

Regular Meeting of the
BOARD OF DIRECTORS
SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
will be held at 6:30 pm, Wednesday, December 4, 2019
at Buellton City Council Chambers
140 West Highway 246, Buellton, California

AGENDA

- I. Call to Order and Roll Call
- II. Pledge of Allegiance
- III. Additions, if any, to the Agenda
- IV. Public Comment (Any member of the public may address the Board relating to any non-agenda matter within the Board's jurisdiction. The total time for all public participation shall not exceed fifteen minutes and the time allotted for each individual shall not exceed five minutes. No action will be taken by the Board at this meeting on any public item.)
- V. Consideration of the Minutes of the Special Meeting of September 25, 2019
- VI. General Manager Report – Status, discussion and possible Board action on the following subjects:
 - A. Presentation of FY 2018-19 Audit
 - B. Surface Water Report
 - C. Financial Report
 - D. Formation of Ad hoc Committee – Personnel Manual
 - E. SDRMA President's Special Acknowledgement Award
- VII. Groundwater Program Manager Report:
 - A. Sustainable Groundwater Management Act (SGMA) Update
 - B. Consideration of Resolution No. 695: Making an application to the California Department of Water Resources to obtain a grant under the 2019 Sustainable Groundwater Management Grant Program Pursuant to the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) and the Water Quality, Supply and Infrastructure Improvement Act of 2014 (Proposition 1), and to enter into an agreement to receive a grant for

an Aerial Electromagnetic Survey of the WMA and CMA Portions of the Santa Ynez River Valley Groundwater Basin

- C. Consider Adoption of and Authorize General Manager to sign Intra-Basin Administrative Agreement for Implementation of the Sustainable Groundwater Management Act in the Santa Ynez River Valley Groundwater Basin.
- D. Semi-annual Groundwater Pump Charge Program Update

VIII. Attorney Report

- IX. Reports, acts by Board members, questions of staff, status reports, announcements, observations, and other matters, and/or communications not requiring action
- X. Requests from the Board of Directors for items to be included on the next Agenda. The next Regular Meeting is scheduled for March 4, 2020, at 6:30 pm at the Buellton City Council Chambers.

In compliance with the California Water Code, regular meetings are scheduled for the first Wednesday in March, June, September and December at various locations within the District. Special meetings may be held at any location within the District.

XI. Closed Session

- A. Conference with Legal Counsel – Existing litigation (Government Code section 54956.9, subd. (d)(1)) relating to quasi-adjudicatory and other proceedings pending before the State Water Resources Control Board (SWRCB) regarding Permits 11308 and 11310 issued on Applications 11331 and 11332 of the United States Bureau of Reclamation for the Cachuma Project, and complaints filed by the California Sport Fishing Protection Alliance regarding the operation of the Cachuma Project and SWRCB Order WR 89-18; and proposed changes to the place and purpose of use of waters obtained through aforementioned permits for the Cachuma Project; and proceedings related to SWRCB Permit No. 15878 held by the City of Solvang.
- B. Conference with Legal Counsel - Anticipated Litigation: Significant exposure to litigation (Government Code section 54956.9, subd. (d)(2)): One Claim
- C. Conference with Legal Counsel – Anticipated Litigation: Possible initiation of litigation (Government Code section 54956.9, subd. (d)(4) (one item).

XII. Closed Session Report

XIII. Adjournment

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MEETING MINUTES

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

A special meeting of the Board of Directors of the Santa Ynez River Water Conservation District was held on Wednesday, September 25, 2019, at the Buellton City Council Chambers, 140 West Highway 246, Buellton, California.

Directors Present: Cynthia Allen Mark Altshuler Art Hibbits Steve Jordan Brett Marymee

Others Present: General Manager Kevin Walsh, Groundwater Program Manager Bill Buelow, Legal Counsel Steve Torigiani, District Administrator Amber Thompson, and 2 members of the public

I. CALL TO ORDER AND ROLL CALL

President Allen called the meeting to order at 6:30 p.m. Mr. Buelow called the roll. All Directors were present.

II. PLEDGE OF ALLEGIANCE

President Allen led the Pledge of Allegiance.

III. ADDITIONS, IF ANY, TO THE AGENDA

There were no additions to the agenda.

IV. PUBLIC COMMENT

There was no public comment.

V. APPROVAL OF MINUTES

Mr. Buelow submitted the minutes of the regular meeting of June 05, 2019 for Board approval. Director Hibbits suggested that on future minutes any Public Comments be summarized in the minutes not just a record of who spoke. After discussion, all Directors agreed to that suggestion. Director Hibbits made a MOTION to approve both sets of minutes. Director Marymee seconded the motion and it passed unanimously.

VI. GENERAL MANAGER REPORT

A. Appointment of Board Secretary

Mr. Walsh recommended Ms. Amber Thompson be appointed as Secretary to the Board and noted that Mr. William Buelow would remain as Treasurer. Director Jordan made a MOTION to appoint Ms. Thompson as the Secretary to the Board. The motion was seconded by Director Hibbits and was passed by the

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following roll call vote:

AYES, Directors:	Cynthia Allen Mark Altshuler Art Hibbits Steve Jordan Brett Marymee
NOES, Directors:	None
ABSENT, Directors:	None

B. Surface Water Report

Mr. Walsh reported there was a Gin Chow release of 586 acre-feet in June. Rainfall this year in the watershed was above average and brought the lake up to 81% of capacity. If the lake had been at historical average levels prior to the rainfall, then a spill event would have occurred. Because the Above (ANA) and Below (BNA) Narrows alluvial groundwater basins were recovering nicely, and the credits in Lake Cachuma would be more valuable in a future dry year than in this current year, a decision was made to not make a water rights release this summer.

Mr. Walsh reported the Above Narrows dewatered storage held steady through August, particularly in the Buellton and Santa Rita sub-areas although the Santa Ynez sub-area dropped some. The ANA credit is 15,546.2 acre-feet. The BNA credit is 4,098.0 acre-feet. Depending upon rainfall this next winter season, a combined ANA/BNA release could be made next summer. We will wait and see actual precipitation since El Niño Southern Oscillation (ENSO) report data does not point in any one particular direction with regard to a dry year or wet year.

Mr. Walsh noted that SYRWCD does not participate financially in cloud seeding. The County has indicated that the program may tentatively resume in the winter of 2020-21, depending on the recovery of the watershed and other factors.

C. Financial Report

a. FY 2018-19 Financial Reports

The Board briefly reviewed the financial reports for May and June 2019. Mr. Walsh reviewed notable differences between Budget and Actuals for Period 12 year-end FY 2018-2019. Revenues exceeded Budget by 3.3%. This was primarily due to a drier than average year causing increased water use and therefore increased Pump Charges revenue. Total Operations Expenses were less than Budget by 2.5%. SGMA Expenses were lower than Budget due to significant work not getting under-way until after the end of the fiscal year. These budgeted expenses were not avoided, just delayed until the following fiscal year(s). Total Legal Expenses were under Budget by 16.6%. Efforts on the Fisheries issues on the River and on the Water Rights Order began in earnest later in the year than expected. These budgeted

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expenses were not avoided, just delayed until the following fiscal year. Total Engineering Expenses were under Budget by 22.0%. The largest item to account for this was the water rights release, which did not occur. HR Contingencies were unbudgeted at \$31,628.61.

Mr. Walsh presented the 4th Quarter Investment Report. Mr. Walsh said investments were made in accordance with policy and sufficient funds are available to meet District obligations in accordance with law.

b. FY 2019-20 Financial Reports

The Board briefly reviewed the financial reports for July and August 2019. Mr. Walsh reviewed notable differences between Budget and Actuals for Period 2 Year-to-Date FY 2019-2020. While Period 2 year-to-date Revenues were greater than Budget, and expenses were less than Budget, these do not indicate trends. We are expecting that both Revenues and Expenses for 2019-20 will be at budgeted amounts for each category at year-end. It is expected that there will be some expenditures from contingencies this year to create a Conference Room within the existing office space.

c. Warrants

The Board briefly reviewed the Warrant Lists for June, July, August, & September 2019. Director Marymee made a MOTION to ratify the Warrants as presented (nos. 4744-4867). Director Hibbits seconded and the motion was passed unanimously.

d. Consideration of Resolution No. 693: Authorizing Investment of Monies in Local Agency Investment Fund (LAIF) – Authorization transition successors

Director Jordan waived reading of the Resolution and MOVED to adopt Resolution No. 693, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND.

The motion was seconded by Director Altshuler and the resolution was adopted and passed by the following roll call vote:

AYES, Directors:	Cynthia Allen Mark Altshuler Art Hibbits Steve Jordan Brett Marymee
NOES, Directors:	None
ABSENT, Directors:	None

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D. Consideration of Resolution No. 694: Designating an Office Location and Time and Place of Regular Meetings

Director Hibbits waived reading of the Resolution and MOVED to adopt Resolution No. 694, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT DESIGNATING AN OFFICE LOCATION AND TIME AND PLACE OF REGULAR MEETINGS.

The motion was seconded by Director Marymee and the resolution was adopted and passed by the following roll call vote:

AYES, Directors:	Cynthia Allen Mark Altshuler Art Hibbits Steve Jordan Brett Marymee
NOES, Directors:	None
ABSENT, Directors:	None

E. State Water Resources Control Board meeting on September 17, 2019 regarding Order Amending Cachuma Project Permit Nos. 11308 & 11310

Mr. Walsh reviewed the State Water Resources Control Board’s Media Release dated September 17, 2019 titled “State Water Board Adopts Order Protecting Endangered Steelhead and Senior Water Right Holders Impacted by the Cachuma Reservoir Project” and the accompanying Facts Sheet titled “State Water Board Adopts Revised Order for Cachuma Project in Santa Barbara County; Order will Improve Water Conditions for Survival of Migrating Fish”. It calls for increased releases downstream for fish which costs everyone some water. Staff estimates a loss of only a couple hundred acre-feet or less of water to the District due to the revised order. As a positive note, the Order does include the 2002 Settlement Agreement.

VII. GROUNDWATER PROGRAM MANAGER REPORT

A. Sustainable Groundwater Management Act (SGMA) Update

Mr. Buelow reviewed the District’s SGMA efforts. Individual plans are being developed for the three Management Areas, Eastern, Central and Western areas and are due in January 2022. The District was awarded a \$1 million grant through Prop 1 funds to help pay for developing these plans. The first Quarterly Progress Report and Invoice was submitted to State of California, Department of Water Resources (DWR) for our Prop 1 Grant award in July 2019. This first Progress Report and Invoice included a compilation of all efforts from 2015 through June 2019 so it was rather lengthy and included approximately \$47,000 of reimbursable expenses plus extensive cost share amounts toward the grant required 50% cost match (\$1.5 million total). DWR approved the full

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reimbursement of approximately \$47,000 plus \$138,000 in advanced funds based on the percentage of cost share provided. These advanced funds will be held in a separate Money Market account owned by the District for SGMA efforts only until costs are incurred and funds will then be transferred to the appropriate GSA checking account as needed.

Mr. Buelow reported the Stakeholder Engagement Plan and Data Management Plan for all three management areas have been created by consultants, presented to the respective GSA Committees, released to the public for a 60-day public review and can be found on the District website. The Citizen Advisory Groups (CAG) for all three management areas are established and reviewing the plans.

Mr. Buelow advised that staff is considering applying for a grant through Prop. 68. These funds could be used for anything not already funded with the Prop. 1 Grant.

B. Semi-annual Groundwater Pump Charge Program Update

Mr. Buelow reported that during the first period of Fiscal Year 2019-20, the District has received approximately \$247,000 and expects to receive close to \$250,000 during this round of Groundwater Pump Charge collection. Staff expects the fiscal year collection total should be close to the budgeted amount.

Mr. Buelow advised staff is researching adding the capability to accept credit card payments at no or low cost to consumer. Information is being collected from various agencies and vendors for this service. After discussion, the Board directed staff to continue process in order to add this capability.

Ms. Komoroske asked if everyone with a well is supposed to self-report to the District and does the District coordinate with the County when a new well is permitted to be drilled. Mr. Buelow advised if a well is located in the District boundaries then they should be self-reporting groundwater pumping and that no automatic coordination exists between the District and the county when well drilling permits are obtained. The District does receive a list of all permits for well drilling from the County and staff is currently following up registering any wells not already in the District's system. Ms. Komoroske asked if the Chumash Tribe is required to report groundwater pumping. Mr. Buelow advised that the Reservation gets water from ID No. 1 and the Camp 4 property is located outside the boundaries of the District so is not subject to reporting well pump data to the District.

VII. ATTORNEY REPORT

Mr. Torigiani reported AB200, the Safe Drinking Water Fund bill, was passed. No water taxes were passed.

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Mr. Torigiani advised that California legislators are in debate on SB1 which currently affects the Delta but could, in the future, affect the Cachuma Project.

IX. REPORTS, ACTS BY BOARD MEMBERS, QUESTIONS OF STAFF, STATUS REPORTS, ANNOUNCEMENTS, OBSERVATIONS AND OTHER MATTERS, AND/OR COMMUNICATIONS NOT REQUIRING ACTION

President Allen will not be available for the December 4, 2019 regular meeting.

Director Marymee requested a comparison of director stipends for other water boards as SYRWCD stipends appear to be the lowest.

Director Marymee suggested looking into automation of Board Packages to move away from using so much paper and move toward more electronic means like board packets on ipads for Directors. Director Altshuler suggested staff bring a laptop, projector and screen to project all Board Packet materials during meetings for all in attendance.

X. REQUEST FOR ITEMS TO BE INCLUDED ON THE NEXT AGENDA

No requests were made for items to be included in the next agenda. The next Board meeting is scheduled as regular meeting for December 4, 2019.

XI. CLOSED SESSION

The Board adjourned into Closed Session at 7:50 p.m. to discuss the following topics:

- A. Conference with Legal Counsel – Existing litigation (Government Code section 54956.9, subd. (d)(1)) relating to quasi-adjudicatory and other proceedings pending before the State Water Resources Control Board (SWRCB) regarding Permits 11308 and 11310 issued on Applications 11331 and 11332 of the United States Bureau of Reclamation for the Cachuma Project, and complaints filed by the California Sport Fishing Protection Alliance regarding the operation of the Cachuma Project and SWRCB Order WR 89-18; and proposed changes to the place and purpose of use of waters obtained through aforementioned permits for the Cachuma Project; and proceedings related to SWRCB Permit No. 15878 held by the City of Solvang.
- B. Conference with Legal Counsel - Anticipated Litigation: Significant exposure to litigation (Government Code section 54956.9, subd. (d)(2)): One Claim
- C. Conference with Legal Counsel – Anticipated Litigation: Possible initiation of litigation (Government Code section 54956.9, subd. (d)(4) (one item).

The Board emerged from Closed Session at 8:34 p.m.

XII. RECONVENE OPEN SESSION/REPORT FROM CLOSED SESSION

Open session reconvened at 8:34 p.m. President Allen reported that on MOTION by Director Hibbits, seconded by Director Marymee, and unanimously approved, the Board of Directors rejected one government claim and directed staff to send a notice of rejection of such claim.

XIII. ADJOURNMENT

There being no further business, President Allen MOVED to adjourn the meeting at 8:35 p.m.

Brett Marymee, Vice- President

Amber M. Thompson, Secretary

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

MEMORANDUM

DATE: 04 December 2019

TO: Cynthia Allen Mark Altshuler Art Hibbits
Brett Marymee Steve Jordan Steve Torigiani

FROM: Kevin D. Walsh

SUBJECT: General Manager Report

AGENDA ITEM VI

A. Presentation of FY 2018-19 Audit

Bartlett, Pringle, Wolff, LLP (BPW) will present to the Board the FY 2018-19 Audit.

Recommend: Motion to receive and file FY 2018-19 Audit.

B. Surface Water Report

Above Narrows dewatered storage is 20,559 acre-feet. The ANA storage is about 1,500 acre-feet more than September 2018. The ANA credit is 15,580.9 acre-feet. The BNA dewatered storage is 18,762 acre-feet. The BNA credit is 4,098 acre-feet. The Below Narrows areas continue to decline and are now around 2014 levels. Depending upon rainfall this next winter season, a combined ANA/BNA release could be made next summer. Rates and amounts of such a release will be informed by the recent SWRCB Order will require special consideration for above average and wet years.

Winter 2019-20 Precipitation Outlook. The National Weather Service indicates that predictions for December through April are for about 30-40% above normal temperatures, and about 30-40% below normal rainfall. With regard to the “El Niño Southern Oscillation” (aka **ENSO**: a recurring climate pattern involving changes in the temperature of waters in the central and eastern tropical Pacific Ocean), the data does not point in any one particular direction with regard to a dry year or wet year. The term for this is “Neutral”.

Attachments (Current Month):

- Rainfall and Reservoir Status Report
- Cachuma Daily Operations
- Downstream User Accounting Report
- Groundwater Level Graphs

C. Financial Report

FY 2019-20 Financial Reports

The Balance Sheets and Income Statements for Periods 3 and 4 of Fiscal Year 2019-2020 are attached.

Notables for Period 4 Year-to-Date FY 2019-2020:

- While Period 4 year-to-date Revenues were greater than Budget, and expenses were less than Budget, these do not indicate trends. We are expecting that both Revenues and Expenses for 2019-20 will be at or near budgeted amounts for each category at year-end. We are expecting to have to make a transfer from reserves to cover expenses in Period 6 or 7, as was anticipated by the Budget.
- There are some variations in Legal and Engineering line items due to the unpredictable timing of our assistance to the USBR on the Biological Assessment (BA) as required by the National Marine Fisheries Service (NMFS), and timing of the new State Water Board Order WR 2019-0148 which has now been issued. Both Legal and Engineering invoices for Period 4 were submitted late and will be included in Period 5 accounting.
- Contingencies to date include just one item. It is expected that there will be some expenditures from contingencies this year to create a Conference Room within the existing office space.

Quarterly Investment Report

Certification is attached. Information only. No action required.

Approval of Warrants

The Monthly Warrants are attached.

Recommend Motion to Approve October and November Warrants.

D. Appoint Personnel Manual Committee

A draft of the Personnel Manual is being prepared. Due to the number of pages and detail, President Allen has suggested that an ad hoc committee of Brett Marymee and herself serve in a review and advise capacity until the report is ready to be submitted to the entire Board for approval.

Recommend Motion to Appoint Cindy Allen and Brett Marymee to ad hoc committee for the purpose of reviewing and advising preparation of District Personnel Manual.

KDW/amt

Enclosures

SANTA YNEZ RIVER WATER
CONSERVATION DISTRICT
JUNE 30, 2019
FINANCIAL STATEMENTS



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

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SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Santa Ynez River Water Conservation District:

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Ynez River Water Conservation District (the "District") as of and for the years ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the ending balance of net position was restated as of June 30, 2018 to correct a misstatement. Our opinion is not modified with respect to this matter. As part of our audit of the 2019 financial statements, we also audited the adjustment described in Note 10 that was applied to restate the ending balance of net position as of June 30, 2018. In our opinion, such adjustment is appropriate and has been properly applied.

