NORTH KINGS GROUNDWATER SUSTAINABILITY AGENCY

Advisory Committee Meeting – September 13, 2024

In-Person and Teleconference Meeting

Please Note: All Committee Members are required to attend in person unless provisions of AB2449 have been satisfied.

Please notify Laurie Kiser immediately if you or your designated alternate(s) are unable to attend the Advisory Committee Meeting at the City of Clovis Public Safety Room on September 13, 2024.

NORTH KINGS GROUNDWATER SUSTAINABILITY AGENCY

AGENDA
NKGSA Advisory Committee – Regular Meeting
September 13, 2024, 1:30 PM

TELECONFERENCE and IN-PERSON MEETING

The NKGSA is offering its Advisory Committee meeting both via teleconference and in-person. Members of the public are encouraged to participate either in person at the City of Clovis Public Safety Community Room, 1233 Fifth Street, Clovis, CA, or virtually using the information provided below. All committee members participating in the meeting will be in person.

Please join my meeting from your computer, tablet or smartphone.
Join Zoom Meeting
https://zoom.us/j/98104275024?pwd=RTBvcHNTZ2xaOXRHN1czeS9uZGRqUT09
Meeting ID: 981 0427 5024
Passcode: 239389

By Phone:
1 (669) 900 - 6833
Meeting ID: 981 0427 5024
Passcode: 239389

Written and Verbal Comments

- Members of the public participating virtually will have an opportunity to provide public comments during the meeting under Agenda Item No. 2 and following each agenda item discussion. No prior arrangements are required to be able to make public comment but comments are limited to three (3) minutes.

- Written Comments can also be provided up to one hour prior to the scheduled meeting. Written comments received in advance of the meeting will be read onto the record during the public comment portion when the item is heard. Any portion of your comment extending past three (3) minutes may not be read aloud due to time restrictions but will be made part of the record of proceedings.

AGENDA

1. Call to Order

2. Public Presentations

3. Approval of Minutes:
    a. Approval of Minutes from June 14, 2024, Regular Meeting
    b. Approval of Minutes from August 16, 2024, Special Meeting

4. Financial Report
    a. Discussion / Possible Action - Recommend Approval of the 2023-2024 Audited Financial Statements (CJ Brown CPAs)
    b. Discussion / Possible Action – Recommend Approval of the Final Financial Statements as of June 30, 2024 (Koehn)
    c. Discussion / Possible Action – Recommend Approval of the Expense Reports for July 2024 (Koehn)
    d. Discussion / Possible Action – Recommend Approval of Financial Statements as of July 31, 2024 (Koehn)
    e. Local Agency Investment Fund Update (Koehn)
    f. Member Agency Participation Invoices Update

5. Receive – Basin Coordination Update (Samuelian)

6. Administrative
    a. 2024 Well Permitting Update (Chauhan)
    b. Well Registration Progress Update (Chauhan)

7. Workgroup Updates and Actions
    a. Technical Workgroup Update (Claes)

8. Member Agency/Committee Member Reports
    a. Advisory Committee/Member Agency Reports/Updates
        i. Water Supply Update (Claes)
        ii. Others

9. Executive Officer Update (Chauhan)
    a. Kings Basin Special Studies Update
    b. NKGSA Groundwater Sustainability Plan Revisions and Schedule
    c. SGMA Implementation Projects Update
    d. Outreach / External Affairs Update
    e. Representative Monitoring Network Update
    f. Miscellaneous

10. Adjourn **Next Meeting: October 11, 2024**

3.a and b. –MEETING MINUTES – June 14, 2024, and SPECIAL MEETING MINUTES – August 16, 2024

MINUTES
(Preliminary – Subject to Revision/Approval at Next Meeting)

NKGSA Advisory Committee Meeting
June 14, 2024

IN-PERSON AND TELECONFERENCE

In attendance:

**Adam Claes (Fresno Irrigation District) – *Acting Chair*
*Roy Jimenez (Fresno County)
*Paul Armendariz (City of Clovis) – *Alternate*
*Carlos Rodriguez (Biola CSD)
*Tim Bakman (Bakman Water Company)
*Nick Keller (Garfield Water District)
*Jesus Gonzalez (City of Kerman)
Kassy Chauhan (NKGSA)
Ronnie Samuelian (Provost & Pritchard)
Charles Garabedian (Malaga County Water District)
Andrew Aller – (NKGSA Legal Counsel) *[online]*
Lisa Koehn (Clovis)

