purchases. If the total value of a recurring purchase of a good or service is anticipated to exceed \$2,000 during any fiscal year, the quotation process shall be utilized and shall specify the recurring nature of the purchase. Once a quotation is accepted, all future purchases shall be made from that vendor without the necessity of additional quotations, until such time as the Board votes to initiate a new quotation process.

Emergency Purchases. The Board may award contracts and make purchases for the purpose of meeting a public emergency without complying with the quotation process. Emergency expenditures may include immediate repair or maintenance of Agency property, vehicles, or equipment if the delay in such repair or maintenance would endanger persons or property or result in substantial impairment of the delivery of vital services.

3.3. Professional Services

The quotation process shall not apply to the selection of providers for services that are characterized by a high degree of professional judgment and discretion including legal, financial, auditing, engineering, risk management, and insurance services. The General Manager, after approval by Board, may undertake a formal Request for Proposals process for special projects or for reevaluating existing recurring contracts when it is expected the cost of professional services will exceed \$25,000. Section 8 further describes the process for Professional Services.

3.4. Public Contract Code

At this time, the Agency does not perform any work which is subject to the Public Contracts Code for Public Works Construction, such as capital improvement projects. In the event these circumstances change, a policy will be developed to address compliance with the Public Contracts Code.

4. Banking, Cash Receipts, Petty Cash, and Returned Checks

This Section establishes banking procedures and proper management practices by employees when their assigned duties require the processing of cash, checks, and other receipts in order to instill public confidence in Agency operations and to provide accurate, reliable, and timely information upon which financial decisions can be made.

4.1. Banking

The Agency shall maintain all cash assets in a federally authorized banking institution. A checking account shall be maintained for payroll, routine payment of invoices, and payment of all other obligations. A savings account will be maintained to hold reserve funds not needed for regular and ongoing payments. Funds may be transferred from the savings account to the

checking account when funds are needed to cover regular expenditures. Section 9 describes the Agency's Fund Reserve Policy.

A statement of expenditures and checking and savings account balances shall be presented monthly to the Board for their review and information.

Signature authority for banking accounts will be vested in the Board and the Executive Assistant/Clerk of the Board. All checks require the signatures of two authorized signers. It is the duty of any Board and staff member who has authority to sign checks to verify there are sufficient funds available for payment of the checks before affixing their signature. Additionally, signers shall not sign checks for which they are the payee (e.g., reimbursement for expenses).

4.2. Authorized Personnel

For internal control purposes, only the following officers and employees are authorized to receive funds on behalf of the Agency: General Manager, Executive Assistant/Clerk of the Board and any other officer, official, or employee appointed by the Board.

4.3. Proper Payee

All checks, money orders, and credit card payments, regardless of function, must be made payable to the Ojai Basin Groundwater Management Agency. No instruments may be made payable to an Agency officer, employee, volunteer, committee, Board, or group.

4.4. Receipts

Persons authorized to receive funds on behalf of the Agency must issue a fully completed collection receipt for any cash received. The original completed receipt must be issued to the person from whom the funds are received. A copy of the receipt must be delivered to the Executive Assistant/Clerk of the Board with the funds. A separate copy of the receipt must be retained by the person authorized to receive funds for audit purposes.

4.5. Safeguarding Funds

Safeguarding funds prior to deposit with the Bank is the responsibility of authorized personnel receiving the funds. All cash, checks, credit card information, and money orders must be retained in a secure place until deposited in accordance with the Section 4.6 Depositing Funds.

4.6. Depositing Funds

Funds collected by authorized persons must be deposited with the Bank in a timely fashion, preferably by the following business day. Each person depositing funds must submit a report of the date collected, amount of payment, person or entity collected from and date of deposit with the Agency's banking institution. A summary report of such deposits shall be presented to the Board at its next regular meeting.

4.7. Petty Cash

The Agency does not maintain a petty cash fund or box. In the event a need arises for such, this document will be amended to include a Petty Cash policy.

4.8. Returned Checks

A check returned by the bank will be recorded in the accounting system against the revenue in which it was originally posted unless the check is replaced. The Agency will inform the check writer the check did not clear and a replacement check must be provided immediately, including the return check fee charged by the bank.