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 8 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.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Supplemental Schedule of Revenues and Expenses – Actual and Budget on page 29 and the list of Board of Directors on page 30 is presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedule of Revenues and Expenses – Actual and Budget is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule of Revenues and Expenses – Actual and Budget is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The list of Board of Directors has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2019 on our consideration of Santa Ynez River Water Conservation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Santa Barbara, California
December 4, 2019

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

This section provides Management's Discussion and Analysis of the Santa Ynez River Water Conservation District's financial performance for the fiscal year ended June 30, 2019. It includes: 1) Background and Discussion of Operations; 2) Revenues and Financial Reporting; 3) Overview of the Financial Statements; 4) Financial Highlights for fiscal years ended June 30, 2019 and 2018; and 5) Economic Factors and Next Year’s Budget.

Background and Discussion of Operations

The District was formed in 1939 under the Water Conservation District Act of 1931 to protect the surface water rights and associated supplies of the citizens of the Santa Ynez Valley from diversion and export from the watershed to the South Coast of Santa Barbara County. This was in response to the construction of two dams on the Santa Ynez River by South Coast interests and plans to build a third which was subsequently constructed by the U.S. Bureau of Reclamation (Reclamation). In 2015, in response to the State of California's historic passage of significant groundwater legislation (Sustainable Groundwater Management Act or "SGMA") in 2014, the District took a leadership role in initiating activities to manage groundwater in the watershed.

District representatives participate in State Water Resources Control Board (SWRCB) activities regulating the underflow of the Santa Ynez River, implement various provisions of the SWRCB Orders protecting downstream water rights, and monitor activities by others with regard to the aforementioned agreements and SWRCB Orders. By SWRCB order, the District may call for the release of "water rights" water from the Cachuma Reservoir and manages the timing and rates of those flows in order to promote recharge along the river and on the Lompoc Plain. The District owns no facilities or meters to control or measure these flows, nor does it have any control over who pumps any groundwater recharged by those flows.

The District's activities in defending the surface water supplies of its constituents from use by outside interests and in implementing SGMA involve the application of technical, regulatory, and legal expertise to resolve surface and groundwater issues along the river and in the adjacent uplands. The District negotiated various agreements over the years with South Coast interests and Reclamation pertaining to the operation of the dams. These agreements have dealt with, among other things, the quantity and quality of water to be released for the benefit of downstream users, peak flow management, and endangered species.

The District monitors groundwater use and groundwater levels in the watershed and has managed groundwater studies in the Santa Ynez Uplands, Buellton Uplands and Lompoc Area Basins. Notably, an AB 3030 Groundwater Management Plan for the Buellton Uplands was developed and approved by the District and the City of Buellton in 1995. In accordance with SGMA, the District, working with its agency partners and constituents, established three Groundwater Sustainability Agencies (GSA) within the watershed and initiated activities to develop a Sustainable Groundwater Management Plan (GSP). Representatives of the eight partner agencies all agreed on the District taking an organizational and coordinating role to develop GSPs for all three GSAs to manage groundwater in the watershed.

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SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues and Financial Reporting

The District's primary sources of revenue are *ad valorem* property taxes and groundwater pumping charges. Such charges are authorized to be levied "upon the production of groundwater from all water producing facilities...for the benefit of all who rely directly or indirectly upon the groundwater supplies ..." (Water Code Section 75522). The District derives about two percent of its revenue from investment income.

Property taxes are distributed by the County of Santa Barbara to the District according to a formula that was agreed upon in 1978. These taxes do not appear as a separate item on property tax bills but are part of the 1% tax limit on assessed valuation that was imposed State-wide by Proposition 13.

Groundwater Pumping Charges are set by the Board of Directors each year. For the Fiscal year 2018-19 budget, these charges were significantly raised, with the effects showing up in the second half of the 2018-19 fiscal year, and in the first half of the 2019-20 fiscal year. In part, the increase in revenues was also due to an extra effort made to capture delinquent accounts in 2018. A similar effort is now underway. About 600 statements are mailed semi-annually at the end of June and December to well owners/operators so that they may self-report and submit payment for incurred groundwater pumping charges for the prior six months of water use. Water use may be calculated using either standard formulas based on crop or use category, or metered water use. (Water Code Section 7500 et seq.) There were no increases in pump charges for fiscal year 2019-20. The Board of Directors desires to keep future increases as small as possible, depending upon costs to protect the legal rights of properties in the District to both surface and groundwater.

Based on the foregoing, the District files its Financial Transaction Reports (FTR) with the State Controller's Office (SCO) under the Flood Control and Water Conservation category as a non-enterprise activity. The District should not be confused with the Santa Ynez River Water Conservation District (Special) Improvement District No. 1, which was formed by this District as a water purveyor and became a separate entity. As a separate entity, the ID No. 1 files its FTRs with the SCO under the water utility category as an enterprise activity.

Overview of the Financial Statements

The financial statements in this audit report include: 1) Government-wide Financial Statements, including Statements of Net Position and Statement of Revenues, Expenses and Changes in Net Position; 2) Fund financial Statements, including a Balance Sheet, Statement of Revenues, Expenses, and Changes in Fund Balance, and Reconciliations of these Statements to the Government-wide Financial Statements, for the District's major General Fund; and 3) Notes to the Basic Financial Statements. The Notes provide detailed information pertaining to significant accounting policies, cash and investments, property taxes, insurance, net assets, and contingencies. Because the District manages its finances in a single major fund, the Government-wide Financial Statements and Fund Financial Statements present the same financial data in accordance with different accounting policies and in different formats.

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**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Highlights

Government-wide Financial Statement Analysis

**Summary of Net Position
As of June 30**

	2019	2018	2017	2019 - 2018 Change		2018 - 2017 Change	
				\$	%	\$	%
<u>Assets:</u>							
Current and other assets	\$ 2,631,488	2,320,054	\$ 2,395,823	\$ 311,434	12%	\$ (75,769)	-3%
Total assets	2,631,488	2,320,054	2,395,823	311,434	12%	(75,769)	-3%
<u>Liabilities:</u>							
Current and other liabilities	86,906	90,222	73,705	(3,316)	-4%	16,517	18%
Total liabilities	86,906	90,222	73,705	(3,316)	-4%	16,517	18%
<u>Net Position:</u>							
Restricted	-	-	7,721	-	0%	(7,721)	0%
Unrestricted - reserved	2,000,000	2,000,000	-	-	0%	2,000,000	-100%
Unrestricted	544,582	229,833	2,314,397	314,749	58%	(2,084,564)	-907%
Total net position	\$ 2,544,582	\$ 2,229,833	\$ 2,322,118	\$ 314,749	12%	\$ (92,285)	-4%

**Summary of Activities
For the Year Ended June 30**

	2019	2018	2017	2019 - 2018 Change		2018 - 2017 Change	
				\$	%	\$	%
<u>Revenue:</u>							
Charges for services	\$ 555,327	\$ 341,770	\$ 289,747	\$ 213,557	62%	\$ 52,023	18%
Property taxes	301,645	304,939	279,461	(3,294)	-1%	25,478	9%
Investment income	60,244	30,147	15,173	30,097	100%	14,974	99%
Other revenue	3,629	-	-	3,629	100%	-	0%
Total revenue	920,845	676,856	584,381	240,360	36%	92,475	16%
<u>Expenses:</u>							
Operating expenses	806,544	769,141	751,966	37,403	5%	17,175	2%
Total expenses	806,544	769,141	751,966	37,403	5%	17,175	2%
Change in net position	114,301	(92,285)	(167,585)	202,957	-220%	75,300	-45%
Net Position - beginning of year as previously stated	2,229,833	2,322,118	2,489,703	(92,285)	-4%	(167,585)	-100%
Prior period adjustment	200,448						
Net position - beginning of year as restated	2,430,281						
Net position - end of year	\$ 2,544,582	\$ 2,229,833	\$ 2,322,118	\$ 314,749	14%	\$ (92,285)	-4%

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SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights (Continued)

Government-wide Financial Statement Analysis (Continued)

During the year ended June 30, 2019, the District's net position increased by a total of \$314,749 (58%). Of this amount, \$200,488 is due to the restatement of June 30, 2018 net position and \$114,261 is due to net income in 2019. The District's revenues increased by \$240,360 (36%) and expenses increased by \$37,403 (4%). Increase in revenue is due the increase in groundwater charges.

The District does not provide Other Post-employment Benefits (OPEB). Employees who retire from active service are not offered any medical, dental, vision, or prescription drug coverage.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 28 of this report.

Economic Factor's and Next Year's Budget

Of concern with the self-reporting system for the collection of groundwater pumping charges is the issue of equity: it is important to verify and establish that all wells within the District be registered, and that all wells producing water be assessed the appropriate groundwater pumping charges. This issue will become more visible as the Groundwater Sustainability Plans are completed, and charges or fees are then adopted by the Groundwater Sustainability Agencies to implement the adopted plans.

In September 2019, the State Water Resources Control Board (SWRCB) adopted a new Water Rights Order (WRO 2019-0148) which applies to the US Bureau of Reclamation operation of the Cachuma Project, which diverts about 25,000 to 30,000 acre-feet of water annually out of the Santa Ynez watershed to the south coast of Santa Barbara County. This new WRO contained some provisions that are beneficial to Santa Ynez watershed interests, but also mandated certain studies, the outcome of which could have significant impacts on downstream water rights. As with previous SWRCB water rights orders, the District will maintain active advocacy and participation in the study, planning, and operational decisions of the Cachuma Project in order to ensure the preservation of the water rights belonging to downstream properties.

The federal National Marine Fisheries, acting under the US Congress Endangered Species Act (ESA), will be preparing a new Biological Opinion (BiOp) regarding the endangered Southern Steelhead, an anadromous form of rainbow trout species known as *O. mykiss*. In 2018 a draft BiOp was issued which contained provisions that were alarming to Santa Ynez River users, if not actually detrimental. Fortunately, this 2018 BiOp was never finalized, and never implemented. Unlike the SWRCB, which must balance environmental concerns with water rights and economics, the ESA contains no such balancing provisions, but only focuses on what is required to protect endangered species. Currently, the District has assisted the US Bureau of Reclamation in the preparation of a

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Economic Factor’s and Next Year’s Budget (Continued)

Biological Assessment, which is the first step in the process for NMFS to issue another BiOp. Hopefully there will be a revised BiOp that will not be as draconian in its protective provisions as the draft 2018 version. The future costs to the District for participating in this process, and if needed challenging any resulting implementation in order to protect water rights, are unknown.

In order to ensure the ability to defend the water rights interests in the watershed, the District has set aside a contingency of \$1 million for the legal and engineering defense of water rights or the initiation of litigation if necessary. At this time, neither situation is expected to occur in the near future. However, that future is uncertain, and all effected parties are looking to see how the new SWRCB Water Rights Order will be implemented and/or enforced. The District also maintains a \$400,000 reserve for other unanticipated projects.

Unknown but planned for costs at this time include the implementation of the Groundwater Sustainability Plans that are now being prepared as part of the requirements set forth by the California Legislature in the Groundwater Sustainability Act. These plans are due in 2021. The District has obtained a \$1 million cost share grant from the State of California Department of Water Resources (DWR) to offset the \$3 million in costs, which are spread among the eight participating agencies. The County of Santa Barbara has assumed responsibility for a \$1 million share of the costs, helping to offset the burden to other participating agencies, including the District. The DWR has advised SGMA entities that there will likely be grants available for the implementation of the Groundwater Sustainability Plans. The District is prepared to apply for any grants that may be available.

For the 2020-21 Budget, the District expects only relatively small changes in total revenues and expenditures compared to the 2019-20 Budget, with no plans to increase Groundwater Pumping Charges. The Groundwater Pumping Charge is the only source of revenue over which the District has control. The tax revenue is entirely dependent upon the office of the County of Santa Barbara Tax Assessor, an independent elected position which more or less determines tax assessments according to statutory requirements. While the District does have some control over the 2% of the revenue derived from investment income, investments are restricted by statute. At this time the District has decided to invest primarily in the State of California Treasurer operated Local Agency Investment Fund (LAIF) and in the County of Santa Barbara operated Treasurer’s Investment Pool (SBIF). Both provide liquidity, safety, and a recent rate of return on investment that is slightly more than the rate of inflation. Further SGMA grant payments are expected to be received in 2020 and 2021. These payments will help limit the District’s reliance on its reserves that was experienced in prior years where a significant portion of the SGMA costs were borne by the District.



SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 145,096
Investments	2,221,055
Accounts receivable	251,323
Interest receivable	13,619
Prepaid expenses	395

Total current assets 2,631,488

Total assets \$ 2,631,488

LIABILITIES

Current Liabilities:

Accounts payable and other accrued liabilities	\$ 50,864
Accrued salaries and benefits	27,694
Compensated absences payable	8,348

Total current liabilities 86,906

Total liabilities \$ 86,906

NET POSITION

Unrestricted, reserved for engineering and hydrology	\$ 1,600,000
Unrestricted, reserved for Sustainable Groundwater Management Act	400,000
Unrestricted	544,582

Total net position \$ 2,544,582

See accompanying notes

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SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
Functions / Programs:		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
Governmental activities:			<u>Contributions</u>	<u>Net Assets</u>
Ground water conservation	\$ 806,544	\$ 555,327	\$ -	\$ (251,217)
Total	<u>806,544</u>	<u>555,327</u>	<u>-</u>	<u>(251,217)</u>
General Revenues:				
Property Tax				301,645
Investment income				60,244
Other revenue				<u>3,629</u>
Total general revenues				<u>365,518</u>
Change in net position				114,301
Net Position - beginning of year, as previously stated				<u>2,229,833</u>
Prior period adjustment				<u>200,448</u>
Net Position - beginning of year, as restated				<u>2,430,281</u>
Net Position - end of year				<u>\$ 2,544,582</u>

See accompanying notes

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SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	2019 Total
<u>ASSETS</u>		
Cash and cash equivalents	\$ 145,096	\$ 145,096
Investments	2,221,055	2,221,055
Accounts receivable	251,323	251,323
Interest receivable	13,619	13,619
Prepaid expenses	395	395
	<u>\$ 2,631,488</u>	<u>\$ 2,631,488</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 37,968	\$ 37,968
Accrued salaries and benefits	27,694	27,694
Other accrued expenses	12,896	12,896
	<u>78,558</u>	<u>78,558</u>
Fund Balances:		
Committed for Sustainable Groundwater Management Act	400,000	400,000
Committed for engineering and hydrology	1,600,000	1,600,000
Unassigned	552,930	552,930
	<u>2,552,930</u>	<u>2,552,930</u>
Total liabilities and fund balances	<u>\$ 2,631,488</u>	<u>\$ 2,631,488</u>

See accompanying notes



**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
For the Year Ended June 30, 2019**

Total fund balance of governmental funds \$ 2,552,930

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Compensated absences reported in the Statement of Net Position do not require
the use of current financial resources and therefore are not reported
as expenditures in the governmental funds. (8,348)

Net position \$ 2,544,582

See accompanying notes



**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the year ended June 30, 2019**

	General	2019 Total
Revenues:		
Ground water charges	\$ 555,327	\$ 555,327
Property tax	301,645	301,645
Investment income	60,244	60,244
Other revenue	3,629	3,629
Total revenues	920,845	917,216
Expenditures:		
Employee salaries	339,824	339,824
Employee benefits	9,798	9,798
Retirement plan contributions	10,944	10,944
Outside services	27,360	27,360
Office expense	27,879	27,879
Director fees	3,300	3,300
Travel	5,455	5,455
Accounting	4,950	4,950
Insurance and worker's comp	9,177	9,177
Dues and LAFCO Fees	2,456	2,456
Legal	77,000	77,000
Engineering and environmental	58,417	58,417
Fishery - hydrology and consultants	35,166	35,166
Water rights	70,211	70,211
Groundwater charges program	36,991	36,991
Sustainable Groundwater Management Act	29,904	29,904
Special projects	48,391	48,391
Miscellaneous expense	973	973
Total expenditures:	798,196	797,223
Excess (deficiency) of revenues over expenditures	122,649	122,649
Net change in fund balance	122,649	122,649
Fund balance, beginning of year, as previously stated	2,229,833	2,229,833
Prior period adjustment	200,448	200,448
Fund balance - beginning of year, as restated	2,430,281	2,430,281
Fund balance, end of year	\$ 2,552,930	\$ 2,552,930

See accompanying notes

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**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Net change in fund balances	\$ 122,649
Amounts reported in the Statement of Revenues, Expenses, and Changes in Net Position are different because:	
Compensated absences reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	<u>(8,348)</u>
Change in net position	<u>\$ 114,301</u>

See accompanying notes

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SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

A) Nature of the Organization

The Santa Ynez River Water Conservation District was organized in 1939, pursuant to the provisions of the Water Conservation District Law of 1931, and the Water Code pursuant to State of California, Division 21. The annual budget, prepared in advance of each fiscal year, includes an amount deemed necessary to be provided by the levy of taxes within the District. The budget is sent to the County Auditor and County Board of Supervisors in compliance with the California Water Code Section 75351 and Government Code Section 53901.

In 2015, in response to the State of California's historic passage of significant groundwater legislation (Sustainable Groundwater Management Act or "SGMA") in 2014, the District took a leadership role in initiating activities to manage groundwater in the watershed and in 2017, three Groundwater Sustainable Agencies (GSAs) were formed.

B) Reporting Entity

The District has defined its reporting entity in accordance with the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards. These standards provide guidance for determining which governmental activities; organizations and functions should be included in the reporting entity and how information about them should be presented. The basic criterion for inclusion of a governmental unit in a governmental reporting entity are: (1) financial interdependency, (2) selection of governing authority, (3) designation of management, (4) ability to significantly influence operations, and (5) accountability for fiscal matters.

The scope of this report extends exclusively to the financial information of Santa Ynez River Water Conservation District. The Governing Board of the District has no oversight responsibility over any other governmental unit or District. As such, the Board's governing authority, designation of management, ability to significantly influence operation, and accountability for fiscal matters extend only to the affairs of the District.

C) Basis of Accounting and Measurement Focus

This report has been prepared in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization and Significant Accounting Policies (Continued)

C) Basis of Accounting and Measurement Focus (Continued)

Basis of Accounting - Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared under the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. The District has no proprietary or fiduciary funds.

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Government-wide Financial Statements - Government-wide financial statements display information about the reporting government as a whole. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they are allocated).

Government-wide financial statements are presented using the *flow of economic resources measurement focus* and the *accrual basis of accounting*. Under the flow of economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

The Statement of Net Position presents the District's assets and liabilities, with the difference reported as net position. Net position is classified into three components as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization and Significant Accounting Policies (Continued)

D) Basis of Accounting and Measurement Focus (Continued)

- *Restricted* – This component of net position consists when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” Unrestricted, reserved net position represents unrestricted assets which are segregated by the Board of Directors for specific future uses.

When an expense is incurred for purposes for which both unrestricted and restricted resources are available for use, it is the District's policy to apply restricted assets first, then unrestricted resources.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt are recorded when the related fund liability is incurred, if measurable. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long – term debt are reported as other financing sources. Inter-fund activity is eliminated for the government-wide financial statements.

The District reports the following major governmental funds:

- a. *General Fund*, accounts for the District’s primary services and is the primary operating unit of the District.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization and Significant Accounting Policies (Continued)

E) Budgetary Procedures

The District prepares an annual budget which includes estimates of its principal sources of revenue to be received during the fiscal year, as well as estimated expenditures and reserves needed for operation of District facilities.