** - Committee Chair
* - Voting representative on Advisory Committee

***Note:* This meeting was conducted in-person at the City of Clovis Public Safety Community Room (1233 Fifth Street, Clovis, CA 93612) as well as via web conference for members of the public wishing to participate remotely.*

Item 1. Call to Order

Meeting called to order at 1:33 PM.

Instructions:
Instructions for participation by both remote and in-person attendees were given by Executive Officer Kassy Chauhan. Both written and verbal comments are accepted by all attendees and time will be made after each agenda item for comments to be heard.

Members of the Advisory Committee attended in person and were present/absent as follows:

Agency Name	Present/Absent	Name of Person
Bakman Water Company	Present	Tim Bakman
Biola CSD	Present	Carlos Rodriguez
City of Clovis	Present	Paul Armendariz
City of Fresno	Absent	---
City of Kerman	Absent	Jesus Gonzalez
Fresno County	Present	Roy Jimenez
Fresno Irrigation District	Present	Adam Claes
Fresno Metropolitan Flood Control District	Absent	---
Garfield Water District	Present	Nick Keller

Item 2. Public Presentations

There were no public presentations.

Item 3. Approval of Minutes

Item 3a. Approval of Minutes from May 3, 2024 Special Meeting

This item was pulled due to May 3, 2024 minutes not being complete. They will be considered for approval at the next Advisory Committee meeting.

Item 4. Financial Report

Item 4a. Discussion / Possible Action – Recommend Approval of Expense Reports for April 2024

(Presented by Lisa Koehn)

Expenses for the month of April 2024 totaled $33,487.00 which included fees for attorneys, Constant Contact, FID, QuickBooks, and Provost & Pritchard.

Motion to recommend approval of the expense reports for April 2024 made by member Keller; second by member Armendariz. Motion passed unanimously 7-0.

Item 4b. Discussion / Possible Action – Recommend Approval of Financial Statements as of April 30, 2024
(Presented by Lisa Koehn)

As of April 30, total assets were at $1,415,723.00. Expenses for the fiscal year through April totaled $335,181.72.

Motion to recommend approval of the financial statements as of April 30, 2024 made by member Bakman; second by member Jimenez. Motion passed unanimously 7-0.

Item 4c. Discussion / Possible Action – Consider Fiscal Year 2024-2025 Proposed Budget
(Presented by Kassy Chauhan / Lisa Koehn)

The proposed budget has increased substantially from previous years. A detailed breakdown was included in the meeting packet.

Overall income is expected to be $783,113.20, which is comprised of payments from interested parties and member assessments. Projected expenses have increased and will include Kings Subbasin coordination, professional services, public information/public affairs, project costs (specifically the domestic well mitigation program and the first year of monitoring network improvements), and staffing costs. Funding recommendations for projects were included as these make up the majority of the expenses resulting in a higher budget and detailed breakdowns were provided for each expense category.

Recommending approval of the proposed fiscal year 2024-2025 budget also includes the provision that $375k from reserves are allocated to cover projected expenses.

There was discussion about how long the budget will be significantly increased and whether that is expected to continue over the next several years. It is likely that it will, although that is largely contingent on the demand for the domestic well mitigation program. A suggestion is to earmark any funds not spent during each fiscal year to roll over for the next year's efforts with the domestic well mitigation program, thus creating a semi-revolving fund.

Motion to recommend approval of the proposed budget for fiscal year 2024-2025 made by member Keller; second by member Bakman. Motion passed unanimously 7-0.

Item 4b. Interested Parties Invoices Update
(Presented by Kassy Chauhan)

Invoices were sent out to interested parties in April. So far, payments have been received from Pinedale County Water District, Malaga County Water District, and E&J Gallo. Revenues will be applied to next year's budget per the JPA agreement.

Item 5. Receive – Basin Coordination Update
(Presented by Ronnie Samuelian)

The well mitigation program rules and regulations are ready to be presented to the boards for adoption.