5. Debit and Credit Cards

Debit and credit cards provide a convenient method of obtaining goods and services for the Agency. However, by their nature, debit and credit cards provide an opportunity for unauthorized purchases and fraudulent activity. At this time, there does not appear to be a need for the Agency to maintain a credit card for purchases. In the event this changes, a specific policy for their use will be prepared and presented to the Board for approval. This policy establishes criteria for the proper use of debit cards when conducting Agency business.

5.1. Debit Cards

Debit cards issued under this policy may only be used by authorized persons to conduct Agency business. Debit cards may not be used for personal purchases or cash advances. A cardholder who makes unauthorized purchases or advances will be liable for the amount of such purchases or advances, plus any administrative fees charged by the bank in connection with the misuse. Authorized users may also be subject to disciplinary action, up to and including termination or denial of debit card privileges for misuse of an Agency debit cards.

The debit card may be used for on-line purchases and payment of on-going expenses such as internet service, storage facility rent, and the like, in accordance with the provisions of Section 3 Purchasing. For internet purchases, documentation will include a copy of the receipt and order confirmation page. All purchases must comply with Section 3 herein.

6. Budget

The Board believes sound financial management requires the annual budget be developed and administered to ensure annual revenue exceeds annual expenses. Adoption and administration of balanced budgets maintain the stability of the Agency's financial position.

Each year, the Agency will develop and present an operating budget, for the fiscal year beginning October 1st, that balances annual revenues and annual expenditures. The budget will anticipate and include the need to fund ongoing operating costs and necessary expenditures to meet regulatory requirements.

Beginning in July, a draft budget will be prepared and presented to the Board. At the meeting in August, a revised budget will be presented to review changes requested at the August meeting. A draft final budget document will be presented for approval to the Board at its regular meeting in September

7. Payroll

All employees of the Agency shall have a written employment agreement approved by the Board prior to beginning work. Employment agreements shall include descriptions of job duties and responsibilities, hourly pay rates, minimum and maximum weekly hours, and employee benefits (if any).

Payroll will be processed on a monthly basis. Hourly employees shall submit a signed detailed record of hours worked including the date worked and number of hours worked each day. The

General Manager, or in their absence, a Board member, will approve the timesheet. Payroll transactions shall be included with the monthly expenditure listing for review by the Board at its next regular meeting.

For the purposes of this policy document, the Board of Directors do not receive compensation or benefits and are not considered employees of the Agency.

8. Consulting and Legal Services

Whenever the Agency requires consulting and legal services contracts, approval by the Board is required. Should the work be required for a specific project, each contract will detail the work to be accomplished, the number of hours to complete the work, an expected date of completion and the fee or hourly rate for the services to be performed. Should the contract be for ongoing monthly work, the contract shall detail the work to be accomplished each month, the expected number of hours and the hourly fee.

All invoices for consulting and legal services shall be submitted to the Agency for processing 15 days before the regular meeting of the Board of Directors, typically held on the last Thursday of each month. The General Manager, or in their absence, a Board member, shall approve consultant and legal services invoices prior to payment.

9. Fund Balance Reserves

The Agency believes sound financial management requires sufficient funds be maintained for unanticipated expenses and revenue shortfalls as may be caused by economic downturns, drought or flood events, and other unforeseen circumstances. Maintaining such funds will sustain the stability of Agency pumping rates and ensure the Agency can fulfill its mission and comply with all regulations.

The Agency's objective is for adequate funds to be set aside in the savings account for one year of operating expenses in a planned and consistent manner so rate increases, if any, are implemented only when necessary. One year of operating expenses, based on prior years' budgets, is \$100,000.

The reserve fund is established for the purpose of covering unanticipated revenue shortfalls and paying non-recurring and unexpected expenditures. To this end, the Agency will only draw on the reserve fund to alleviate short-term budgetary issues such as revenue shortfall or unforeseen expenses. Any expenditure of the reserve fund for such purposes shall require approval by the Board.

At the time of the adoption of this policy, the savings account balance is well below the desired reserve fund. Over the next year, the General Manager will review revenue and expenses and endeavor to transfer a set amount per month, approximately \$5,000, to increase the reserve fund to meet the \$100,00 objective. The monthly financial reports presented to the Board will show the fund balance.