F) Cash and Cash Equivalents

The District considers demand deposits, cash on hand, and all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

G) Investments

Investments are reported at fair value, which is determined using selected basis. Short-term investments are reported at cost, which approximates fair value. Cash deposits and deposits with money market funds are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

H) Receivables

Receivables are primarily comprised of ground water service charges. Accounts receivable are considered to be fully collectible. Accordingly, no allowance has been made for doubtful accounts, and accounts receivable are shown at full value.

I) Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

J) Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Accrued compensated absences are included in accrued expenses on the balance sheet. Accumulated vacation and sick leave are recorded as an expense and a liability in the government – wide financial statements at the time the liability is incurred.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of Organization and Significant Accounting Policies (Continued)

K) Fund Balance

In the fund financial statements, governmental funds report fund balance as restricted or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- a. *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- b. *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the District’s highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- c. *Assigned fund balance* – amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District’s special revenue funds.
- d. *Unassigned fund balance* – the residual classification for the District’s General Fund that included amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditure incurred for specific purposes exceeds the amounts restricted to those purposes.

The Board of Directors establishes, modifies or rescinds fund balance commitments and assignments by approving contractual commitments, an ordinance or a resolution.

In the government – wide financial statements, restrictions of net positions are limited to outside third – party restrictions.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

L) Revenue Recognition – Groundwater Charges

The Board of Directors approve groundwater charges annually. On July 1 and January 1, the District mails groundwater statements to well customers for the preceeding 6 month period. Customers are required to self-report their water usage and pay the groundwater charges within 30 days of the statement date.

Management estimates the amount of groundwater charges the District earned during the year collect on subsequent period cash collections. These amounts are recorded as accounts receivable as of June 30, 2019. Customers who did not return their statement within 4 months of the statement date are estimated to be uncollectible and not included in accounts receivable as of June 30, 2019.

M) Revenue Recognition – Property Taxes

Property taxes are collected on the tax rolls of the County of Santa Barbara. The District receives an allocation of general property taxes. The property taxes and service charges are recognized when they have been collected by the County and are available for distribution to the District.

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations – are established by the Assessor of the County of Santa Barbara (County) for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

M) Revenue Recognition – Property Taxes

Tax Collections – are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Tax Levy Apportionments – Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each District represented of the total District-wide levy for the three years prior to fiscal year 1979.

Tax Levies – are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as they exist at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Property Tax Administration Fees – The State of California FY 90-91 Budget Act, authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

N) Future Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board Statements listed below will be implemented in future financial statements. These statements will be evaluated by the District to determine if they will have a material impact to the financial statements once effective.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

O) Future Governmental Accounting Standards Board (GASB) Statements (Continued)

Statement No. 84	"Fiduciary Activities"	The requirements of this statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 87	"Leases"	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)
Statement No. 89	"Accounting for Interest Cost Incurred Before the End of a Construction Period"	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)
Statement No. 90	"Majority Equity Interests - an amendment of GASB Statement No. 14 and No. 61"	The requirements of this statement are effective for periods beginning after June 15, 2019. (FY 19/20)

Note 2 – Cash and Investments

Cash and investments are comprised of the following at June 30, 2019:

Deposits with financial institutions	\$ 145,096
Local Agency Investment Fund	1,839,698
Santa Barbara County Investment Pool	381,357
Total cash and investments	<u>\$ 2,366,151</u>

Investments Authorized by the District's Investment Policy

The District's investment policy authorizes the District to invest only in the Local Agency Investment Fund (LAIF), Santa Barbara County Investment Pool and FDIC insured accounts.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2 – Cash and Investments (Continued)

Investments

The District participates in LAIF and the Santa Barbara County Investment Pool. LAIF and the Santa Barbara County Investment Pool are regulated by the California Government Code.

The District's investment in LAIF is reported in the accompanying financial statements at amounts based on the District's pro-rata share of the value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. LAIF invests some of its portfolio in derivatives. Detailed information on derivative investments held by this pool is not readily available. The fair value of LAIF is approximately equal to the value of the pool shares.

The District's investment in the Santa Barbara County Investment Pool is reported in the accompanying financial statements at the amounts based upon the District's pro-rata share of the value provided by the Santa Barbara County Investment Pool for the entire Santa Barbara County Investment Pool portfolio, which is recorded on the amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by the Santa Barbara Investment Pool. The fair value of the Santa Barbara Investment Pool is approximately equal to the value of the pool shares.

Interest Rate Risk

The District did not have any investments with fair values that are considered to be highly sensitive to changes in interest rates.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk (Continued)

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Santa Barbara County Investment Pool).

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Local District Investment Fund and Santa Barbara Investment Fund is not rated.

Note 3 – Risk Management

The District participates in the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, for general and auto liability, public officials personal, error and omissions and employment practices liability, workers compensation, property damage, and fidelity insurance. The District pays a premium commensurate with the level of coverage requested. To obtain complete financial information contact SDRMA at 1112 I Street, Suite 300, Sacramento, CA 95814.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 4 – Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participating employees to defer a portion of their salary until future years. The District annually contributes 50% of employee contributions up to 3% of employee compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of the IRC Section prescribes that the District no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the District's financial statements. During 2019, the District contributed \$10,944 to the Plan.

Note 5 – Joint Ventures

Santa Ynez River Valley Basin Eastern Management Area GSA

The District is a participant with the City of Solvang, Santa Ynez River Water Conservation District, Improvement District 1, and the County of Santa Barbara Water Agency in a joint venture to oversee the implementation of the Sustainable Groundwater Management Act requirements within the Eastern Management Area of the Santa Ynez River Valley Groundwater Basis. The Eastern Management Agency (EMA), a groundwater sustainability agency (GSA), was created for this purpose. The EMA is governed by a committee which is comprised of one representative and an alternative from each participant. Voting is weighted as follows:

<u>Participant</u>	<u>Board Representation</u>
County of Santa Barbara Water Agency	5 votes
Santa Ynez River Water Conservation District	3 votes
Santa Ynez River Water Conservation District, Improvement District #1	2 votes
City of Solvang	1 vote
Total	<u>11 votes</u>

All proposed actions or resolutions must be passed by a simple majority and significant actions, such as forming a Joint Power Agency agreement, require at least 70 percent vote and concurrence of each participant's governing body. Under the terms of the Memorandum of Agreement dated April 27, 2017, the participating governments are required to pay their pro-rata share of the operating budget. During 2019, the District paid \$5,282 to the EMA. The District also provides project management and other administrative support for the EMA. Financial statements for the EMA can be obtained from the EMA's administrative office at 3669 Sagunto Street, Suite 101, Santa Ynez, CA 93460.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 5 – Joint Ventures (Continued)

Santa Ynez River Valley Basin Central Management Area GSA

The District is a participant with the City of Buellton and County of Santa Barbara Water Agency in a joint venture to oversee the implementation of the Sustainable Groundwater Management Act requirements within the Central Management Area of the Santa Ynez River Valley Groundwater Basis. The Santa Ynez River Valley Basin Central Management Area GSA (CMA), a groundwater sustainability agency (GSA), was created for this purpose. The CMA is governed by a committee which is comprised of one representative from each participant. Voting is weighted as follows:

Participant	Board Representation
Santa Ynez River Water Conservation District	1 vote
City of Buellton	1 vote
Total	2 votes

The County of Santa Barbara Water Agency is a non-voting participant. All proposed actions or resolutions must be passed by an unanimous vote. Under the terms of the Memorandum of Agreement dated January 11, 2017, the participating governments are required to pay their pro-rata share of the operating budget. During 2019, the District paid \$6,454 to the CMA. The District also provides project management and other administrative support for the CMA. Financial statements for the CMA can be obtained from the CMA’s administrative office at 3669 Sagunto Street, Suite 101, Santa Ynez, CA 93460.

Santa Ynez River Valley Basin Western Management Area GSA

The District is a participant with the City of Lompoc, Vandenberg Village Community Services District, Mission Hills Community Services District and the County of Santa Barbara Water Agency in a joint venture to oversee the implementation of the Sustainable Groundwater Management Act requirements within the Western Management Area of the Santa Ynez River Valley Groundwater Basin. The Santa Ynez River Valley Basin Western Management Area GSA (WMA), a groundwater sustainability agency (GSA), was created for this purpose. The WMA is governed by a committee which is comprised of one representative from each participant. Voting is weighted as follows:

Participant	Board Representation
Santa Ynez River Water Conservation District	4 votes
City of Lompoc	2 votes
Vandenberg Village Community Services Distret	1 vote
Mission Hills Community Services District	1 vote
Total	8 votes



SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 5 – Joint Ventures (Continued)

Santa Ynez River Valley Basin Western Management Area GSA (Continued)

The County of Santa Barbara Water Agency is a non-voting participant. Proposed actions or resolutions must be passed by a simple majority. Actions or resolutions to adopt budgets or any type of fee or charge require at least a 75 percent vote.

Under the terms of the Memorandum of Understanding dated January 11, 2017, the participating governments are required to pay all costs incurred. During 2019, the District paid \$9,735 to the WMA. The District also provides project management and other administrative support for the WMA. Financial statements for the CMA can be obtained from the WMA's administrative office at 3669 Sagunto Street, Suite 101, Santa Ynez, CA 93460.

Note 6 – Department of Water Resources Proposition 1 Grant

During 2019, the District was awarded a \$1,000,000 cost share grant from the State of California Department of Water Resources Proposition 1 Grant for the purpose of the Santa Ynez River Valley Basin Groundwater Sustainability Plan planning and preparation. During 2019, the District did not submit any expenditures for reimbursement.

Note 7 – Contingent Liabilities

SWRCB Hearings

The District and other local water agencies are signatories to a 2001 Memorandum of Understanding (MOU) for Cooperation in Research and Fish Maintenance – Santa Ynez River with various federal and state agencies concerning the fishery in Santa Ynez River below Bradbury Dam. In addition, the District along with those other local, state and federal agencies is involved in ongoing quasi-legal proceedings before the State Water Resources Control Board (SWRCB) regarding Cachuma Project permits held by the United States Bureau of Reclamation on behalf of the Cachuma Member Units, including the release of water stored in the Cachuma Project facilities to downstream reaches of the Santa Ynez River.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7 – Contingent Liabilities

SWRCB Hearings (Continued)

The District and these other local agencies are conducting studies and constructing fish projects on the Santa Ynez River and associated tributaries in connection with the 2000 Biological Opinion issued by the National Marine Fisheries Service to Reclamation, Section 7 Re-consultation under the Endangered Species Act, the SWRCB proceedings and implementing the Lower Santa Ynez River Fish Management Plan, and the cost of those studies is a material annual expense of the District. The outcome of the re-consultation studies, Biological Opinions, and the SWRCB proceedings may affect the amount of water the District receives from the Cachuma Project in future years. The District is a participant in a Cooperation and Joint Defense Agreement and pays its direct costs of these activities.

Note 8 - Lease Commitment

The District entered into a five year lease agreement for office space in Santa Ynez, California beginning August 1, 2018 and expiring July 31, 2023. Monthly rent is \$1,500. Rent expense under the lease as of June 30, 2019 was \$16,500. Future minimum lease commitments for the lease is as follows for the year ending June 30:

2020	\$	18,000
2021		18,000
2022		18,000
2023		1,500
		\$ 55,500

Note 9 – Legal Contingencies

In the ordinary course of conducting business, various legal proceedings may be pending, however, in the opinion of the District’s management, the ultimate disposition of these matters will have no significant impact on the financial position of the District.

Note 10 – Restatement

In accordance with Generally Accepted Accounting Principles (GAAP), revenue should be recognized in the period in which it is earned. The District was previously recognizing groundwater charges during the period in which the cash was received. The effect of the misstatement on the 2017/2018 financials was an understatement of accounts receivable of \$200,448, understatement of net position by \$200,448 and an understatement of change in net position of \$29,562.

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11 – Subsequent Events

In September 2019, the State Water Resources Control Board (SWRCB) adopted a new Water Rights Order (WRO 2019-0148) which applies to the US Bureau of Reclamation operation of the Cachuma Project. As with previous SWRCB water rights orders, the District will maintain active advocacy and participation in the study, planning, and operational decisions of the Cachuma Project in order to ensure the preservation of the water rights belonging to downstream properties.

Subsequent events have been evaluated through December 4, 2019, the date the financial statements were available to be issued.

Other Supplementary Information

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**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2019**

	2019 Actual	2019 Budget	2019 Over/(Under)
Revenues:			
Ground water charges	\$ 555,327	\$ 485,000	\$ 70,327
Property taxes	301,645	296,000	5,645
Invesment income	60,244	40,000	20,244
Other revenue	3,629	-	3,629
Total revenues:	<u>920,845</u>	<u>821,000</u>	<u>99,845</u>
Expenditures:			
Employee salaries	339,824	352,800	(12,976)
Employee benefits	9,798	9,000	798
Retirement plan contributions	10,944	11,000	(56)
Outside services	27,360	30,000	(2,640)
Office expense	27,879	31,700	(3,821)
Director fees	3,300	2,600	700
Travel	5,455	1,800	3,655
Accounting	4,950	5,000	(50)
Insurance and worker's comp	9,177	9,000	177
Dues and LAFCO Fees	2,456	6,300	(3,844)
Legal	77,000	90,000	(13,000)
Engineering and environmental	58,417	40,000	18,417
Fishery - hydrology and consultants	35,166	60,000	(24,834)
Water rights	70,211	110,000	(39,789)
Groundwater charges program	36,991	30,000	6,991
Sustainable Groundwater Management Act	29,904	120,000	(90,096)
Special projects	48,391	83,000	(34,609)
Miscellaneous expense	973	2,200	(1,227)
Total expenditures	<u>798,196</u>	<u>994,400</u>	<u>(196,204)</u>
Change in Fund Balance	<u>\$ 122,649</u>	<u>\$ (173,400)</u>	<u>\$ 296,049</u>

See accompanying notes

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**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS**

Name	Position	Term Expires
Cythia Allen, President	Division 1	December 2022
J. Brett Marymee, Vice President	Division 5	December 2022
Steven Jordan	Division 2	December 2020
Mark Altshuler	Division 3	December 2020
Art Hibbits	Division 4	December 2022

See accompanying notes

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

**To the Board of Directors
Santa Ynez River Water Conservation District:**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Ynez River Water Conservation District (the “District”), which comprise the statement of net position and balance sheet – governmental funds as June 30, 2019, the related statement of activities, statement of revenue, expenditures and changes in fund balance and the related notes to the financial statements, and have issued our report thereon dated December 4, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2019-001 to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2019-002, 2019-003, 2019-004 and 2019-005 to be significant deficiencies.

Compliance and Other Matters

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

The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Santa Barbara, California
December 4, 2019

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SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

2019-001 Revenue Recognition

Finding:

Revenues should be recognized in the period in which they are earned. The District was recognizing groundwater charges during the period in which the cash was received. An audit adjustment was to record accounts receivable for revenue collected in fiscal year 2020 that pertained to 2019. During the audit, we noted that the District's June 30, 2018 net position was restated for revenue that should have been recognized in prior periods.

Planned Corrective Action:

Management will implement new procedures to ensure that accounts receivable in properly recorded in future reporting periods.

2019-002 Expense Reimbursement Review and Approval

Finding:

During our examination of employee reimbursements, it was noted that not all reimbursements were approved by the General Manager. It was also noted that the previous General Manager approved his own reimbursement. We recommend the District implement review procedures in which all employees reimbursements are approved by the General Manager. In addition, we recommend the General Manager's reimbursement be approved by a member of the Board of Directors prior to payment.

Planned Corrective Action:

Management implemented a review procedure in which all employee reimbursements are approved by the General Manager. In addition, the General Manager's reimbursement will be approved by a member of the Board of Directors.

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**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2019

2019-003 Monthly Bank Statement

Findings:

During the audit, we noted that the monthly bank statements did not have documentation indicating the General Manager had reviewed or approved the statement. We suggest that unopened bank statements received in the mail be forwarded directly to the General Manager. The General Manager would then review the bank statements and canceled checks for any strange or unusual items and investigate these items should any be found. We also recommend that General Manger initial and date the bank statements as evidence of their review.

Planned Corrective Action:

The District will be implementing the procedures recommended above.

2019-004 Bank Reconciliations

Findings:

The Outside Bookkeeper performs the bank reconciliation function by handwriting reconciling items on the bank statement. However, there is currently no procedure in place to review the bank reconciliation after it is completed. This practice would greatly enforce the checks and balances necessary for strong controls over cash. We recommend that the District implement a bank reconciliation template separate from the bank statement to standardize the bank reconciliation process. In addition, We suggest that the District Administrator and General Manager review the bank reconciliations for any unusual items, investigate and fully resolve any such items and document his or her approval by initialing the form.

Planned Corrective Action:

The District will be working with its Outside Bookkeeper to implement new procedures around bank reconciliations.

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**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES**

For the Year Ended June 30, 2019

2019-005 Controls over Cash Disbursements

Findings:

During the audit, we noted that not all invoices had documentation that the invoice was reviewed and approved prior to payment. We recommend that the District implement review procedures to ensure all invoices be approved by a department manager and the General Manager prior to payment. We recommend to have these approvals be documented by initials and a date on the invoice.

Planned Corrective Action:

Beginning in June 2019, the General Manager was signing invoices as documentation of his review.

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Santa Barbara County - Flood Control District

130 East Victoria Street, Santa Barbara CA 93101 - 805.568.3440 - www.countyofsb.org/pwd

Rainfall and Reservoir Summary

Updated 8am: 11/27/2019

Water Year: 2020

Storm Number: 2

Notes: Daily rainfall amounts are recorded as of 8am for the previous 24 hours. Rainfall units are expressed in inches.

All data on this page are from automated sensors, are preliminary, and subject to verification.

*Each Water Year (WY) runs from Sept 1 through Aug 31 and is designated by the calendar year in which it ends

County Real-Time Rainfall and Reservoir Website link: ➤ <http://www.countyofsb.org/hydrology>

Rainfall	ID	24 hrs	Storm 1 day(s)	Month	Year*	% to Date	% of Year*	AI
Buellton (Fire Stn)	233	0.66	0.66	0.74	0.74	33%	4%	
Cachuma Dam (USBR)	332	0.72	0.72	0.80	0.82	34%	4%	
Carpinteria (Fire Stn)	208	0.60	0.60	0.60	0.60	26%	3%	
Cuyama (Fire Stn)	436	0.38	0.38	0.59	0.59	48%	8%	
Figueroa Mtn (USFS Stn)	421	0.65	0.65	0.80	0.84	26%	4%	10.9
Gibraltar Dam (City Facility)	230	0.84	0.84	0.84	0.84	29%	3%	11.0
Goleta (Fire Stn-Los Carneros)	440	1.06	1.06	1.06	1.06	43%	6%	
Lompoc (City Hall)	439	0.50	0.50	0.53	0.53	27%	4%	11.0
Los Alamos (Fire Stn)	204	0.77	0.77	0.83	0.83	42%	5%	
San Marcos Pass (USFS Stn)	212	1.10	1.10	1.11	1.14	26%	3%	
Santa Barbara (County Bldg)	234	0.92	0.92	0.93	0.93	39%	5%	
Santa Maria (City Pub.Works)	380	0.74	0.74	0.74	0.74	40%	6%	
Santa Ynez (Fire Stn /Airport)	218	0.82	0.82	0.88	0.88	42%	6%	
Sisquoc (Fire Stn)	256	0.79	0.79	0.82	0.83	39%	5%	

County-wide percentage of "Normal-to-Date" rainfall : **35%**

County-wide percentage of "Normal Water-Year" rainfall : **5%**

County-wide percentage of "Normal Water-Year" rainfall calculated assuming no more rain through Aug. 31, 2020 (End of WY2020).