Water allocation framework discussions are ongoing.

In terms of GSP revisions, by August, all of the GSPs will be updated and sent to the GSAs for review. Comments will be due from the GSAs in September and the changes will be finalized at the coordination meeting. The public review and comment period will begin in early October. Many of the changes made to the GSPs will be basin-wide.

Item 6. Administrative

Item 6a. Discussion / Possible Action – NKGSA Policy 2024-002 – Domestic Well Mitigation Policy
(Presented by Kassy Chauhan)

This policy establishes that the NKGSA will implement the rules and regulations for mitigation of domestic wells that go dry because of lowering groundwater levels within the GSA. A copy of the policy was included in the meeting packet.

Motion to recommend approval of NKGSA Policy 2024-002 made by member Bakman; second by member Keller. Motion passed unanimously 7-0.

Item 6b. Discussion / Possible Action – Approval of the Kings Basin Domestic Well Mitigation Program – Rules and Regulations – Dated April 2024
(Presented by Kassy Chauhan)

The draft guidelines and rules and regulations were completed at the basin level in April. The targeted timeline for adoption of the policy, rules and regulations, and committed funding to the first year of implementation is between May and July. The administrative support contract and vendor contracts will hopefully be secured between August and September, and the program will begin on October 1.

The rules and regulations establish eligibility, the process for handling requests, and cost-share responsibilities. A flow chart demonstrating the well evaluation process was included in the meeting packet.

First year implementation funding was explored in detail during the prior budget discussion, but will be comprised of excess funds from the 2023-2024 fiscal year budget, a budgeted amount from the 2024-2025 fiscal year budget, and some funds from reserves.

Motion to recommend approval of the Kings Basin domestic well mitigation program rules and regulations made by member Keller; second by member Jimenez. Motion passed unanimously 7-0.

i. **Schedule for Implementation**
The program is expected to begin on October 1.

Item 6c. 2024 Well Permitting Update
(Presented by Kassy Chauhan)

The numbers of well permit requests are down from earlier in the year.

Item 6d. Well Registration Process Update
(Presented by Kassy Chauhan)

There are currently about 85 entries in the database. Outreach and engagement with landowners will be increasing in coming months.

Item 7. Workgroup Updates and Actions

Item 7a. Technical Workgroup Update
(Presented by Adam Claes)

The workgroup has focused heavily on reviewing the details of the domestic well mitigation program. The subgroups have been paused for now and the Technical Workgroup will be utilized for the rest of the year.

Item 8. Member Agency / Committee Member Reports

Item 8a. Advisory Committee/Member Agency Reports/Updates

i. **Water Supply Update**
(Presented by Member Claes)

Millerton Lake is currently above capacity (which is 522,800 AF) and has been for several days.

Friant Class 1 allocation is currently at 100%. Class 2 had two uncontrolled seasons earlier this year: May 1 – June 7 and June 11 – June 14.

Pine Flat had internal flood releases May 4 – May 15 and May 29 – June 5.

ii. **Others**
Kerman and Malaga have ongoing projects and Biola has recently completed one.

Item 9. Executive Officer Update

(Presented by Kassy Chauhan)

Item 9a. Kings Basin Special Studies Update
There are no further updates at this time.

Item 9b. SGMA Implementation Projects Update
Coordination with Fresno State continues as they work to make their farm operations more sustainable.

Pinedale County Water District is now able to take recharge water with the arrangement of Basin DH1 with the Fresno Metropolitan Flood Control District and water deliveries by Fresno Irrigation District.

Item 9c. Outreach / External Affairs Update
Social media continues to be active and there are regular website/email updates.

Recent speaking engagements include ACWA, the DWR SGMA forum, and various FID grower meetings.

Item 9d. Representative Monitoring Network Update
Short-term goals include obtaining missing construction data and installing telemetry on existing wells. Long-term goals are to add up to 48 new dedicated monitoring wells to the network, with drilling beginning in fall 2024 (depending on available budget funds).

Item 9e. Miscellaneous
The NKGSA is partnering with the California Water Institute on a regional resilience grant. Our role is primarily assisting with stakeholder engagement.