In the event funds are drawn from reserve, the General Manager will report this to the Board at the next regular meeting with a description of the unanticipated revenue shortfall and/or unexpected expenditures. A plan to restore the funds to the prescribed level will also be presented.

10. Policy Revisions

The Board will review and revise, as needed, these Financial Policy and Procedures on an annual basis.

Ojai Basin Groundwater Management Agency

Memorandum

To: Board of Directors
From: Julia Aranda, PE, Interim General Manager
Subject: Financial Audits for Fiscal Years 2017-2018 and 2018-2019

January 25, 2024

Recommendation

- Receive and File Financial Audits for Fiscal Years 2017-2018 and 2018-2019

Background and Discussion

The attached draft Financial Audits for Fiscal Years 2017-2018 and 2018-2019 were prepared by Cynthia Fannin, CPA, of Fanning & Karrh CPAs in Ventura.

Budget Impact

There is no financial impact to receiving and filing the Financial Audits for Fiscal Years 2017-2018 and 2018-2019.

Attachment: Financial Audits for Fiscal Years 2017-2018 and 2018-2019

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OJAI BASIN GROUNDWATER MANAGEMENT AGENCY

Financial Statements for the
Years Ended September 30, 2019 and 2018
And Independent Auditor's Report

Fanning & Karrh

Certified Public Accountants

A Professional Corporation

Final Draft (1-17-2024)

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
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OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
Governing Board of Directors and Management

<u>Name</u>	<u>Position</u>
<u>Governing Board of Directors:</u>	
Richard Hajas	President
Peter Thielke	Director
Jim Finch	Director
Andrew Whitman	Director
Bob Daddi	Director
<u>Management:</u>	
Julia Aranda	General Manager

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ojai Basin Groundwater Management Agency:

We have audited the accompanying financial statements of Ojai Basin Groundwater Management Agency (Agency) as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ventura, California

DATE

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MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of Ojai Basin Groundwater Management Agency, (Agency), financial performance provides an overview of the Agency's financial activities for the fiscal years ended September 30, 2019, and 2018. Please read it in conjunction with the Agency's financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS

- The Agency's net position increased \$43,667 and \$69,251 as a result of the operations during the years ended September 30, 2019, and 2018, respectively.

OVERVIEW

This discussion and analysis serve as an introduction to the Agency's basic financial statements. The financial statements reflect the revenues and expenses of the Agency for two fiscal years, October 1, 2018 – September 30, 2019, and October 1, 2017 – September 30, 2018. The financials include the following statements for each year presented: 1) Statement of Net Position; 2) Statement of Revenues and Expenses and Changes in Net Position; 3) Statement of Cash Flows; and 4) Notes to the Financial Statements.

The Statements of Net Position present the Agency's assets and liabilities, with the difference between the two presented as net position. The balances in the Agency's net position give the reader an indication of improvement or deterioration of its financial condition over time.

The Statements of Revenues, Expenses, and Changes in Net Position give the reader information on each year presented and break down the Agency's operations into meaningful detail. The data in the financials is based on revenues earned and expenses incurred by the Agency. The net amount of unexpended revenues for each year presented was added to the Agency's unrestricted net position. The total net position represents the cumulative net result of the Agency's operations since its inception.

The Agency uses a single enterprise fund for accounting and reports the results of all operations. The statements referenced above include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-section companies. Accrual revenues and expenses are taken into account regardless of when cash is received or paid.

The notes that follow the financial statements provide additional information essential to a full understanding of the data provided in the financial statements.

The following is a summary of the net position of the Agency and the change in the net position at September 30, 2019, 2018 and 2017.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Current Assets	\$ 176,204	\$ 129,927	\$ 61,718
Noncurrent Assets	<u>900</u>	<u>900</u>	<u>-</u>
Total Assets	<u>\$ 177,104</u>	<u>\$ 130,827</u>	<u>\$ 61,718</u>
Liabilities	<u>7,752</u>	<u>5,142</u>	<u>5,284</u>
Net Position	<u>169,352</u>	<u>125,685</u>	<u>56,434</u>
Total Liabilities and Net Position	<u>\$ 177,104</u>	<u>\$ 130,827</u>	<u>\$ 61,718</u>

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The Agency's net position increased \$43,667 (35%) and \$69,251 (123%) during the years ended September 30, 2019 and 2018, respectively. Total assets increased \$46,277 (35%) and \$69,109 (112%) as of September 30, 2019 and 2018, respectively, primarily due to increases in cash and cash equivalents. The increases are due to operations and are reflected in the following table.