AI (Antecedent Index / Soil Wetness)

6.0 and below = Wet (min. = 2.5)

6.1 - 9.0 = Moderate

9.1 and above = Dry (max. = 12.5)

Reservoirs

Reservoir Elevations referenced to NGVD-29.

**Cachuma is full and subject to spilling at elevation 750 ft.

However, the lake is surcharged to 753 ft. for fish release water.

(Cachuma water storage is based on Dec 2013 capacity revision)

Click on Site for Real-Time Readings	Spillway Elev. (ft)	Current Elev. (ft)	Max. Storage (ac-ft)	Current Storage (ac-ft)	Current Capacity (%)	Storage Change Mo.(ac-ft)	Storage Change Year*(ac-ft)
Gibraltar Reservoir	1,400.00	1,383.34	4,314	1,330	30.8%	-338	-1,209
Cachuma Reservoir	753.**	733.66	193,305	139,565	72.2%	-1,797	-8,441
Jameson Reservoir	2,224.00	2,216.38	4,848	3,940	81.3%	-99	-707
Twitchell Reservoir	651.50	NA	194,971	NA		NA	NA

CACHUMA DAILY OPERATIONS

Month & Year: November 2019
 Time of Observations: 0830 Evaporation Pan Factor: 72%

Day	Beginning Storage: 141,461			Surface Area	Rainfall		Evaporation		CCWA Inflow	Releases					Computed Inflow	
	Elevation	Storage	Change		inches	acre-feet	inches	acre-feet		Park Diversion	South Coast	Hilton Creek	WR 89-18	Outlet		Spillway
	ft	acre-feet	acre-feet	acres	inches	acre-feet	inches	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet	acre-feet
1	734.39	141,362	(99)	2,469	-		0.140	20.7	-	0.05	44.8	6.6		7.0		(19.8)
2	734.36	141,288	(74)	2,468	-		0.170	25.2	-	0.06	39.1	6.6		7.0		3.9
3	734.33	141,214	(74)	2,467	-		0.190	28.1	-	0.06	40.3	6.8		8.0		9.3
4	734.29	141,116	(98)	2,466	-		0.170	25.1	-	0.05	39.8	6.5		7.0		(19.5)
5	734.26	141,042	(74)	2,465	-		0.120	17.7	-	0.06	39.0	6.5		7.0		(3.7)
6	734.21	140,919	(123)	2,463	-		0.130	19.2	-	0.05	58.6	6.5		7.0		(31.6)
7	734.18	140,845	(74)	2,462	-		0.060	8.9	-	0.06	73.1	6.5		7.0		21.5
8	734.14	140,747	(98)	2,461	-		0.110	16.2	-	0.05	47.5	6.5		7.0		(20.7)
9	734.13	140,722	(25)	2,461	-		0.120	17.7	-	0.06	46.8	6.5		6.0		52.1
10	734.08	140,574	(148)	2,459	-		0.160	23.6	-	0.05	45.7	6.5		7.0		(65.1)
11	734.05	140,525	(49)	2,458	-		0.080	11.8		0.06	46.3	6.4		7.0		22.6
12	734.03	140,476	(49)	2,458	-		0.100	14.7		0.05	44.5	6.4		7.0		23.7
13	734.00	140,402	(74)	2,457	-		0.120	17.7		0.06	44.5	6.4		7.0		1.6
14	733.98	140,353	(49)	2,456	-		0.080	11.8		0.05	42.9	6.4		7.0		19.1
15	733.95	140,279	(74)	2,455	-		0.060	8.8		0.05	41.7	6.4		7.0		(10.0)
16	733.92	140,205	(74)	2,454	-		0.080	11.8		0.06	42.9	6.4		7.0		(5.9)
17	733.91	140,180	(25)	2,454	-		0.060	8.8		0.05	36.9	6.4		8.0		35.2
18	733.89	140,131	(49)	2,453	-		0.260	38.3		0.06	29.8	6.4		7.0		32.5
19	733.84	140,008	(123)	2,452	-		0.140	20.6		0.05	28.9	6.4		7.0		(60.1)
20	733.83	139,983	(25)	2,452	0.05	10.2	0.100	14.7		0.06	29.7	6.4		7.0		22.7
21	733.79	139,885	(98)	2,450	-		0.040	5.9		0.05	42.2	6.4		6.0		(37.5)
22	733.77	139,836	(49)	2,450	-		0.140	20.6		0.06	48.8	6.4		6.0		32.8
23	733.73	139,737	(99)	2,448	-		0.100	14.7		0.05	45.9	6.4		6.0		(26.0)
24	733.71	139,688	(49)	2,448	-		0.130	19.1		0.06	47.7	6.4		6.0		30.3
25	733.67	139,589	(99)	2,447	-		0.100	14.7		0.05	49.1	6.4		7.0		(21.8)
26	733.63	139,491	(98)	2,445	-		0.170	24.9		0.06	47.5	6.4		6.0		(13.1)
27	733.67	139,589	98	2,447	0.71	144.8	0.080	11.7		0.05	37.2	6.4		6.0		14.6
28										0.06						
29										0.05						
30										0.06						

TOTALS		-1872			0.76	155.0	3.210	473.2	-	-	1.65	1,181.2	174.3	-	184.0	-	(12.8)
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Park Usage Rain % Yr. Total

C A C H U M A
 Santa Ynez River - Downstream Users Accounting
 September 2019

SUMMARY

RESERVOIR		34.9
	Computed Inflow	
Releases		385.8
Fish	385.8	
Water rights	0.0	
Leakage	0.0	
Spills		0.0
Valves	0.0	
Spillway	0.0	
Leakage	0.0	
	Total Downstream Releases . .	385.8
Diversions		2090.0
South Coast	2087.8	
Park (SYRWCD ID #1)	2.1	
SYRWCD ID #1	0.0	
	Total Reservoir Outflows . .	2475.8
CCWA Inflow	0.0	
Releases Affecting Accounts	0.0	
Project Savings	0.0	
ABOVE NARROWS ACCOUNT (ANA)		
Previous Months ANA		15546.0
ANA Credit	34.9	
Releases from ANA	0.0	
BNA Releases Not Reaching Narrows	0.0	
ANA Dewatered Storage: Current	20559.0	
Previous	19542.0	
Change	1017.0	
Spills Reducing ANA	0.0	
Current ANA		15580.9
BELOW NARROWS ACCOUNT (BNA)		
Previous Months BNA		4098.0
Measured Flow at Narrows	0.0	
Salsipuedes Creek Contribution	12.8	
Releases from BNA	0.0	
BNA Releases Reaching Narrows	0.0	
Constructive Flow at Narrows	0.0	
Elevation of Indicator well (feet)	67.4	
Percolation from Measured Flow	0.0	
Percolation from Constructive Flow	0.0	
BNA Credit	0.0	
Spills Reaching Narrows	0.0	
BNA Dewatered Storage: Current	18762.0	
Previous	17859.0	
Change	903.0	
Spills Reducing BNA	0.0	
Current BNA		4098.0

Notes: All values are in acre-feet unless otherwise indicated.
 Date of Report: 11/06/2019
 USING SAN LUCAS CREEK AS FIRST CHECKPOINT
 UPSTREAM OPERATIONS ADJUSTMENT ALL NEG OR ZERO

C A C H U M A
 Santa Ynez River - Downstream Users Accounting
 September 2019

DAILY OPERATIONS

DAY	Live Stream Checkpoints						NARROWS CFS	34W/7N 22L2 ELEV	ABOVE NARROWS		BELOW NARROWS RELEASE
	SAN LUCAS BRIDGE	MISSION BRIDGE	HIGHWAY 101 BRIDGE	SANTA ROSA DAMSITE	ROBINSON BRIDGE	FLORADALE BRIDGE			CREDIT	RELEASE	
1	0	0	0	0	0	0	0.0	67.4 E	59.2	0.0	0.0
2	0	0	0	0	0	0	0.0	67.4 E	-6.8	0.0	0.0
3	0	0	0	0	0	0	0.0	67.4 E	28.4	0.0	0.0
4	0	0	0	0	0	0	0.0	67.4 E	11.0	0.0	0.0
5	0	0	0	0	0	0	0.0	67.4 E	-1.5	0.0	0.0
6	0	0	0	0	0	0	0.0	67.4 E	16.4	0.0	0.0
7	0	0	0	0	0	0	0.0	67.4 E	8.3	0.0	0.0
8	0	0	0	0	0	0	0.0	67.4 E	-20.4	0.0	0.0
9	0	0	0	0	0	0	0.0	67.4 E	-40.4	0.0	0.0
10	0	0	0	0	0	0	0.0	67.4 E	11.4	0.0	0.0
11	0	0	0	0	0	0	0.0	67.4 E	-9.4	0.0	0.0
12	0	0	0	0	0	0	0.0	67.4 E	-1.0	0.0	0.0
13	0	0	0	0	0	0	0.0	67.4 E	22.1	0.0	0.0
14	0	0	0	0	0	0	0.0	67.4 E	13.0	0.0	0.0
15	0	0	0	0	0	0	0.0	67.4 E	9.8	0.0	0.0
16	0	0	0	0	0	0	0.0	67.4 E	-14.7	0.0	0.0
17	0	0	0	0	0	0	0.0	67.4 E	14.2	0.0	0.0
18	0	0	0	0	0	0	0.0	67.4 E	-7.9	0.0	0.0
19	0	0	0	0	0	0	0.0	67.4 E	-15.2	0.0	0.0
20	0	0	0	0	0	0	0.0	67.4 E	-15.5	0.0	0.0
21	0	0	0	0	0	0	0.0	67.4 E	11.9	0.0	0.0
22	0	0	0	0	0	0	0.0	67.4 E	8.9	0.0	0.0
23	0	0	0	0	0	0	0.0	67.4 E	-2.2	0.0	0.0
24	0	0	0	0	0	0	0.0	67.4 E	-4.4	0.0	0.0
25	0	0	0	0	0	0	0.0	67.4 E	59.8	0.0	0.0
26	0	0	0	0	0	0	0.0	67.4 E	29.6	0.0	0.0
27	0	0	0	0	0	0	0.0	67.4	-66.0	0.0	0.0
28	0	0	0	0	0	0	0.0	67.4 E	-9.4	0.0	0.0
29	0	0	0	0	0	0	0.0	67.4 E	-46.9	0.0	0.0
30	0	0	0	0	0	0	0.0	67.4 E	-7.3	0.0	0.0
Totals							0.0		34.9	0.0	0.0

Notes: All values are in acre-feet unless otherwise indicated.
 A letter following the data means: E = estimated data
 A = adjusted data

C A C H U M A
 Santa Ynez River - Downstream Users Accounting
 September 2019

DAILY RESERVOIR OPERATIONS

Day Spillway	Elevation	Storage	Change	CCWA	Precip.	Evap.	Leakage	Diversions			Releases		Spills	
								Park (ID #1)	SYRWCD ID #1	South Coast	Fish	Water Rights	Valve	
1	737.07	148083.0												
1	737.03	148006.0	-77.0	0.0	0.0	51.9	0.0	0.1	0.0	70.8	13.5	0.0	0.0	0.0
2	736.98	147878.0	-128.0	0.0	0.0	42.1	0.0	0.1	0.0	66.5	12.6	0.0	0.0	0.0
3	736.94	147775.0	-103.0	0.0	0.0	50.2	0.0	0.1	0.0	68.7	12.5	0.0	0.0	0.0
4	736.89	147647.0	-128.0	0.0	0.0	45.3	0.0	0.1	0.0	80.1	13.5	0.0	0.0	0.0
5	736.82	147467.0	-180.0	0.0	0.0	59.8	0.0	0.1	0.0	106.1	12.5	0.0	0.0	0.0
6	736.76	147313.0	-154.0	0.0	0.0	43.6	0.0	0.1	0.0	113.2	13.5	0.0	0.0	0.0
7	736.70	147159.0	-154.0	0.0	0.0	48.4	0.0	0.1	0.0	101.3	12.5	0.0	0.0	0.0
8	736.63	146979.0	-180.0	0.0	0.0	43.5	0.0	0.1	0.0	102.5	13.5	0.0	0.0	0.0
9	736.57	146827.0	-152.0	0.0	0.0	35.4	0.0	0.1	0.0	63.5	12.6	0.0	0.0	0.0
10	736.53	146726.0	-101.0	0.0	0.0	32.2	0.0	0.1	0.0	67.6	12.5	0.0	0.0	0.0
11	736.48	146600.0	-126.0	0.0	0.0	37.0	0.0	0.1	0.0	66.0	13.5	0.0	0.0	0.0
12	736.44	146498.0	-102.0	0.0	0.0	37.0	0.0	0.1	0.0	51.3	12.6	0.0	0.0	0.0
13	736.40	146397.0	-101.0	0.0	0.0	43.4	0.0	0.1	0.0	67.2	12.5	0.0	0.0	0.0
14	736.35	146271.0	-126.0	0.0	0.0	56.2	0.0	0.1	0.0	69.3	13.5	0.0	0.0	0.0
15	736.30	146144.0	-127.0	0.0	0.0	53.0	0.0	0.1	0.0	71.3	12.5	0.0	0.0	0.0
16	736.25	146018.0	-126.0	0.0	0.0	33.7	0.0	0.1	0.0	65.1	12.5	0.0	0.0	0.0
17	736.21	145917.0	-101.0	0.0	0.0	32.0	0.0	0.1	0.0	69.6	13.5	0.0	0.0	0.0
18	736.16	145790.0	-127.0	0.0	0.0	38.4	0.0	0.1	0.0	68.2	12.4	0.0	0.0	0.0
19	736.11	145664.0	-126.0	0.0	0.0	30.4	0.0	0.1	0.0	67.9	12.4	0.0	0.0	0.0
20	736.06	145537.0	-127.0	0.0	0.0	28.8	0.0	0.1	0.0	69.0	13.6	0.0	0.0	0.0
21	736.02	145436.0	-101.0	0.0	0.0	43.2	0.0	0.1	0.0	57.2	12.4	0.0	0.0	0.0
22	735.98	145335.0	-101.0	0.0	0.0	41.5	0.0	0.1	0.0	54.9	13.4	0.0	0.0	0.0
23	735.94	145234.0	-101.0	0.0	0.0	33.5	0.0	0.1	0.0	52.6	12.6	0.0	0.0	0.0
24	735.90	145132.0	-102.0	0.0	0.0	31.9	0.0	0.1	0.0	53.2	12.4	0.0	0.0	0.0
25	735.88	145082.0	-50.0	0.0	0.0	44.7	0.0	0.1	0.0	52.7	12.4	0.0	0.0	0.0
26	735.85	145006.0	-76.0	0.0	0.0	38.3	0.0	0.1	0.0	53.6	13.6	0.0	0.0	0.0
27	735.78	144829.0	-177.0	0.0	0.0	30.3	0.0	0.1	0.0	68.2	12.4	0.0	0.0	0.0
28	735.74	144728.0	-101.0	0.0	2.1	11.1	0.0	0.1	0.0	70.0	12.5	0.0	0.0	0.0
29	735.68	144576.0	-152.0	0.0	0.0	23.9	0.0	0.1	0.0	67.7	13.5	0.0	0.0	0.0
30	735.64	144475.0	-101.0	0.0	0.0	28.6	0.0	0.1	0.0	52.6	12.4	0.0	0.0	0.0
Totals			-3608.0	0.0	2.1	1169.2	0.0	2.1	0.0	2087.8	385.8	0.0	0.0	0.0

Notes: Elevations in feet, all other values are in acre-feet.

C A C H U M A
 Santa Ynez River - Downstream Users Accounting
 September 2019

SUMMARY OF DAILY RESERVOIR OPERATIONS

Day	Computed Inflow	Combined Releases	Combined Spills	Total Down Stream	Combined Diversions	Upstream Operations Adjustment	Above Narrows Credit	
							Regular Credit	Adjusted Credit
1	59.2	13.5	0.0	13.5	70.9	0.0	59.2	59.2
2	-6.8	12.6	0.0	12.6	66.5	0.0	-6.8	-6.8
3	28.4	12.5	0.0	12.5	68.8	0.0	28.4	28.4
4	11.0	13.5	0.0	13.5	80.2	0.0	11.0	11.0
5	-1.5	12.5	0.0	12.5	106.2	0.0	-1.5	-1.5
6	16.4	13.5	0.0	13.5	113.3	0.0	16.4	16.4
7	8.3	12.5	0.0	12.5	101.3	0.0	8.3	8.3
8	-20.4	13.5	0.0	13.5	102.6	0.0	-20.4	-20.4
9	-40.4	12.6	0.0	12.6	63.6	0.0	-40.4	-40.4
10	11.4	12.5	0.0	12.5	67.7	0.0	11.4	11.4
11	-9.4	13.5	0.0	13.5	66.1	0.0	-9.4	-9.4
12	-1.0	12.6	0.0	12.6	51.4	0.0	-1.0	-1.0
13	22.1	12.5	0.0	12.5	67.3	0.0	22.1	22.1
14	13.0	13.5	0.0	13.5	69.3	0.0	13.0	13.0
15	9.8	12.5	0.0	12.5	71.4	0.0	9.8	9.8
16	-14.7	12.5	0.0	12.5	65.2	0.0	-14.7	-14.7
17	14.2	13.5	0.0	13.5	69.7	0.0	14.2	14.2
18	-7.9	12.4	0.0	12.4	68.3	0.0	-7.9	-7.9
19	-15.2	12.4	0.0	12.4	68.0	0.0	-15.2	-15.2
20	-15.5	13.6	0.0	13.6	69.1	0.0	-15.5	-15.5
21	11.9	12.4	0.0	12.4	57.3	0.0	11.9	11.9
22	8.9	13.4	0.0	13.4	55.0	0.0	8.9	8.9
23	-2.2	12.6	0.0	12.6	52.7	0.0	-2.2	-2.2
24	-4.4	12.4	0.0	12.4	53.3	0.0	-4.4	-4.4
25	59.8	12.4	0.0	12.4	52.8	0.0	59.8	59.8
26	29.6	13.6	0.0	13.6	53.7	0.0	29.6	29.6
27	-66.0	12.4	0.0	12.4	68.3	0.0	-66.0	-66.0
28	-9.4	12.5	0.0	12.5	70.1	0.0	-9.4	-9.4
29	-46.9	13.5	0.0	13.5	67.8	0.0	-46.9	-46.9
30	-7.3	12.4	0.0	12.4	52.7	0.0	-7.3	-7.3
Totals	34.9	385.8	0.0	385.8	2090.0	0.0	34.9	34.9

Notes: All values are in acre-feet.