In terms of legislation updates, AB 2079 (Bennett) will no longer be moving forward this year but something similar will probably be introduced next year. AB 828 (Connelly) is still moving forward but is facing a lot of opposition.

Item 10. Adjourn

Meeting adjourned at 3:33 PM.

Next Meeting: July 12, 2024

MINUTES
(Preliminary – Subject to Revision/Approval at Next Meeting)

NKGSA Advisory Committee Meeting
August 16, 2024

IN-PERSON AND TELECONFERENCE

In attendance:

**Scott Redelfs (City of Clovis)
*Adam Claes (FID)
*Dejan Pavic (City of Fresno)
*Nick Keller (Garfield Water District)
*Jarrod Takemoto (Fresno Metropolitan Flood Control District)
*Shay Bakman (Bakman Water Company)
Kassy Chauhan (NKGSA)
Andrew Aller (NKGSA legal counsel)
Ronnie Samuelian (Provost & Pritchard)
Paul Armendariz (City of Clovis)
Kristen Freberg (City of Clovis)
Lisa Koehn (Clovis)
Rocky Jones (homeowner)
Sayre Miller

** - Committee Chair
* - Voting representative on Advisory Committee

*<u>**Note:</u> This meeting was conducted in-person at the City of Clovis Public Safety Community Room (1233 Fifth Street, Clovis, CA 93612) as well as via web conference for members of the public wishing to participate remotely.*

Item 1. Call to Order

Meeting called to order at 1:31 PM.

Instructions:
Instructions for participation by both remote and in-person attendees were given by Executive Officer Kassy Chauhan. Both written and verbal comments are accepted by all attendees and time will be made after each agenda item for comments to be heard.

Members of the Advisory Committee attended in person and were present/absent as follows:

Agency Name	Present/Absent	Name of Person
Bakman Water Company	Present	Shay Bakman
Biola CSD	Absent	---
City of Clovis	Present	Scott Redelfs
City of Fresno	Present	Dejan Pavic
City of Kerman	Absent	---
Fresno County	Absent	---
Fresno Irrigation District	Present	Adam Claes
Fresno Metropolitan Flood Control District	Present	Jarrod Takemoto
Garfield Water District	Present	Nick Keller

Item 2. Public Presentations

There were no public presentations.

Item 3. Approval of Minutes

Item 3a. Approval of Minutes from May 3, 2024 Special Meeting

One correction was made by member Claes on Item # 8a-i (Water Supply Update) to clarify that the water supply quantities were referring to water year 2023 rather than 2024 water year. Page 6 of the meeting minutes under 8a. i. should be corrected as such.

Remove last sentence: There have been record surface water diversions (647k AF). Recharge is currently at about 180k AF within FID.

Replace with the following:
"The 2022-2023 (October – September) water year allowed for a record FID surface water diversion of 647,000 AF, and provided for nearly 180,000 AF of recharge within FID."

Another amendment was made by Lisa Koehn on Item 4b (Financial Statements as of March 31, 2024) to correct the total assets to $1,454,742.34.

Motion to approve the minutes with the corrections made by member Claes; seconded by member Bakman. Motion passed unanimously 4-0, with 2 abstaining.

Item 3b. Approval of Minutes from June 14, 2024 Special Meeting
This item was pulled from the agenda and will be considered at the next Advisory Committee meeting.

Item 4. Financial Report

Item 4a. Discussion / Possible Action – Recommend Approval of Expense Reports for May 2024
(Presented by Lisa Koehn)

Total expenses for May 2024 totaled $55,457.29 and included costs for attorneys, Constant Contact, FID, Intuit QuickBooks, and Provost & Pritchard Consulting.

Motion to recommend approval of expense reports for May 2024 made by member Keller; seconded by member Claes. Motion passed unanimously 6-0.

Item 4b. Discussion – Review of Draft Expense Reports for June 2024
(Presented by Lisa Koehn)

The expense report for June 2024 is only a draft until audit is complete; therefore, no action to be taken at this time.

Total expenses for June 2024 totaled $43,900.72 and included costs for attorneys, Constant Contact, FID, Intuit QuickBooks, and Provost & Pritchard Consulting.