The following condensed information reflects the actual revenues and expenses for the years that ended September 30, 2019, 2018 and 2017.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenues			
Charges for services and miscellaneous	\$ 150,635	\$ 164,684	\$ 74,017
Operating Expenses			
Payroll expenses	34,602	34,050	33,100
Professional fees	61,358	49,600	96,842
Other	<u>11,114</u>	<u>11,835</u>	<u>21,069</u>
Total operating expenses	107,074	95,485	151,011
Nonoperating revenues - interest income	<u>106</u>	<u>52</u>	<u>68</u>
Change in net position	<u>\$ 43,667</u>	<u>\$ 69,251</u>	<u>\$ (76,926)</u>

- Operating revenue reflects a decrease of \$14,049 during the year ended September 30, 2019, due to decreased pumping and, therefore, decreased groundwater extraction charge revenue. An increase of \$90,667 during the year ended September 30, 2018, was due to the implementation of the wellhead fee charged to each pumper (\$260 per year effective January 1, 2018) and increased groundwater extractions by pumpers.
- Operating expenses reflect an increase of \$11,589 during the year ended September 30, 2019, due to a slight increase in consultant work. A decrease of \$55,526 during the year ended September 30, 2018, was due to limited work by consultants.

Actual Results Compared to Budget

The Board of Directors adopts an annual budget each year. Performance is monitored throughout the year, comparing actual performance results to the budget. The following is a summary of actual results in comparison to budget.

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For the year ended September 30, 2019:

	<u>Actual</u>	<u>Budget</u>
Operating Revenues		
Charges for services and miscellaneous	\$ 150,635	\$ 159,400
Operating Expenses		
Payroll expenses	34,602	34,050
Professional fees	61,358	74,625
Other	<u>11,114</u>	<u>20,750</u>
Total operating expenses	107,074	129,425
Nonoperating revenues - interest income	<u>106</u>	<u>1,000</u>
Change in net position	<u>\$ 43,667</u>	<u>\$ 30,975</u>

For the year ended September 30, 2018:

	<u>Actual</u>	<u>Budget</u>
Operating Revenues		
Charges for services and miscellaneous	\$ 164,684	\$ 141,959
Operating Expenses		
Payroll expenses	34,050	36,868
Professional fees	49,600	86,535
Other	<u>11,835</u>	<u>16,037</u>
Total operating expenses	95,485	139,440
Nonoperating revenues - interest income	<u>52</u>	<u>63</u>
Change in net position	<u>\$ 69,251</u>	<u>\$ 2,582</u>

ECONOMIC FACTORS

Operating revenues for the Agency are highly dependent on groundwater extractions in the basin, which, in turn, are dependent on the weather (rainfall in the winter and high temperatures in the summer, for example).

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the General Manager, Ojai Basin Groundwater Management Agency, P.O. Box 1779, Ojai, California 93023.

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OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2019 AND 2018

	<u>NOTES</u>	<u>2019</u>	<u>2018</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2 , 3	\$ 117,577	\$ 77,598
Accounts receivable		<u>58,627</u>	<u>52,329</u>
TOTAL CURRENT ASSETS		<u>176,204</u>	<u>129,927</u>
NONCURRENT ASSETS			
Capital assets, net	4	-	-
Deposits		<u>900</u>	<u>900</u>
TOTAL NONCURRENT ASSETS		<u>900</u>	<u>900</u>
TOTAL ASSETS		<u>177,104</u>	<u>130,827</u>
LIABILITIES			
Accounts payable		6,156	3,838
Payroll liabilities		<u>1,596</u>	<u>1,304</u>
TOTAL LIABILITIES		<u>7,752</u>	<u>5,142</u>
NET POSITION			
Net investment in capital assets		-	-
Unrestricted		<u>169,352</u>	<u>125,685</u>
TOTAL NET POSITION		<u>169,352</u>	<u>125,685</u>
TOTAL NET POSITION		<u>\$ 169,352</u>	<u>\$ 125,685</u>

See accompanying notes to financial statements.