DEWATERED STORAGE REPORT

ABOVE NARROWS Ground Water Storage Indicator Wells

Node	Well	Current Elev	Previous Elev	Current DWSTR	DWSTR Change	Previous DWSTR
1	6N/34W-02A06	79.1 EST	83.2	715.	229.	486.
2	6N/34W-01G02	98.3	91.9 EST			
2	6N/33W-07E03	108.3	109.2			
	Average	103.3	100.6	1093.	-367.	1460.
3	6N/33W-06D04	111.6	112.6	1419.	55.	1364.
4	6N/33W-06K02	121.0	128.2	1634.	545.	1089.
5	6N/33W-08E02	140.5 EST	142.8 EST	418.	75.	343.
6	6N/33W-08J02	152.8	154.0	785.	84.	701.
7	6N/33W-16B01	163.4	162.3	256.	-109.	365.
8	6N/33W-11M01	191.4 EST	192.2 EST	115.	20.	95.
9	6N/33W-12L01	200.6	201.4 EST	427.	41.	386.
10	6N/32W-18C02	219.4	217.5 EST	135.	-94.	229.
11	6N/32W-08N04	228.3 EST	229.0	351.	32.	319.
12	6N/32W-17J02	238.2	243.3	577.	287.	290.
13	6N/32W-16G04	268.1 EST	268.7 EST	0.	0.	0.
14	6N/32W-09G01	266.3	266.9	669.	53.	616.
15	6N/32W-13G02	304.2	305.0			
15	6N/32W-11D01	281.9 EST	282.2			
	Average	293.0	293.6	1657.	131.	1526.
16	6N/31W-17D01	314.2	313.3	2800.	-138.	2938.
17	6N/31W-17R01	330.1	330.6	2123.	45.	2078.
	Node 18 has been combined with node 17					
	Node 19 has been combined with node 20					
20	6N/31W-22F01	368.7	368.9	3118.	27.	3091.
21	6N/31W-24K02	415.9	416.0	212.	5.	207.
22	6N/30W-29E01	442.8	444.4	870.	149.	721.
23	6N/30W-21E01	470.7 EST	470.5 EST			
23	6N/30W-20H02	463.4	463.7			
	Average	467.0	467.1	192.	3.	189.
24	6N/30W-22C02	492.6 EST	491.7 EST	601.	-39.	640.
25	6N/30W-24E05	532.3	531.9	392.	-17.	409.

	Current DWSTR	DWSTR Change	Previous DWSTR
Santa Rita sub-basin (nodes 1-13)	7925.		7127.
Buellton sub-basin (nodes 14-17)	7249.	91.	7158.
Santa Ynez sub-basin (nodes 20-25)	5385.	128.	5257.
Basin totals	20559.	1017.	19542.

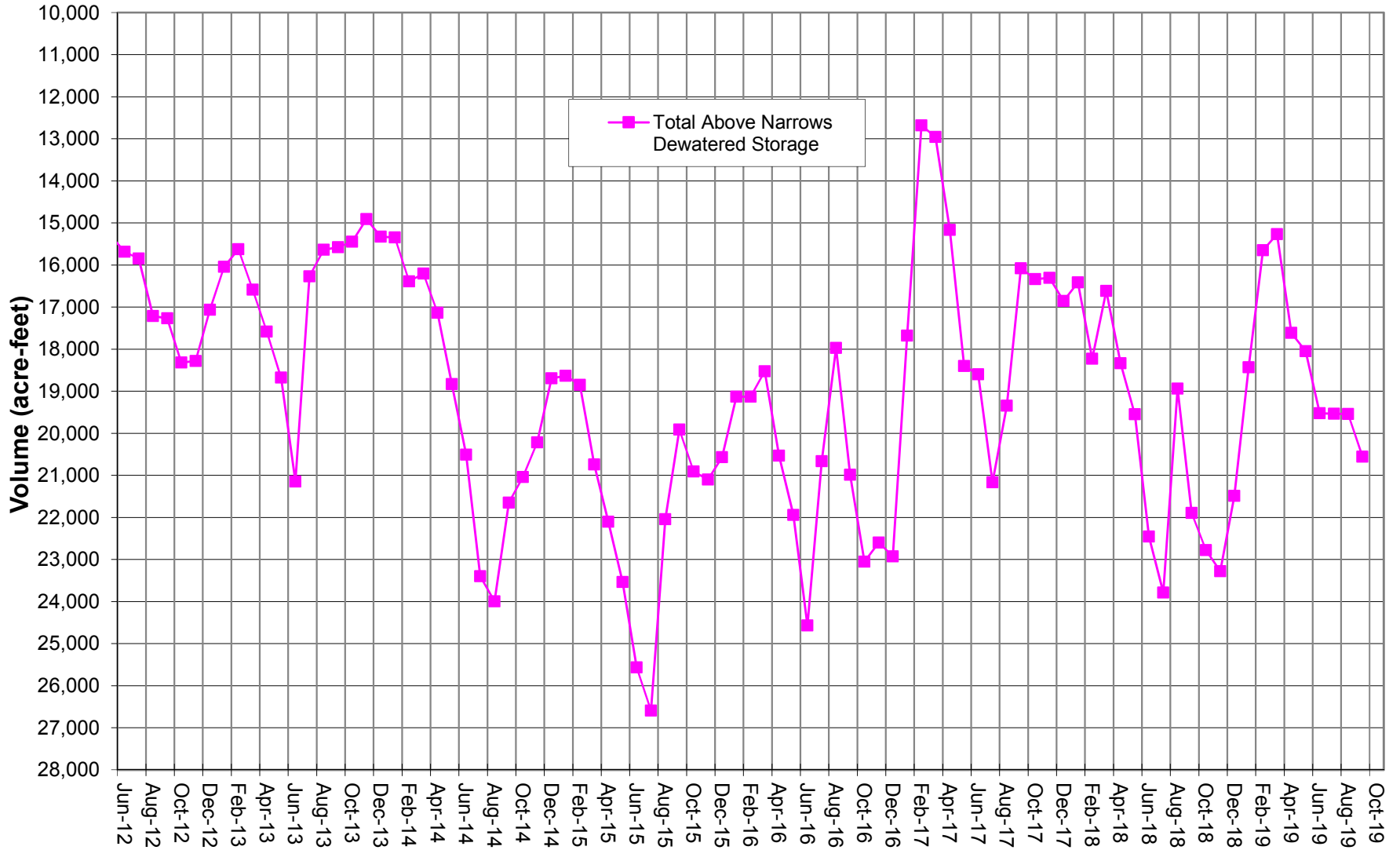
BELOW NARROWS Ground Water Storage Indicator Wells

Node	Well	Current Elev	Previous Elev	Current DWSTR	DWSTR Change	Previous DWSTR
A	7N/34W-22M06	54.5	55.6	955.	57.	898.
B	7N/34W-26B04	44.0	43.3	2582.	-69.	2651.
C	7N/34W-27F09	35.8	37.1	2725.	101.	2624.
D	7N/34W-26Q05	50.6	54.9	3417.	423.	2994.
E	7N/34W-25F03	38.4	39.2	908.	6.	902.
F	6N/34W-04G04	47.9 EST	48.8 EST	3680.	108.	3572.
G	7N/34W-34R01	58.8	59.5	3011.	90.	2921.
H	7N/34W-35K09	57.8	62.8	1484.	187.	1297.
	Basin totals			18762.	903.	17859.

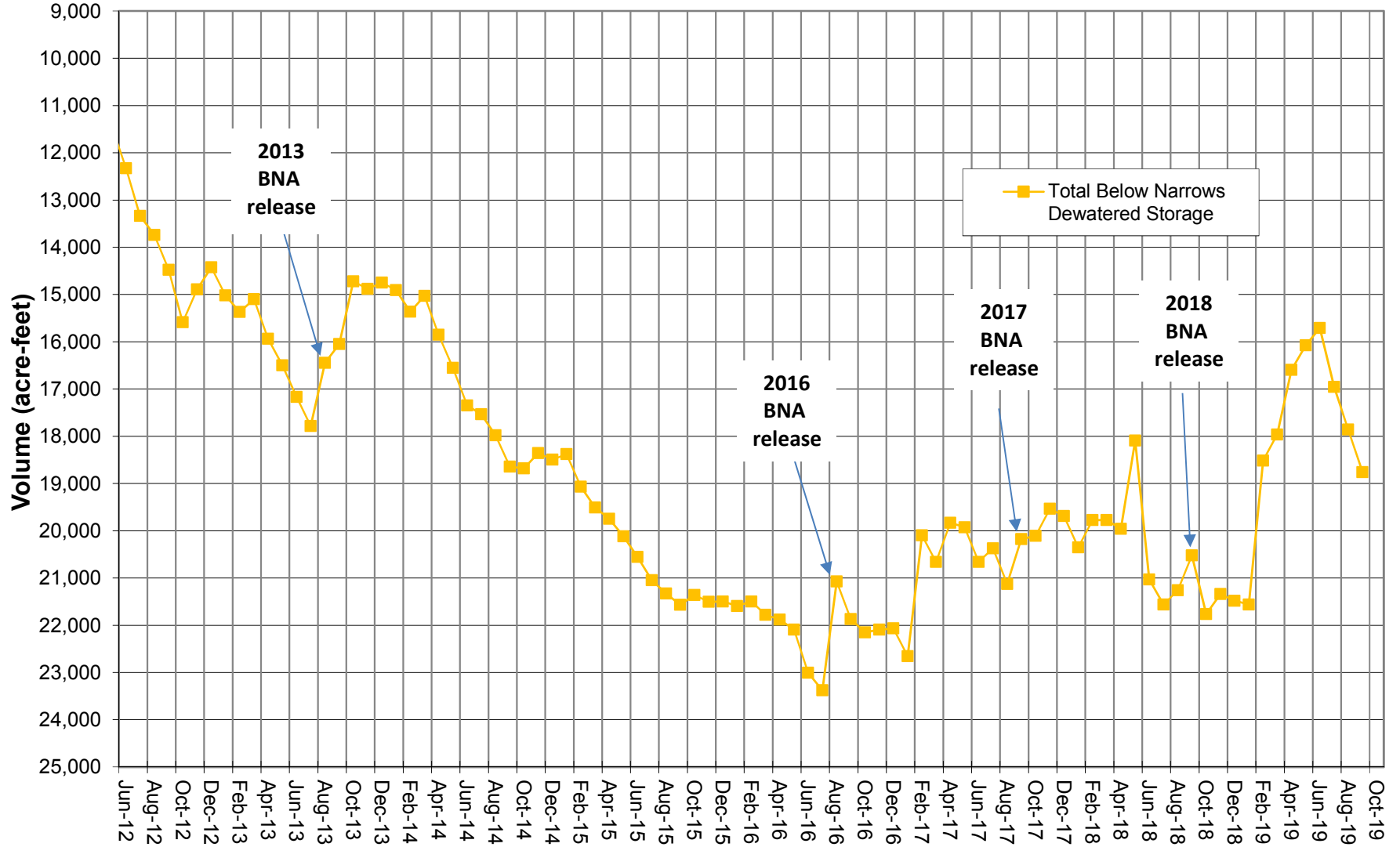
Notes:

1. A dewatered storage of zero means that the ground water basin, as defined, is full. In reality, storage exists above the full level, but is not considered in the accounting.
2. Elevations in feet, storages in acre-feet
3. Date of run: 11/06/2019

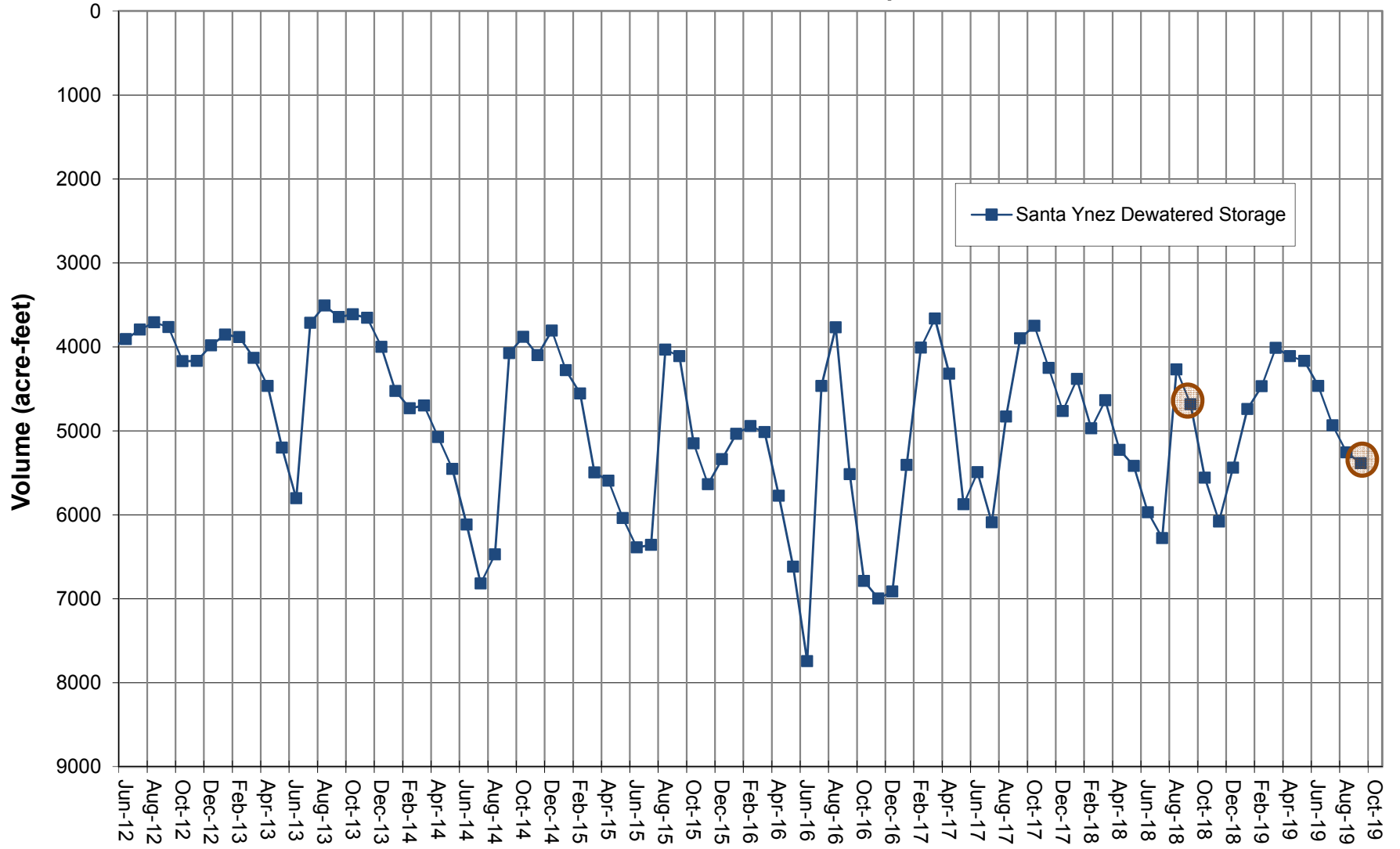
Total Dewatered Groundwater Storage (DWS) Between Bradbury Dam and Lompoc Narrows, 2012 - present



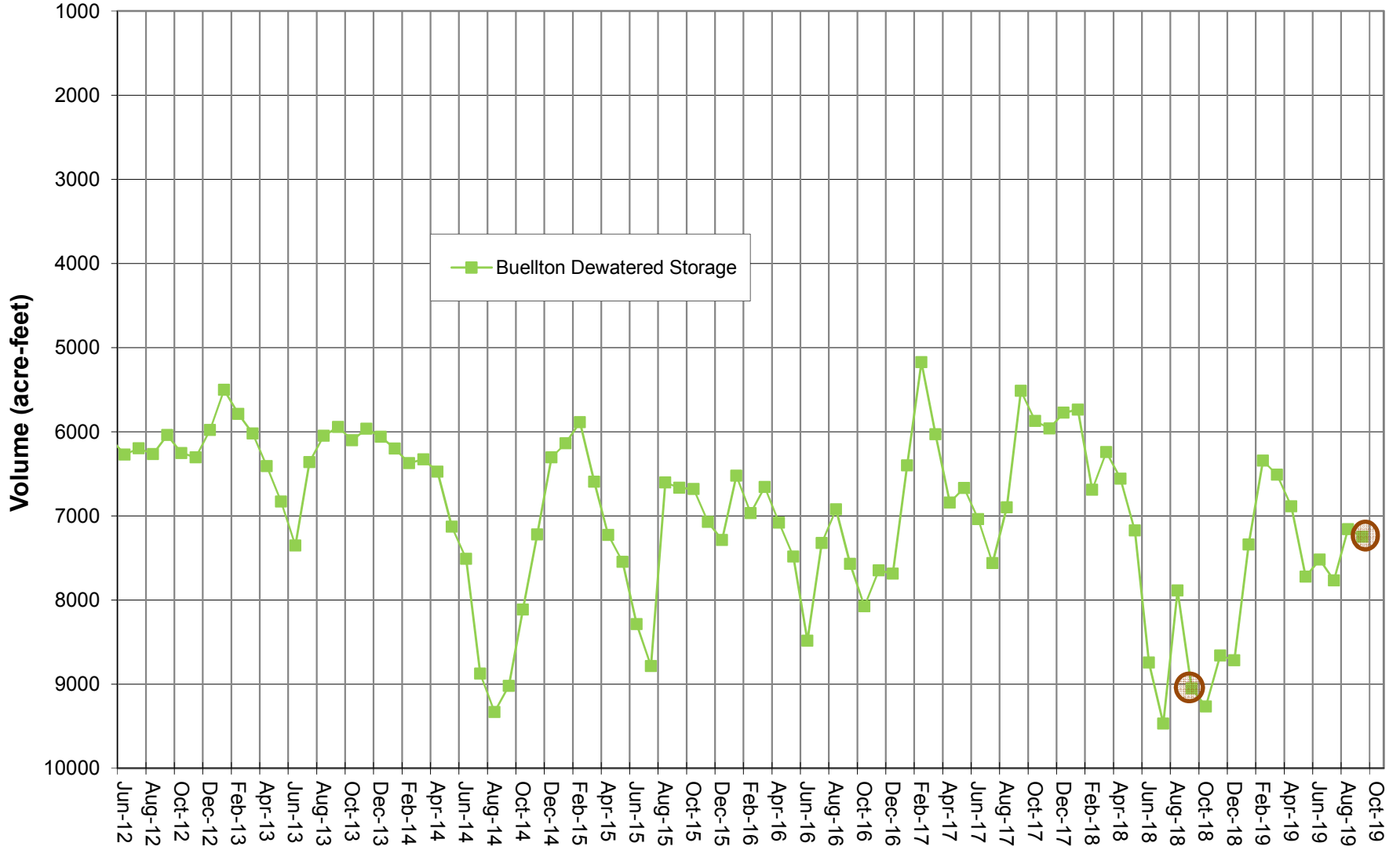
Total Dewatered Groundwater Storage (DWS) in Lompoc Plain, 2012 - present