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OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES:		
Extraction charges	\$ 107,082	\$ 131,428
Well head fees	40,105	29,445
Other	<u>3,448</u>	<u>3,811</u>
TOTAL OPERATING REVENUE	<u>150,635</u>	<u>164,684</u>
OPERATING EXPENSES:		
Depreciation	-	-
Insurance	2,085	1,917
Miscellaneous	-	450
Other operating expenses	1,509	2,958
Office expenses	1,120	1,798
Payroll expense	34,602	34,050
Professional expenses	61,358	50,119
Rent	6,400	3,625
Small tools	<u>-</u>	<u>568</u>
TOTAL OPERATING EXPENSES	<u>107,074</u>	<u>95,485</u>
INCOME FROM OPERATIONS	<u>43,561</u>	<u>69,199</u>
NON-OPERATING REVENUES -		
Interest income	<u>106</u>	<u>52</u>
CHANGE IN NET POSITION	43,667	69,251
TOTAL NET POSITION - Beginning of year	<u>125,685</u>	<u>56,434</u>
TOTAL NET POSITION - End of year	<u>\$ 169,352</u>	<u>\$ 125,685</u>

See accompanying notes to financial statements.

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OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	\$ 144,337	\$ 147,345
Cash payments to employees	(34,310)	(33,822)
Cash payments for operating expenses	<u>(70,154)</u>	<u>(61,305)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>39,873</u>	<u>52,218</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	106	52
Rent deposit	<u>-</u>	<u>(900)</u>
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>106</u>	<u>(848)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,979	51,370
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>77,598</u>	<u>26,228</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 117,577</u>	<u>\$ 77,598</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 43,561	\$ 69,199
Changes in operating assets and liabilities:		
Accounts receivable	(6,298)	(17,339)
Other receivables	-	500
Accounts payable	2,318	(370)
Payroll liabilities	<u>292</u>	<u>228</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 39,873</u>	<u>\$ 52,218</u>

See accompanying notes to financial statements.

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OJAI BASIN GROUNDWATER MANAGEMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The Ojai Basin Groundwater Management Agency (Agency), a special district of the State of California, was formed in 1991 pursuant to the Ojai Basin Groundwater Management Agency Act (Senate Bill No 534). The Agency is responsible for managing the supply and demand of Ojai Groundwater Basin for the protection and common benefit of agricultural, municipal, and industrial water users of the basin. The Board of Directors consists of five members representing the City of Ojai, Casitas Municipal Water District, Ojai Water Conservation District, Communities Facilities District and one elected to represent three mutual water companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Agency’s reporting entity includes all significant operation and revenue sources which the Agency’s Board of Directors exercises oversight responsibility. Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. There are no component units included in this report.

Basis of Accounting – The Agency is accounted for as a proprietary fund in accordance with generally accepted accounting principles as applied to governmental units. Proprietary funds are used to account for operations (a) that are financial and operated in a manner similar to private business enterprises – where the expenses of providing goods or services to the general public are recovered through user charges, or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, and other purposes. Because the Agency is accounted for as a proprietary fund, the Agency uses the economic resources measurement focus and the accrual basis of accounting is used for financial statement reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Net position is segregated into investment in capital and unrestricted.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing goods and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues come from extraction charges from well owners within the basin. Operating expenses include the administrative expenses of the Agency. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Principles of Presentation – The accompanying financial statements are presented utilizing the accrual method of accounting.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Final Draft (1-17-2024)

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Agency considers all highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents.

Accounts Receivable – Accounts receivable are from customers whose property is located within the Ojai Basin. There is no allowance for doubtful accounts as the amounts are deemed collectible by the Agency.

Capital Assets – Capital assets that are acquired and/or constructed are capitalized at historical cost. Donated property is recorded at fair market value at the date of donation. No formal capitalization policy has been established. Depreciation is recorded on a straight-line basis over the estimated service lives of five to seven years.

Compensated Absences – The Agency's employees do not receive compensated absences at this time; therefore no liability for compensated absences exists.

Net Position – Net position represents the difference between assets and liabilities on the financial statements. Net position is classified in the following categories:

- Net investment in capital assets – This category includes capital assets, net of accumulated depreciation and reduced by any outstanding debt related to the acquisition, construction, or improvement of those assets.
- Restricted – This category consists of net position with legal limitations imposed on their use by external restrictions by other governments, creditors, grantors, contributors, laws, or regulations, or through constitutional provision, or enabling legislation. As of September 30, 2019 and 2018, the Agency did not have restricted net position.
- Unrestricted net position – This category consists of all other net position that does not meet the definition of restricted or invested in capital assets.

Subsequent Events – The Agency has evaluated subsequent events through _____, the date which the financial statements were available to be issued.

Reclassifications - Certain reclassifications have been made to the prior year financial statements in order to conform to the presentation of the current year financial statements for comparative purposes. There is no material effect on the financial statements.

3. DEPOSITS

The Agency's carrying value of deposits with banks was \$117,577 and \$77,598 at September 30, 2019 and 2018, respectively. The corresponding bank balances were \$126,334 and \$86,201 at September 30, 2019 and 2018, respectively. Bank balances up to \$250,000 were covered by Federal deposit insurance. The California Government Code requires all financial institutions to secure a local government agency's deposit by pledging governmental securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits, and collateral is considered to be held in the name of the Agency. All cash held by financial institutions is, therefore, entirely insured or collateralized.

Final Draft (1-17-2024)

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
Equipment	\$ 2,490	\$ -	\$ -	\$ 2,490
Less accumulated depreciation	(2,490)	-	-	(2,490)
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance September 30, 2017	Increases	Decreases	Balance September 30, 2018
Equipment	\$ 2,490	\$ -	\$ -	\$ 2,490
Less accumulated depreciation	(2,490)	-	-	(2,490)
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

5. RISK MANAGEMENT

The Agency is exposed to potential losses from claims arising from its business operations. The Agency maintains insurance coverage through an independent carrier with limits of \$1,000,000 per occurrence. There have been no significant reductions in insured coverage.

6. MAJOR CUSTOMERS

The Agency has one customer whose water charges represent a significant portion of extraction charges. Revenue from this customer represented 23% and 24% of operating revenue during the years ended September 30, 2019 and September 30, 2018, respectively.

7. RELATED PARTIES

During the years ended September 30, 2019 and 2018, the Agency provided water to several of the members of the board of directors of the Agency. The extraction rate per acre foot paid by the members of the board of directors is the same as the extraction rate paid by all customers of the Agency.

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8. SUSTAINABLE GROUNDWATER MANAGEMENT ACT

The Sustainable Groundwater Management Act (SGMA) was approved by the State of California in 2017 to provide a framework to help protect groundwater resources. Under the requirements of the law, the Agency is required to develop and implement a groundwater sustainability plan (GSP). The Agency's GSP was approved by the California Department of Water Resources in October 2023. The Agency continues to work on compliance with the SGMA and has engaged outside consultants to assist in the implementation of the GSP.

Ojai Basin Groundwater Management Agency

Memorandum

To: Board of Directors
From: Julia Aranda, PE, Interim General Manager
Subject: Financial Audits for Fiscal Years 2020-2021 and 2022-2023

January 25, 2024

Recommendation

- Accept the proposal from Farber Hass Hurley LLP to prepare Financial Audits for Fiscal Years 2020-2021 and 2022-2023

Background and Discussion

The attached proposal from Farber Hass Hurley LLP includes services to prepare financial audits for fiscal years 2020-2021 and 2022-2023. FHH LPP is a certified public accounting firm with a local office in Oxnard and performs such services for public and privately held organizations.

Budget Impact

The fee for auditing services is \$17,500.00. Approval of a budget of \$20,000 is requested as a contingency.

Attachment: Proposal from Farber Hass Hurley LLP to prepare Financial Audits for Fiscal Years 2020-2021 and 2022-2023, dated January 2, 2024



FARBER HASS HURLEY LLP

CERTIFIED PUBLIC ACCOUNTANTS

January 2, 2024

Board of Directors
Ojai Basin Groundwater Management Agency
Ojai, California

We are pleased to confirm our understanding of the services we are to provide Ojai Basin Groundwater Management Agency for the two two-year periods ended September 30, 2020 and 2021, and September 30, 2022 and 2023.