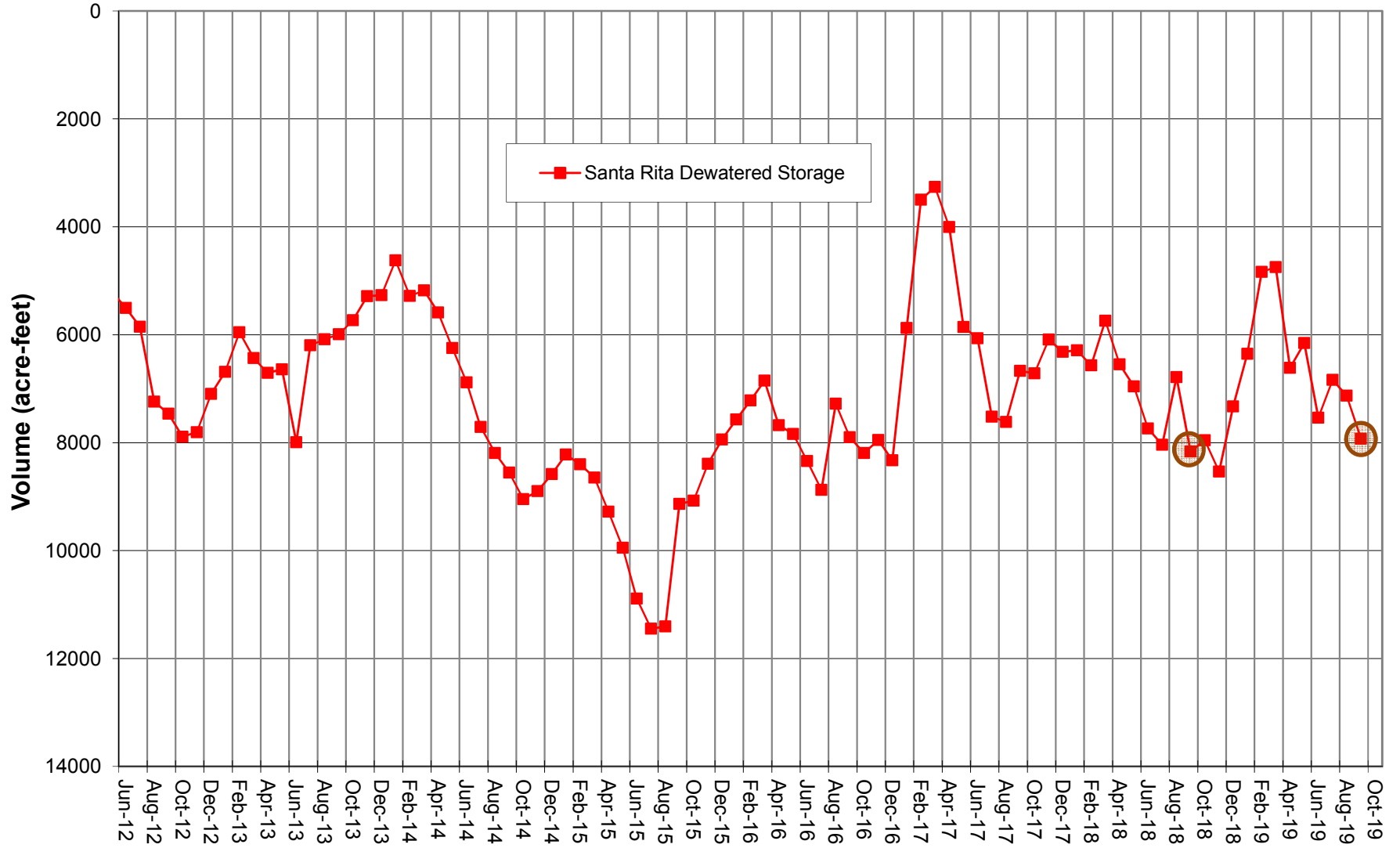
Dewatered Storage (DWS) in Santa Ynez Subunit, 2012 - present



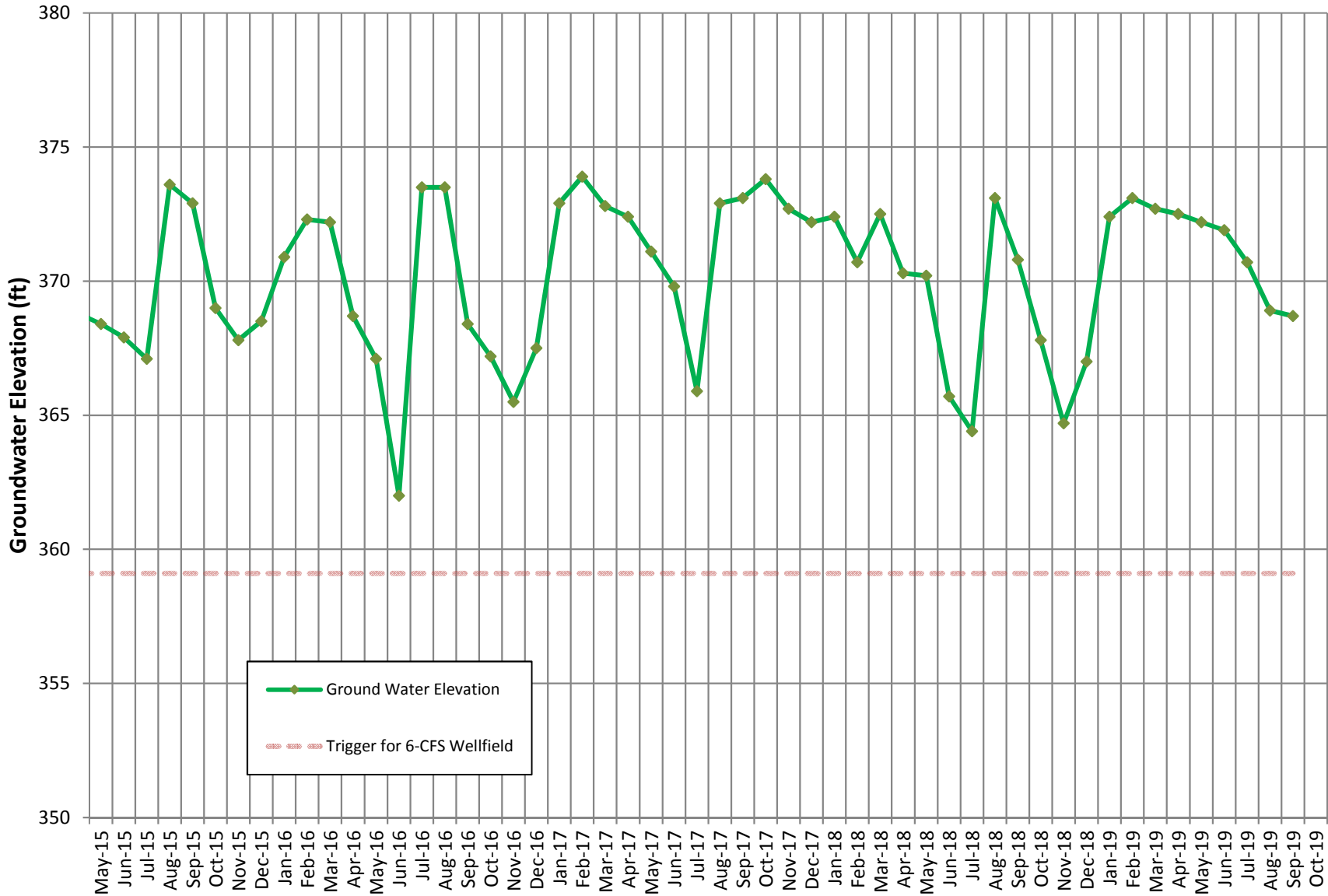
Dewatered Storage (DWS) in Buellton Subunit, 2012 - present



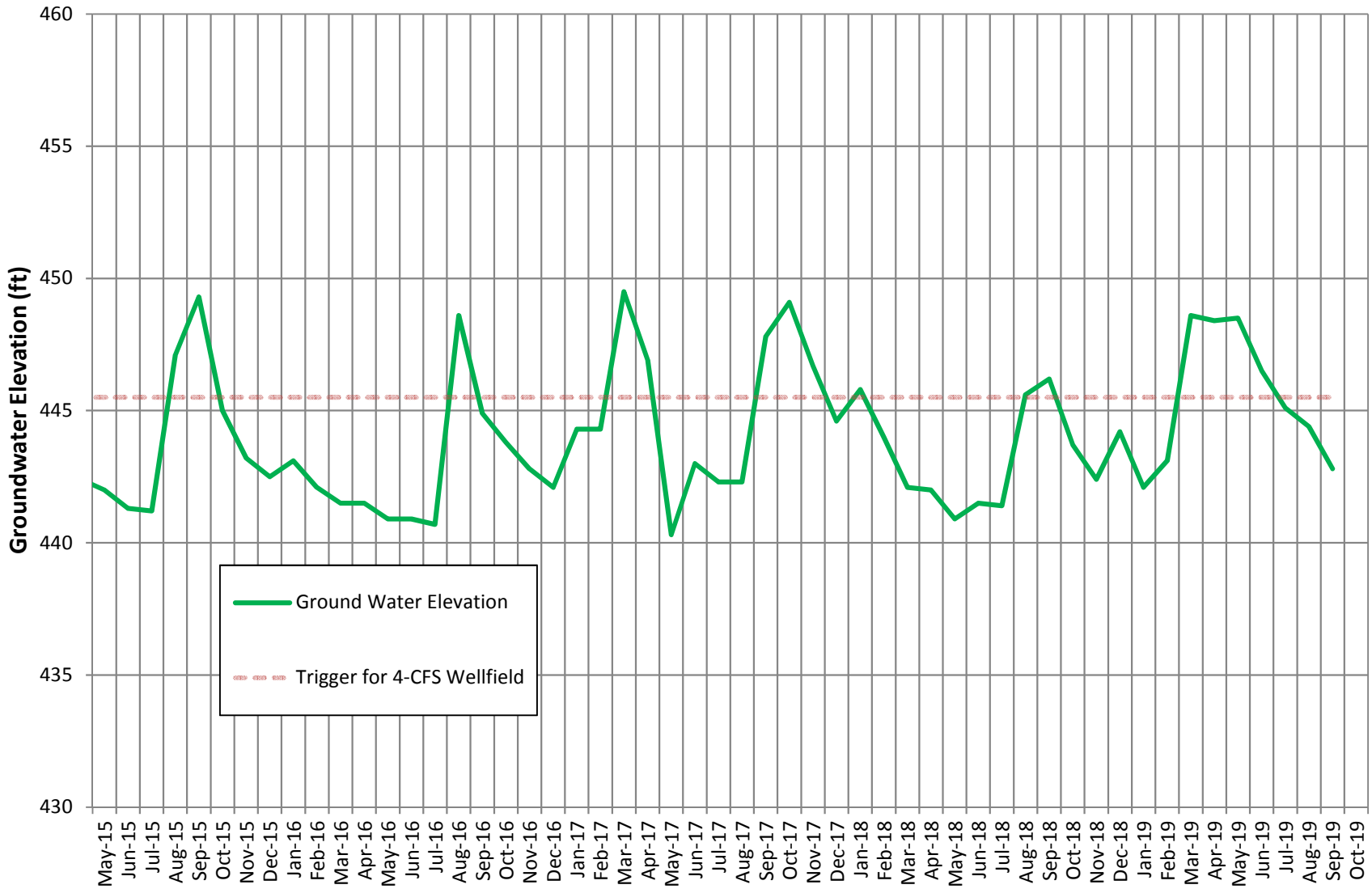
Dewatered Storage (DWS) in Santa Rita Subunit, 2012 - present



USBR Indicator Well 20- 6N/31W - 22F1 Groundwater Elevation (NGVD 29 datum)



USBR Indicator Well 22- 6N/30W - 29E1 (Windmill Well) Groundwater Elevation (NGVD 29 datum)



SY River Water District
BALANCE SHEET
SEPTEMBER 30, 2019

ASSETS

ASSETS

Mechanics Checking #7071-01	\$3,153.56	
Mechanics #7311 (GW Revenue)	145,074.12	
Mechanics #7313 (SYRH Model)	3,184.40	
Mechanics #7314 (Reserves MM)	3,050.42	
LAIF	1,848,289.70	
SBIF	381,891.86	
Unrealized gains & losses	.00	
Taxes Receivable	.00	
Interest Receivable	.00	
Deferred Expenses	.00	
Prepaid Expenses	830.73	
Accounts Receivable	.00	
Suspense	.00	

TOTAL ASSETS		2,385,474.79

TOTAL ASSETS		\$2,385,474.79
		=====

LIABILITIES AND EQUITY

LIABILITIES

Accounts Payable	54,753.41	
Accrued Payroll Taxes	.00	
Deferred Comp - Lincoln Nat'l	.00	
Due USGS Lpc. Monit. Study	18,425.00	
Due ID No 1 LAFCO	.00	
Due Misc	.00	
SYRHM Project (Agency Fund)	.00	

TOTAL LIABILITIES		73,178.41

TOTAL LIABILITIES		73,178.41

RESERVES

Unappropriated Reserves	2,295,748.14	
RETAINED EARNINGS-CURRENT YEAR	16,548.24	

TOTAL RESERVES		2,312,296.38

TOTAL LIABILITIES AND EQUITY		\$2,385,474.79
		=====

SY River Water District
 INCOME STATEMENT
 FOR THE 3 PERIODS ENDED SEPTEMBER 30, 2019

	PERIOD TO DATE			YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
INCOME						
DWR Grant Reimbursement	\$.00	.00	.00	.00	.00	.00
Ground Water Charges	7,666.02	15,000.00	(7,333.98)	246,942.99	250,000.00	(3,057.01)
SB Co. Property Taxes	.00	.00	.00	.00	.00	.00
Interest Income, all sources	7.23	12,500.00	(12,492.77)	22.49	12,500.00	(12,477.51)
Miscellaneous Income	.00	.00	.00	30.00	.00	30.00
TOTAL INCOME	7,673.25	27,500.00	(19,826.75)	246,995.48	262,500.00	(15,504.52)
GROSS PROFIT	7,673.25	27,500.00	(19,826.75)	246,995.48	262,500.00	(15,504.52)
EXPENSES:						
EXPENSES, OPERATIONS						
Employee Compensation	28,326.67	28,916.67	590.00	84,980.01	86,750.01	1,770.00
Payroll (SS & Medicare)	2,166.99	2,166.67	(.32)	6,500.97	6,500.01	(.96)
Employee Benefits	314.07	200.00	(114.07)	1,861.34	600.00	(1,261.34)
Retirement Costs	.00	.00	.00	.00	.00	.00
Outside Staff Support	250.00	833.33	583.33	770.50	2,499.99	1,729.49
Director Fees	375.00	333.33	(41.67)	375.00	999.99	624.99
Ground Water Charges Admin.	2,434.96	4,166.67	1,731.71	6,814.46	12,500.01	5,685.55
Office Supplies-Incl Computer	436.62	250.00	(186.62)	1,554.27	750.00	(804.27)
IT Services	.00	166.67	166.67	510.00	500.01	(9.99)
Communications	497.91	541.67	43.76	1,651.04	1,625.01	(26.03)
Travel & Subsistance	388.96	500.00	111.04	715.84	1,500.00	784.16
Audit/Accounting	.00	.00	.00	.00	.00	.00
Insurance, Bonds, Work. Comp	.00	.00	.00	8,763.83	9,200.00	436.17
Misc. Expense	.00	250.00	250.00	229.00	750.00	521.00
Dues	.00	.00	.00	.00	.00	.00
Tax Admin Fee/LAFCO Cost	.00	.00	.00	338.00	500.00	162.00
Office Occupancy	1,609.68	1,875.00	265.32	4,891.41	5,625.00	733.59
TOTAL EXPENSES, OPERATIONS	36,800.86	40,200.01	3,399.15	119,955.67	130,300.03	10,344.36
EXPENSES, SGMA						
SGMA General	227.11	416.67	189.56	484.85	1,250.01	765.16
SGMA WMA	9,387.32	14,333.33	4,946.01	25,684.85	42,999.99	17,315.14
SGMA CMA	6,203.00	10,833.33	4,630.33	17,809.58	32,499.99	14,690.41
SGMA EMA	150.00	.00	(150.00)	300.00	.00	(300.00)
TOTAL EXPENSES, SGMA	15,967.43	25,583.33	9,615.90	44,279.28	76,749.99	32,470.71
EXPENSES, SPECIAL STUDIES						
SYR Monitoring Program	.00	.00	.00	.00	.00	.00
SYR Studies Program	.00	.00	.00	.00	.00	.00
TOTAL EXPENSES, SPECIAL STUDIE	.00	.00	.00	.00	.00	.00
EXPENSES, LEGAL						
General & Misc	1,597.18	833.33	(763.85)	2,704.28	2,499.99	(204.29)
WR89-18	.00	.00	.00	.00	.00	.00
Upper SYR Ops	.00	.00	.00	.00	.00	.00
WR 94-5 Decision; EIR	5,815.08	2,083.33	(3,731.75)	6,151.26	6,249.99	98.73

SY River Water District
 INCOME STATEMENT
 FOR THE 3 PERIODS ENDED SEPTEMBER 30, 2019

	PERIOD TO DATE			YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
EXPENSES, LEGAL	(Continued)					
Fisheries, Legal	\$4,063.50	3,000.00	(1,063.50)	22,869.00	25,000.00	2,131.00
HR	936.10	416.67	(519.43)	1,854.10	1,250.01	(604.09)
SGMA	.00	416.67	416.67	4,522.85	1,250.01	(3,272.84)
TOTAL EXPENSES, LEGAL	12,411.86	6,750.00	(5,661.86)	38,101.49	36,250.00	(1,851.49)
EXPENSES, ENGINEER						
General & Misc.	.00	833.33	833.33	1,127.18	2,499.99	1,372.81
Annual G.W. Report	56.55	1,250.00	1,193.45	259.39	3,750.00	3,490.61
WR 89-18 Operations	6,921.09	5,416.67	(1,504.42)	13,458.85	16,250.01	2,791.16
Upper SYR Operations	.00	1,250.00	1,250.00	1,479.00	3,750.00	2,271.00
WR 94-5 Decision; EIR	306.00	2,083.33	1,777.33	368.76	6,249.99	5,881.23
Fisheries Hydrology	.00	3,333.33	3,333.33	10,145.62	9,999.99	(145.63)
Fisheries Consulting	.00	1,250.00	1,250.00	1,272.00	3,750.00	2,478.00
TOTAL EXPENSES, ENGINEER	7,283.64	15,416.66	8,133.02	28,110.80	46,249.98	18,139.18
EXPENSES, CONTINGENCIES						
All Zones, General	.00	4,166.67	4,166.67	.00	12,500.01	12,500.01
TOTAL EXPENSES, CONTINGENCIES	.00	4,166.67	4,166.67	.00	12,500.01	12,500.01
TOTAL EXPENSES	72,463.79	92,116.67	19,652.88	230,447.24	302,050.01	71,602.77
NET INCOME FROM OPERATIONS	(64,790.54)	(64,616.67)	(173.87)	16,548.24	(39,550.01)	56,098.25
EARNINGS BEFORE INCOME TAX	(64,790.54)	(64,616.67)	(173.87)	16,548.24	(39,550.01)	56,098.25
NET INCOME (LOSS)	\$(64,790.54)	(64,616.67)	(173.87)	16,548.24	(39,550.01)	56,098.25

SY River Water District
BALANCE SHEET
OCTOBER 31, 2019

ASSETS

ASSETS

Mechanics Checking #7071-01	\$3,153.56	
Mechanics #7311 (GW Revenue)	111,012.41	
Mechanics #7313 (2nd MM)	3,184.53	
Mechanics #7314 (Grant Funds)	138,405.28	
LAIF	1,859,674.62	
SBIF	383,736.44	
Unrealized gains & losses	.00	
Taxes Receivable	.00	
Interest Receivable	.00	
Deferred Expenses	.00	
Prepaid Expenses	537.42	
Accounts Receivable	.00	
Temporary Suspense Account	(440.00)	
Pass through Transfer	.00	

TOTAL ASSETS		2,499,264.26

TOTAL ASSETS		\$2,499,264.26
		=====

LIABILITIES AND EQUITY

LIABILITIES

Accounts Payable	56,165.70	
Accrued Payroll Taxes	.00	
Deferred Comp - Lincoln Nat'l	.00	
Due USGS Lpc. Monit. Study	23,150.00	
Due ID No 1 LAFCO	.00	
Due Misc	.00	
SYRHM Project (Agency Fund)	.00	
Due to other Govs, Interest	3.30	
Due to other Govs, Reimb	138,401.98	

TOTAL LIABILITIES		217,720.98

TOTAL LIABILITIES		217,720.98

RESERVES

Unappropriated Reserves	2,295,748.14	
RETAINED EARNINGS-CURRENT YEAR	(14,204.86)	

TOTAL RESERVES		2,281,543.28

TOTAL LIABILITIES AND EQUITY		\$2,499,264.26
		=====

SY River Water District
INCOME STATEMENT
FOR THE 4 PERIODS ENDED OCTOBER 31, 2019

	PERIOD TO DATE			YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
INCOME						
DWR Grant Reimbursement	\$23,473.67	25,000.00	(1,526.33)	23,473.67	25,000.00	(1,526.33)
Ground Water Charges	3,100.16	.00	3,100.16	250,043.15	250,000.00	43.15
SB Co. Property Taxes	10,874.28	14,000.00	(3,125.72)	10,874.28	14,000.00	(3,125.72)
Interest Income, all sources	111.77	.00	111.77	13,363.76	12,500.00	863.76
Miscellaneous Income	.00	.00	.00	30.00	.00	30.00
TOTAL INCOME	37,559.88	39,000.00	(1,440.12)	297,784.86	301,500.00	(3,715.14)
GROSS PROFIT	37,559.88	39,000.00	(1,440.12)	297,784.86	301,500.00	(3,715.14)
EXPENSES:						
EXPENSES, OPERATIONS						
Employee Compensation	28,326.67	28,916.67	590.00	113,306.68	115,666.68	2,360.00
Payroll (SS & Medicare)	2,166.99	2,166.67	(.32)	8,667.96	8,666.68	(1.28)
Employee Benefits	403.11	200.00	(203.11)	2,264.45	800.00	(1,464.45)
Retirement Costs	.00	.00	.00	.00	.00	.00
Outside Staff Support	250.00	833.33	583.33	1,020.50	3,333.32	2,312.82
Director Fees	.00	333.33	333.33	375.00	1,333.32	958.32
Ground Water Charges Admin.	2,485.00	4,166.67	1,681.67	9,299.46	16,666.68	7,367.22
Office Supplies-Incl Computer	537.06	250.00	(287.06)	2,091.33	1,000.00	(1,091.33)
IT Services	227.76	166.67	(61.09)	737.76	666.68	(71.08)
Communications	734.01	541.67	(192.34)	2,385.05	2,166.68	(218.37)
Travel & Subsistance	583.27	500.00	(83.27)	1,299.11	2,000.00	700.89
Audit/Accounting	6,672.25	10,400.00	3,727.75	6,672.25	10,400.00	3,727.75
Insurance, Bonds, Work. Comp	.00	.00	.00	8,763.83	9,200.00	436.17
Misc. Expense	.00	250.00	250.00	229.00	1,000.00	771.00
Dues	.00	.00	.00	.00	.00	.00
Tax Admin Fee/LAFCO Cost	.00	.00	.00	338.00	500.00	162.00
Office Occupancy	1,702.44	1,875.00	172.56	6,593.85	7,500.00	906.15
TOTAL EXPENSES, OPERATIONS	44,088.56	50,600.01	6,511.45	164,044.23	180,900.04	16,855.81
EXPENSES, SGMA						
SGMA General	205.78	416.67	210.89	690.63	1,666.68	976.05
SGMA WMA	13,650.13	14,333.33	683.20	39,334.98	57,333.32	17,998.34
SGMA CMA	10,048.54	10,833.33	784.79	27,858.12	43,333.32	15,475.20
SGMA EMA	75.00	2,777.77	2,702.77	375.00	2,777.77	2,402.77
TOTAL EXPENSES, SGMA	23,979.45	28,361.10	4,381.65	68,258.73	105,111.09	36,852.36
EXPENSES, SPECIAL STUDIES						
SYR Monitoring Program	.00	.00	.00	.00	.00	.00
SYR Studies Program	.00	.00	.00	.00	.00	.00
TOTAL EXPENSES, SPECIAL STUDIE	.00	.00	.00	.00	.00	.00
EXPENSES, LEGAL						
General & Misc	.00	833.33	833.33	2,704.28	3,333.32	629.04
WR89-18	.00	.00	.00	.00	.00	.00
Upper SYR Ops	.00	.00	.00	.00	.00	.00
WR 94-5 Decision; EIR	.00	2,083.33	2,083.33	6,151.26	8,333.32	2,182.06

SY River Water District
 INCOME STATEMENT
 FOR THE 4 PERIODS ENDED OCTOBER 31, 2019

	PERIOD TO DATE			YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
EXPENSES, LEGAL	(Continued)					
Fisheries, Legal	\$.00	.00	.00	22,869.00	25,000.00	2,131.00
HR	6.85	416.67	409.82	1,860.95	1,666.68	(194.27)
SGMA	.00	416.67	416.67	4,522.85	1,666.68	(2,856.17)
TOTAL EXPENSES, LEGAL	6.85	3,750.00	3,743.15	38,108.34	40,000.00	1,891.66
EXPENSES, ENGINEER						
General & Misc.	628.24	833.33	205.09	1,755.42	3,333.32	1,577.90
Annual G.W. Report	.00	1,250.00	1,250.00	259.39	5,000.00	4,740.61
WR 89-18 Operations	1,106.06	5,416.67	4,310.61	14,564.91	21,666.68	7,101.77
Upper SYR Operations	.00	1,250.00	1,250.00	1,479.00	5,000.00	3,521.00
WR 94-5 Decision; EIR	9,483.32	2,083.33	(7,399.99)	9,852.08	8,333.32	(1,518.76)
Fisheries Hydrology	.00	3,333.33	3,333.33	10,145.62	13,333.32	3,187.70
Fisheries Consulting	.00	1,250.00	1,250.00	1,272.00	5,000.00	3,728.00
TOTAL EXPENSES, ENGINEER	11,217.62	15,416.66	4,199.04	39,328.42	61,666.64	22,338.22
EXPENSES, CONTINGENCIES						
All Zones, General	2,250.00	4,166.67	1,916.67	2,250.00	16,666.68	14,416.68
TOTAL EXPENSES, CONTINGENCIES	2,250.00	4,166.67	1,916.67	2,250.00	16,666.68	14,416.68
TOTAL EXPENSES	81,542.48	102,294.44	20,751.96	311,989.72	404,344.45	92,354.73
NET INCOME FROM OPERATIONS	(43,982.60)	(63,294.44)	19,311.84	(14,204.86)	(102,844.45)	88,639.59
EARNINGS BEFORE INCOME TAX	(43,982.60)	(63,294.44)	19,311.84	(14,204.86)	(102,844.45)	88,639.59
NET INCOME (LOSS)	\$ (43,982.60)	(63,294.44)	19,311.84	(14,204.86)	(102,844.45)	88,639.59

QUARTERLY INVESTMENT REPORT
(REF. CGC 53646 (B) (1) AND 53646 (E))
SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
1ST QUARTER, FY 2019-20
JULY, AUGUST, SEPTEMBER 2019

Certification is hereby provided that:

- A. All investment actions executed during the last quarter have been made in full compliance with the Investment Policy; and,
- B. Sufficient funds exist so that the District will meet its expenditure obligations for the next six months as required by CGC 53646 (b) (2) and (3), respectively.

CERTIFICATION:



Kevin D. Walsh, General Manager

11 November 2019
Date



William J. Buelow, Treasurer

11/6/2019
Date

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
OCTOBER 2019 WARRANT LIST FOR BOARD APPROVAL**

<u>NUMBER</u>	<u>DATE</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
4868	10/9/2019	Cynthia Allen	9/25/19 Board Meeting; 9/12 CMA	\$ 150.00
4869	10/9/2019	Mark Altshuler	9/25/19 Board Meeting	\$ 75.00
4870	10/9/2019	William Buelow	September 2019 Reimburseables	\$ 135.56
4871	10/9/2019	VOID	VOID	\$ -
4872	10/9/2019	Jim Heyerly	October 2019 Rent	\$ 1,500.00
4873	10/9/2019	Art Hibbits	9/25/19 Board Meeting; 9/25 WMA	\$ 150.00
4874	10/9/2019	Humana Insurance Co.	October 2019 Dental Insurance	\$ 109.80
4875	10/9/2019	Inklings Printing Co.	GW Forms & envelopes	\$ 874.96
4876	10/9/2019	Steve Jordan	9/25/19 Board Meeting; 9/25 WMA	\$ 150.00
4877	10/9/2019	Lincoln Financial Group	457 Plan Employee Contributions	\$ 3,800.00
4878	10/9/2019	Brett Marymee	5/1/19 Board Meeting	\$ 75.00
4879	10/9/2019	Pacific Gas & Electric	September 2019 Electric Service	\$ 109.68
4880	10/9/2019	Shirley Scales Bookkeeping	September 2019 G.W. Admin Service	\$ 1,560.00
4881	10/9/2019	Staples Credit Plan	Office Supplies	\$ 213.84
4882	10/9/2019	Stetson Engineers	August 2019 Engineering Service	\$ 7,460.29
4883	10/9/2019	Amber Thompson	September 2019 Reimburseables	\$ 8.12
4884	10/9/2019	US Bank Corp	September 2019 CalCard	\$ 537.75
4885	10/9/2019	Valley Bookkeeping Services	September 2019 Bookkeeping Service	\$ 250.00
4886	10/9/2019	Kevin Walsh	September 2019 Reimburseables	\$ 146.74
4887	10/9/2019	Young Wooldridge	September 2019 Legal Service	\$ 12,362.81
4888-4890	10/9/2019	Payroll	September 2019 Salary	\$ 16,373.58
4891	10/9/2019	Employment Development Dept.	Tax Deposit	\$ 1,296.64
4892	10/9/2019	Rabobank	Tax Deposit	\$ 9,023.44
TOTAL				\$ 56,363.21

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
November 2019 WARRANT LIST FOR BOARD APPROVAL

<u>NUMBER</u>	<u>DATE</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
4893	11/6/2019	Bartlett, Pringle & Wolf	FY 2018-19 Audit	\$ 6,672.25
4894	11/6/2019	William Buelow	October 2019 Reimbursables	\$ 435.94
4895	11/6/2019	Employment Development Dept.	Unemployment Claim - FY 2019-20, 1st Quarter	\$ 2,250.00
4896	11/6/2019	Inklings Printing Co.	GW Forms & envelopes	\$ 170.04
4897	11/6/2019	Moniot Consulting	July-October 2019 G.W. Admin. Service	\$ 885.00
4898	11/6/2019	Pacific Gas & Electric	October 2019 Electric Service	\$ 82.90
4899	11/6/2019	Shirley Scales Bookkeeping	October 2019 G.W. Admin Service	\$ 1,600.00
4900	11/6/2019	Stetson Engineers	September 2019 Engineering Service	\$ 11,217.62
4901	11/6/2019	Amber Thompson	October 2019 Reimbursables	\$ 107.59
4902	11/6/2019	US Bank Corp	October 2019 CalCard	\$ 1,575.42
4903	11/6/2019	Kevin Walsh	October 2019 Reimbursables	\$ 125.28
4904	11/6/2019	Comcast	November 2019 Internet Service	\$ 158.21
4905	11/6/2019	California Special Districts	2020 Annual Dues	\$ 2,043.00
4906	11/6/2019	Guardian	November 2019 (partial)-Life, LTD & ADD Insurance	\$ 149.99
4907	11/6/2019	Jim Heyerly	November 2019 Rent	\$ 1,500.00
4908	11/6/2019	Humana Insurance Co.	November 2019 Dental Insurance	\$ 109.80
4909	11/6/2019	U.S. Geological Survey	USGS Lompoc G.W. Monitoring Program	\$ 23,150.00
4910	11/6/2019	Vision Service Plan	November 2019 Vision Insurance	\$ 20.76
4911	11/6/2019	Cynthia Allen	10/28/19 CMA Meeting	\$ 75.00
4912	11/6/2019	Art Hibbits	10/28/19 CMA Meeting	\$ 75.00
4913	11/6/2019	Steve Jordan	10/23/19 WMA Meeting	\$ 75.00
4914	11/6/2019	Lincoln Financial Group	457 Plan Employee Contributions	\$ 4,500.00
4915	11/6/2019	Brett Marymee	10/24/19 EMA Meeting	\$ 75.00
4916	11/6/2019	Valley Bookkeeping Services	October 2019 Bookkeeping Service	\$ 250.00
4917-4919	11/6/2019	Payroll	October 2019 Salary	\$ 15,913.19
4920	11/6/2019	Employment Development Dept.	Tax Deposit	\$ 1,225.03
4921	11/6/2019	Mechanics Bank	Tax Deposit	\$ 8,855.44
TOTAL				\$ 83,297.46

September 20, 2019

Ms. Cynthia Allen
Board President
Santa Ynez River Water Conservation District
Post Office Box 719
Santa Ynez, California 93460-0719

Re: President's Special Acknowledgement Award – Property/Liability Program

Dear Ms. Allen:

This letter and enclosed certificate are to formally acknowledge the dedicated efforts of the Santa Ynez River Water Conservation District's Governing Body, management, and staff towards proactive risk management and loss prevention training for earning the President's Special Acknowledgement Award! The Award is to recognize members with no "paid" claims during the prior **five consecutive program years** in the Property/Liability Program.

A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year and excludes property claims. Your agency's efforts have resulted in no "paid" property/liability claims for the prior five consecutive program years including 2018-19. This is an outstanding accomplishment that serves as an example for all SDRMA members!

It is through the efforts of members such as Santa Ynez River Water Conservation District that SDRMA has been able to continue providing affordable property/liability coverage to over 500 public agencies throughout California. While 424 members, or 84%, in the property/liability program had no "paid" claims in program year 2018-19, 270 members, or 53%, had no paid claims for the prior five consecutive years.

In addition to this annual recognition, members with no "paid" claims during 2018-19 earned two credit incentive points (CIPs) reducing their annual contribution amount, and members with no "paid" claims for the prior 5 consecutive program years earned three additional bonus CIPs.

Included with this letter and certificate is your press release template so your agency may showcase this important accomplishment.

On behalf of the SDRMA Board of Directors and staff, it is my honor to congratulate your Governing Body, management, and staff for your commitment to proactive risk management and loss prevention training.

Sincerely,
Special District Risk Management Authority



Mike Scheafer, President
Board of Directors



SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

President's Special Acknowledgement Award

The President of the Special District Risk Management Authority

Hereby gives special recognition to

Santa Ynez River Water Conservation District

The President's Special Acknowledgement Award is to recognize members with no "paid" claims during the prior five consecutive program years in the Property/Liability Program. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during that same period and excludes property claims. Congratulations on your excellent claims record!

Mike Scheafer, SDRMA Board President

September 20, 2019

Date

RESOLUTION NO. 695

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
MAKING AN APPLICATION TO THE CALIFORNIA DEPARTMENT OF
WATER RESOURCES TO OBTAIN A GRANT UNDER THE
2019 SUSTAINABLE GROUNDWATER MANAGEMENT GRANT PROGRAM
PURSUANT TO THE CALIFORNIA DROUGHT, WATER, PARKS, CLIMATE,
COASTAL PROTECTION, AND OUTDOOR ACCESS FOR ALL ACT OF 2018
(PROPOSITION 68) AND THE WATER QUALITY, SUPPLY AND
INFRASTRUCTURE IMPROVEMENT ACT OF 2014 (PROPOSITION 1), AND
TO ENTER INTO AN AGREEMENT TO RECEIVE A GRANT FOR AN AERIAL
ELETROMAGNETIC SURVEY OF THE WMA AND CMA PORTIONS OF THE
SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN**

WHEREAS, the State of California enacted the Sustainable Groundwater Management Act (Water Code Section 10720 et seq.), as amended, which became effective January 1, 2015, pursuant to which certain public agencies may become Groundwater Sustainability Agencies (GSA) and adopt Groundwater Sustainability Plans (GSP) in order to manage and regulate groundwater in underlying groundwater basins; and

WHEREAS, the Santa Ynez River Water Conservation District (SYRWCD), working with various other public agencies, formed three GSAs in different sections of the Santa Ynez River Valley Groundwater Basin (SY Basin), which basin is as identified and described in the Department of Water Resources (DWR) Buellton No. 118 (Basin No. 315); and

WHEREAS, each Memorandum of Agreement for the three GSAs names the SYRWCD as the point of contact to act on behalf of the GSAs as the Coordinating Agency with DWR; and

WHEREAS, SYRWCD, as the Coordinating Agency in the SY Basin, intends to develop and produce one or more GSPs and a Coordination Agreement, as appropriate for the SY Basin, which GSP(s) shall be well coordinated and fully comply with GSP Regulations and be approvable by DWR; and

WHEREAS, funds are limited locally to develop and produce the Coordination Agreement and GSP(s).

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors as follows:

1. The Santa Ynez River Water Conservation District make an application to the California Department of Water Resources to obtain a grant under the 2019 Sustainable Groundwater Management Grant Program pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) (Water Code Section 79700 et

seq.) and/or the California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All Act of 2018 (Proposition 68) and to enter into an agreement to receive a grant for the Santa Ynez River Valley Groundwater Basin, Aerial Electromagnetic Survey of the Western and Central Management Areas in the Santa Ynez River Valley Groundwater Basin.

2. The Groundwater Program Manager and/or the General Manager of the Santa Ynez River Water Conservation District or designee is hereby authorized and directed to prepare the necessary data, conduct investigations, file such application and execute a grant agreement with the California Department of Water Resources.

WE, THE UNDERSIGNED, being the duly qualified and acting President and Secretary, respectively, of the Board of Directors of the Santa Ynez River Water Conservation District do hereby certify that the above and foregoing resolution was duly adopted and passed by the Board of Directors of said District at a regular meeting duly held on the 4th day of December 2019 by the following roll call vote:

AYES, and in favor thereof, Directors:

NOES, Directors:

ABSENT/ABSTAINING, Directors:

Brett Marymee, Vice President

Amber M. Thompson, Secretary

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors of the Santa Ynez River Water Conservation District held on December 4, 2019.