Audit Scope and Objectives

We will audit the financial statements of Ojai Basin Groundwater Management Agency (the "Agency"), which comprise the statements of net position as of and for the two two-year periods ended September 30, 2020 and 2021, and September 30, 2022 and 2023, the related statements of activities and changes in net position, and cash flows for the years then ended, and the disclosures. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Agency's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Agency's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether the Agency financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS 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 of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the Agency's accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

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fhhcpas.com

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with the Agency or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, the Agency agrees that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Agency's attorneys as part of the engagement and they may bill the Agency for responding to this inquiry.

We may, from time to time and depending on the circumstances, use third-party service providers in serving the Agency's account. We may share confidential information about the Agency with these service providers but remain committed to maintaining the confidentiality and security of Agency information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of the Agency's personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of Agency information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of Agency confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, the Agency will be asked to provide its consent prior to the sharing of its confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve the Agency of its responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Agency and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to the Agency and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Agency's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Agency in conformity with accounting principles generally accepted in the United States of America based on information provided by the Agency. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

The Agency agrees to assume all management responsibilities for the financial statements, related notes, and any other nonaudit services we provide. The Agency will be required to acknowledge in the management representation letter the services provided and our assistance with the preparation of the financial statements and related notes and that the Agency has evaluated the adequacy of our services and has reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, the Agency agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that the Agency acknowledges and understands its responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. The Agency is also responsible for the selection and application of accounting principles, for the preparation

and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

The Agency is also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). The Agency is also responsible for providing us with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Agency from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from the Agency about its responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

The Agency's responsibilities include adjusting the 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 latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The Agency is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Agency involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. The Agency's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Agency received in communications from employees, former employees, grantors, regulators, or others. In addition, the Agency is responsible for identifying and ensuring that the Agency complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

The Agency is responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. The Agency agrees to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. The Agency also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

The Agency is required to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. The Agency agrees that it will not date the subsequent event disclosure earlier than the date of its management representation letter.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Agency is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as its planned corrective actions for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that Agency employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will schedule the engagement based in part on deadlines, working conditions, and the availability of the Agency's key personnel. We will plan the engagement based on the assumption that Agency personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, Agency 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.

We will provide copies of our reports to the Agency; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Farber Hass Hurley and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the California State Controller's Office (SCO) or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify the Agency of any such request. If requested, access to such audit documentation will be provided under the supervision of Farber Hass Hurley personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the SCO. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Paula Woodward is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

The Agency may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with the Agency concerning the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

To ensure that Farber Hass Hurley's independence is not impaired under the AICPA *Code of Professional Conduct*, the Agency agrees to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

We estimate that our fees for the audits will be \$17,500. The Agency will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, confirmation service provider fees, etc. The fee estimate is based on anticipated cooperation from Agency personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep the Agency informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Additionally, work may be suspended if the Agency account becomes delinquent and will not be resumed until the account is paid in full. In the event that any collection action is required to collect unpaid balances due us, the Agency agrees to reimburse us for our costs of collection, including attorneys' fees. If we elect to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if

we have not completed our report. The Agency will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

It is our policy to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any Agency original records during the engagement, those documents will be returned to the Agency promptly upon completion of the engagement, and the Agency will provide us with a receipt for the return of such records. The balance of our engagement file, other than the financial statements, which we will provide the Agency at the conclusion of the engagement, is our property, and we will provide copies at our discretion and if compensated for any time and costs associated with the effort.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, the Agency agrees to compensate us at our standard hourly rates for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

In the event that we incur any costs, or become obligated to pay any judgment or similar award as a result of any inaccurate or incomplete information that the Agency provides to us during the course of this engagement, the Agency agrees to indemnify us, defend us, and hold us harmless as against such costs and obligations.

The Agency agrees that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the county of Ventura, by a firm acceptable to both parties according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to California law. The results of any mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of this engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment the Agency obtains shall be limited in amount, and shall not exceed the amount of the fee charged by us, and paid by the Agency, for the services set forth in this engagement letter.

The engagement letter is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

Reporting

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

If circumstances occur related to the condition of Agency 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.

We will also provide a report (which 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 state that (1) 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) 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 report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Agency 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.

We appreciate the opportunity to be of service to the Ojai Basin Groundwater Management Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,



Farber Hass Hurley LLP

RESPONSE:

This letter correctly sets forth the understanding of Ojai Basin Groundwater Management Agency.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____