Secretary: _____
Amber M. Thompson

Intra-Basin Administrative Agreement
For Implementation of the Sustainable Groundwater Management Act
In the Santa Ynez River Valley Groundwater Basin

This Intra-Basin Administrative Agreement (“Agreement”) is made and effective as of _____, 2019 (“Effective Date”) by and between the Parties executing this Agreement below, each referred to herein as a “Party” and collectively as the “Parties.”

A. **WHEREAS**, in 2014 the State of California enacted the Sustainable Groundwater Management Act, including but not limited to Water Code section 10720 et seq., referred to in this Agreement as the “Act” or “SGMA,” as subsequently amended, pursuant to which certain agencies may become or participate in “Groundwater Sustainability Agencies” (“GSAs”) and prepare, adopt, and implement “Groundwater Sustainability Plans” (“GSPs”) to achieve sustainable groundwater management in basins throughout the State. The Act defines a groundwater “basin” as a basin or sub-basin identified and defined in California Department of Water Resources (“DWR”) Bulletin 118 or as modified pursuant to the Act. Each Party is a local agency located within the Santa Ynez River Valley Groundwater Basin (Bulletin 118, Basin No. 3-15, “Basin”), each is qualified to become a GSA or participate in a GSA or multiple GSAs, and each is authorized to adopt a GSP or participate in the adoption of a GSP or multiple GSPs under the Act for all or a portion of the Basin, as applicable; and

B. **WHEREAS**, the Parties previously executed a “Memorandum of Understanding for Implementation of the Sustainable Groundwater Management Act in the Santa Ynez River Valley Groundwater Basin” dated May 23, 2016 (“2016 MOU”) to, among other things, provide for the initial organization of the Basin according to three separate Management Areas, ensure the timely formation and filing of a separate GSA for each of the three Management Areas, and establish the basis for a cooperative and ongoing working relationship between and among the Parties and GSAs for implementing the goals and requirements of SGMA throughout the Basin; and

C. **WHEREAS**, in accordance with SGMA and the 2016 MOU, three separate GSAs have been formed and are operating within the Basin, wherein one GSA represents the Western Management Area, one GSA represents the Central Management Area, and one GSA represents the Eastern Management Area; and

D. **WHEREAS**, the Western Management Area Groundwater Sustainability Agency (“WMA GSA”) was formed by the City of Lompoc, the Vandenberg Village Community Services District, the Mission Hills Community Services District, the Santa Ynez River Water Conservation District, and the Santa Barbara County Water Agency pursuant to the January 11, 2017 Memorandum of Agreement for Formation of a Groundwater Sustainability Agency for the Western Management Area in the Santa Ynez River Valley Groundwater Basin Under the Sustainable Groundwater Management Act (“WMA MOA”); and

E. **WHEREAS**, the Central Management Area Groundwater Sustainability Agency (“CMA GSA”) was formed by the City of Buellton, the Santa Ynez River Water Conservation District, and the Santa Barbara County Water Agency pursuant to the January 11, 2017 Memorandum of Agreement for Formation of a Groundwater Sustainability Agency for the Central Management Area in the Santa Ynez River Valley Groundwater Basin Under the Sustainable Groundwater Management Act (“CMA MOA”); and

F. **WHEREAS**, the Eastern Management Area Groundwater Sustainability Agency (“EMA GSA”) was formed by the City of Solvang, the Santa Ynez River Water Conservation District, Improvement District No.1, the Santa Ynez River Water Conservation District, and the Santa Barbara County Water Agency pursuant to the April 27, 2017 Memorandum of Agreement for Formation of a Groundwater Sustainability Agency for the Eastern Management Area in the Santa Ynez River Valley Groundwater Basin Under the Sustainable Groundwater Management Act (“EMA MOA”); and

G. **WHEREAS**, the Parties hereto wish to supplement and provide a further framework for cooperative and ongoing efforts among themselves and among the WMA GSA, the CMA GSA, and the EMA GSA for implementation of SGMA throughout the Basin in a manner that is effective, efficient, fair, and at reasonable costs.

THEREFORE, in consideration of the Recitals set forth above and the mutual promises set forth below, the Parties agree as follows:

1. Purpose. The primary purpose of this Agreement is to facilitate a cooperative and ongoing working relationship between the Parties and among the WMA GSA, the CMA GSA, and the EMA GSA that will allow them to explore, study, evaluate, develop, and carry out mutually beneficial approaches and strategies for implementing SGMA throughout the Basin in an effective, efficient, fair, and cost-effective manner.
2. Development of Separate Groundwater Sustainability Plans.
 - (a) In accordance with the WMA MOA, the CMA MOA, and the EMA MOA, a separate GSP will be developed by the respective GSAs for each of the three Management Areas identified in the Recitals above. As a part of their cooperative and ongoing efforts under this Agreement, the Parties through their respective GSAs shall continue to discuss and explore the potential formation of one or more new joint powers authority or alternative arrangement(s) to implement the GSPs and carry out the objectives and requirements of SGMA throughout the Basin in a coordinated fashion.
 - (b) As further described at Section 3 below, the Parties acknowledge and agree that the respective GSPs must be developed in a coordinated fashion and that a Coordination Agreement must be developed and submitted to the California Department of Water Resources (“DWR”) together with the three GSPs for the Basin. As foundation to the Coordination Agreement, and in accordance with Section 10727.6 of the Act, the Parties

further acknowledge and agree that their respective GSAs shall coordinate with each other in the preparation of the respective GSPs to ensure that the GSPs utilize the same data and methodologies for the following assumptions:

- Groundwater elevation data;
- Groundwater extraction data;
- Surface water supply;
- Total water use;
- Change in groundwater storage;
- Water budget; and
- Sustainable yield.

(c) Governance and decision-making processes within the individual GSAs shall be governed by the respective Memoranda of Agreement described in the Recitals above, as those documents may be modified or supplemented from time to time by applicable bylaws, policies, amendments, or other agreements.

3. Coordination Agreement. Because multiple GSPs will be developed for the Basin, the Parties agree that a Coordination Agreement shall be developed and entered in accordance with Sections 10727(b)(3), 10727.6, and 10733.4(b)(3) of the Act, and the requirements and elements set forth in Section 357.4 of Title 23 of the California Code of Regulations (“SGMA Regulations”) to ensure that the GSPs are developed and implemented utilizing the same data and methodologies and that elements of the GSPs necessary to achieve the sustainability goal for the Basin are based upon consistent interpretations of the basin setting.

Because developing and executing the Coordination Agreement is a prerequisite to filing the respective GSPs, the Parties agree to commence negotiation of the Coordination Agreement through their respective GSAs as soon as practicable, but no later than July 1, 2020. In the event that essential terms and elements of the Coordination Agreement, as set forth by Section 357.4 of the SGMA Regulations, have not been developed in draft for consideration by the Parties and the respective GSAs by June 1, 2021, any Party to this Agreement may demand in writing to the other Parties that the remaining process for developing and finalizing the Coordination Agreement be administered with the services of a mediator as provided by Section 7 below.

4. Sharing of DWR Grant Funds. The Parties acknowledge that the Santa Ynez River Water Conservation District (SYRWCD) is the grantee of a DWR Proposition 1 grant award of \$1,000,000 (“DWR Grant Funds”) on behalf of the respective GSAs for the three Management Areas and that such DWR Grant Funds are administered pursuant to the 2018 Grant Agreement Between the State of California (DWR) and the SYRWCD (“DWR Grant Agreement”). The Parties agree, individually and through their respective GSAs, that the DWR Grant Funds shall be shared and allocated equally (one-third each) among the WMA GSA, the CMA GSA, and the EMA GSA on behalf of the respective Management Areas for development of their

respective GSPs and related SGMA costs as authorized by the DWR Grant Agreement; and that if any GSA does not incur costs that are reimbursable from its respective one-third share of DWR Grant Funds, such unutilized funds shall be allocated equally (one-half each) to the two remaining GSAs; and that if either of the two remaining GSAs does not incur costs that are reimbursable from its one-half share of such remaining DWR Grant Funds, such unutilized funds shall be allocated to the one remaining GSA; and if the remaining GSA does not incur costs that are reimbursable from such remaining DWR Grant Funds, such unutilized funds shall be administered in accordance with the DWR Grant Agreement. Subject to the requirements of the DWR Grant Agreement, decisions related to the use and application of DWR Grant Funds within any given Management Area shall be made by the respective GSA for that Management Area.

5. Cost Sharing Among GSAs and Securing Joint Services.

- (a) The Parties anticipate the need or opportunity from time to time to perform certain services or activities that are common to and will benefit all three Management Areas and GSAs in preparing their respective GSPs, which services or activities otherwise would be funded individually through the GSAs, and where jointly securing and undertaking such services or activities can improve efficiencies in preparing the GSPs and save costs at a Basin-wide level. These common and mutually beneficial services, activities, and associated costs may include, but are not limited to, SGMA website development, data management systems, technical review, and administrative support. Any decision(s) on a case-by-case basis to secure and undertake services or activities that are common and mutually beneficial to the three Management Areas and GSAs, and to incur the costs associated with any such decision(s), shall require prior approval by all three GSAs, wherein the method, terms, and costs for securing and undertaking such services or activities shall be presented to each GSA as part of the aforementioned approval requirements.
- (b) Costs incurred for services or activities that are undertaken as described in Section 5(a) above shall be equally apportioned among and paid by the three GSAs (one-third each); provided, however, that each GSA shall make its own determination in coordination with SYRWCD of whether to seek reimbursement for its proportionate share of such costs from DWR Grant Funds made available to that GSA as described in Section 4 above. Cost sharing within the individual GSAs shall be administered in accordance with the terms of the WMA MOA, the CMA MOA, and the EMA MOA, along with any applicable amendments to those documents
- (c) SYRWCD shall coordinate cost sharing among the GSAs and administer any agreement or contract to provide such services or activities on behalf of the three GSAs as described in Section 5(a) above; provided, however, that SYRWCD may elect in the future not to provide such coordination or administration services, and provided further that the GSAs may agree in writing for a different Party or third-party to coordinate such cost sharing or to administer any such agreement or contract as part of the approval requirements described

in Section 5(a) above. The Parties agree that the costs incurred by SYRWCD or other Party or third-party for providing such coordination or administration services shall be apportioned and shared by the GSAs in accordance with this Section 5.

(d) Subject to the availability of DWR Grant Funds and other sources of funding that may be available to any of the GSAs, all other SGMA-related costs that are not shared among the three GSAs in accordance with this Agreement, including but not limited to those for preparation and implementation of their respective GSPs, shall be borne by the respective GSAs and Parties thereto in accordance with their respective Memoranda of Agreement described in the Recitals above, as those documents may be modified or supplemented from time to time by applicable bylaws, policies, amendments, or other agreements. Nothing in this Agreement is intended to nor shall limit any Party or any of the GSA from seeking recovery of SGMA-related costs, including but not limited to those for preparation or implementation of the GSPs, from water users and other persons and entities in any lawful manner, including but not limited to the authorities provided by SGMA.

6. Ongoing Cooperation. In accordance with the primary purpose of this Agreement, the Parties agree to coordinate with each other in good faith to ensure a cooperative and ongoing working relationship between the Parties and among the WMA GSA, the CMA GSA, and the EMA GSA that will allow them to explore, study, evaluate, develop, and carry out mutually beneficial approaches and strategies for implementing SGMA throughout the Basin in an effective, efficient, fair, and cost-effective manner. In furtherance of this purpose, each Party shall identify a principal contact person and other appropriate staff and/or consultant(s) to participate on such Party's behalf in carrying out this Agreement.

7. Dispute Resolution.

(a) The Parties agree to mediate any claim or dispute arising from this Agreement before filing any court action; provided, however, that any Party may elect not to mediate, where any Party that elects not to mediate or commences a court action based on a dispute or claim arising from this Agreement without first attempting to resolve the matter through mediation as provided in this Section 7 shall not be entitled to recover attorneys' fees or costs, even if such fees and costs otherwise would be available to that Party in any such action. A Party shall satisfy the requirement for "first attempting to resolve the matter through mediation" by proceeding or otherwise participating in accordance with the entire process set forth in Section 7(b) below.

(b) In the event of a claim or dispute, or where the Parties or respective GSAs cannot reach agreement on any matter arising under this Agreement, including but not limited to preparing GSPs in a coordinated fashion as described in Section 2(b) above, or developing a Coordination Agreement as described in Section 3 above, any Party may provide a written Notice of Dispute to the other Parties that describes in detail the claim or disputed matter ("Dispute"). Upon issuance of a Notice of Dispute, a meeting shall be conducted within

twenty (20) calendar days from the date of the Notice of Dispute among all Parties that elect to participate in the meeting as a good faith attempt to resolve the Dispute informally (“Informal Dispute Resolution”). In the event the Dispute is not resolved through Informal Dispute Resolution within thirty (30) calendar days from the date of the Notice of Dispute, the Party that initially provided the Notice of Dispute shall provide a separate written notification to all Parties that participated in the Informal Dispute Resolution process which identifies three mediator candidates, all of whom must be an attorney, engineer, or hydrogeologist experienced and familiar with SGMA, to mediate the Dispute (“Formal Dispute Resolution”). Furthermore, all mediator candidates must be unbiased neutrals who are not participants in any of the GSAs in the Basin and who are not officials, officers, employees, contractors, consultants, or agents of any of the Parties to this Agreement. Within ten (10) days of receiving a written notification of qualified mediator candidates, all Parties that elect to participate in such Formal Dispute Resolution may provide a written response consenting to one or more of the mediator candidates or identifying up to three additional qualified mediator candidates. Thereafter, if a mediator is not mutually-agreed upon by said participating Parties from the combined list within fifteen (15) calendar days, each party shall submit two potential mediators that they would approve and a mediator shall be picked by a non-party through random selection from the Parties’ combined lists of remaining mediators. Once initiated, the mediation shall be completed within 30 days.

- (c) Mediation fees, if any, shall be divided equally among the Parties that elect to be involved in a mediation process pursuant to Section 7(b) above. Each Party involved in the mediation shall be responsible for its own attorneys’ fees and costs.
 - (d) This Section 7 shall not preclude any Party from meeting and conferring with any other Party or Parties to mutually resolve a dispute or claim prior to requesting or participating in the mediation processes described in Section 7(b) above.
 - (e) This Section 7 shall not preclude any Party from seeking a preliminary injunction or other interlocutory relief if necessary to avoid irreparable harm or damages.
8. Indemnification. To the extent authorized by law, each Party shall defend, indemnify, and hold harmless the other Parties and their respective elected officials, officers, supervisors, employees, agents, contractors, and consultants from and against any and all damages, demands, actions, claims, or liabilities for the indemnifying Party’s acts or omissions arising from carrying out this Agreement.
9. Miscellaneous/General Provisions.
- (a) Notices. Any formal notice required or other formal communication given under the terms of this Agreement shall be in writing to all of the Parties and shall be given personally, by electronic mail (email), or by certified mail, postage prepaid and return receipt requested.

The date of receipt of any written notice provided hereunder shall be the date of actual personal service, or email, or three days after the postmark on certified mail.

- (b) Entire Agreement/Amendments/Counterparts. This Agreement incorporates the entire and exclusive agreement of the Parties with respect to the matters described herein and supersedes all prior negotiations and agreements (written, oral, or otherwise) related thereto, including the 2016 MOU; provided, however, this Agreement does not amend, supersede, or modify the WMA MOA, the CMA MOA, or the EMA MOA as described in the Recitals above, as those documents may be amended or supplemented. This Agreement may be amended (including without limitation to add new Parties) only in a writing executed by all of the Parties. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- (c) Termination/Withdrawal. This Agreement shall remain in effect unless terminated by the mutual consent of the Parties. Upon 30 days written notice to the other Parties, any Party may withdraw from this Agreement, and the Agreement shall remain in effect for the remaining Parties. No Party shall be liable to any other Party for electing to withdraw from this Agreement.
- (d) Assignment. No rights or duties of any of the Parties under this Agreement may be assigned or delegated without the express prior written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties without such written consent shall be null and void.
- (e) Insurance. Each Party shall maintain its own insurance coverage through commercial insurance, self-insurance, or a combination thereof, against any claim, expense cost, damage or liability arising out of the performance of its responsibility pursuant to this Agreement, to the extent insurable.
- (f) Counsel. The Parties recognize that as of the Effective Date of this Agreement, independent legal counsel has not been retained to represent any of the three GSAs in the Basin. Until such time as any Party may decide otherwise within its sole and absolute discretion, each Party agrees, in its individual capacity and as a member agency of its respective GSA, to utilize its own legal counsel for all purposes, including but not limited to those related in any way to compliance with SGMA and any and all other legal requirements, to rely exclusively upon the legal advice of its own legal counsel, and to bear all of its own fees, costs, and expenses for legal counsel, including but not limited any experts or consultants retained through legal counsel on behalf of that Party. This arrangement shall not be construed in any way to create an attorney-client relationship or a duty of loyalty between an attorney and any Party other than the direct client of that attorney, and no such relationship will be deemed to arise by implication as a result of this

Agreement. The provisions of this Section 9(f) shall not be affected in the event, if any, that any or all of the GSAs in the Basin determine(s) to retain independent legal counsel.

- (g) CEQA. The Parties recognize and agree that, pursuant to 10728.6 of the Act and Public Resources Code Section 21065, neither this Agreement nor the preparation or adoption of a GSP constitutes a “project” or approval of a project under the California Environmental Quality Act (“CEQA”) or the State CEQA Guidelines.
- (h) No Third-Party Beneficiaries. This Agreement is not intended and shall not be construed to confer any benefit or create any right for any third party, or to provide the power or right of a third party to bring an action to enforce any of the terms of this Agreement.
- (i) Attorneys’ Fees and Costs. Subject to the provisions of Section 7 above, if any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing Party or Parties, as determined by the court, shall be entitled to recover reasonable attorneys’ fees and costs which shall be determined by the court. The attorneys’ fees and costs to be awarded shall be made to fully reimburse the prevailing Party or Parties for all reasonable attorneys’ fees and costs, including but not limited to expert fees, costs, and expenses actually incurred in good faith, regardless of the size of the judgment or outcome of the action; provided, however, that recoverable fees awarded to any prevailing party shall not exceed the rate of three hundred and twenty-five dollars (\$325.00) per hour for attorneys or experts.
- (j) Authority/Binding Effect. Each Party represents and warrants that the individual(s) executing this Agreement is authorized to do so and thereby obligate such Party to perform all acts required by this Agreement, and that the consent, approval or execution of or by any third party is not required to legally bind the Party to this Agreement.
- (k) Incorporation of Recitals. The Recitals set for the above are hereby imported into this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

[Signature Pages Below]

FINAL DRAFT – AUGUST 2019

SANTA BARBARA COUNTY WATER AGENCY

ADD SIGNATURE BLOCK(S)

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

ADD SIGNATURE BLOCK(S)

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT, IMPROVEMENT DISTRICT
NO.1**

ADD SIGNATURE BLOCK(S)

CITY OF SOLVANG

ADD SIGNATURE BLOCK(S)

CITY OF BUELLTON

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CITY OF LOMPOC

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VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

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MISSION HILLS COMMUNITY SERVICES DISTRICT

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