Item 4c. Discussion / Possible Action – Recommend Approval of Financial Statements as of May 31, 2024
(Presented by Lisa Koehn)

As of May 31, total assets were $1,377,083.02. The expenses for the fiscal year to date were at $390,639.01, which is approximately 74% of the budget.

Motion to recommend approval of the financial statements as of May 31st made by member Pavic; seconded by member Claes. Motion passed unanimously 6-0.

Item 4d. Discussion – Review of Draft Financial Statements as of June 30, 2024
(Presented by Lisa Koehn)

The current financial statements as of June 30, 2024 are in draft format pending the FY 2023-204 audit and thus no action will be taken at this meeting.

Total assets were $1,301,160.66. The expenses for the fiscal year to date were at $434,539.73, which when compared against the revised budget, left about 8.6% of the annual budget remaining. This does not include final invoices from Provost & Pritchard for expenses incurred in June, so there will be an adjustment once those invoices are accounted for.

Item 4e. Member Agency Participation Invoices Update
(Presented by Lisa Koehn)

All member invoices were sent out and everyone has paid with the exception of City of Fresno and Fresno County.

Item 4f. Interested Parties Invoices Update
(Presented by Kassy Chauhan)

The interested parties invoices were sent in April and only contributions from Pinedale County Water District and Malaga County Water District were received. Those revenues were applied to the FY 2024-2025 budget.

Item 5. Receive – Basin Coordination Update
(Presented by Ronnie Samuelian)

The primary focus right now is on GSP revisions. Two GSPs will be going out today; the rest are expected to be out by August 23rd. Comments will be expected back by September 18th. The public comments period will be between October and November. Final revisions should be made in December, with adoption targeted for late December or early January.

It was noted that when final GSPs are submitted in January, the periodic evaluation and GSP revisions will be posted by DWR for public comment and then DWR will review everything afterwards. Therefore, comments from DWR aren't expected until June or July 2025. Periodic evaluations are submitted every 5 years and trigger a review from DWR.

The other area of focus is the rollout of the domestic well mitigation program. October is being targeted for a "soft launch," and a webinar will be scheduled with well drillers following that soft launch.

Another topic of note is interconnected surface water. We are coordinating closely with the Madera Basin and are meeting with monthly to address the data gap for interconnected surface water.

Discussions on the water allocation framework are mostly on hold for now while the focus is on the GSPs.

Item 6. Administrative

Item 6a. Discussion / Possible Action – Advisory Committee Official Roster
(Presented by Kassy Chauhan)

There have been updates to the Advisory Committee official roster. Biola CSD is listing Chuck Rodriguez as the primary representative, and Pete Cerna and Alfonso Manrique as alternates. City of Fresno stated that they wished to add Anthony White as an additional alternate.

Motion to approve the updated roster made by member Keller; second by member Takemoto. Passed unanimously 6-0.

Item 6b. Election of NKGSA Board Chair and Vice Chair
(Presented by Kassy Chauhan)

At the next board meeting, nominations will be solicited and a vote will be taken to establish a chair and vice chair for fiscal year 2024-2025 for the NKGSA Board of Directors.

Item 6c. Conflict of Interest – Biennial Notice
(Presented by Kassy Chauhan)

Every two years, the conflict of interest policy has to be reviewed and a notice filed with Fresno County stating whether or not amendments are needed. Per legal counsel, there are no amendments needed this time and the appropriate notice has been filed with Fresno County.

Item 6d. 2024 Well Permitting Update
(Presented by Kassy Chauhan)

The total number of wells permitted this year so far is 105. A chart was provided depicting well permits broken down by category (agricultural, domestic private, domestic public, cathodic, soil boring, monitoring).

Item 6e. Well Registration Progress Update
(Presented by Kassy Chauhan)

The well registration tool has been online for several months. There are currently about 50 entries (some domestic wells, some ag wells). Eventually, mandatory registration may be considered, but it remains voluntary for now.

Item 7. Workgroup Updates and Actions

Item 7a. Technical Workgroup Update
(Presented by Adam Claes)

The Technical Workgroup's main focus has been considering long-term funding alternatives for the domestic well mitigation program, for costs beyond initial implementation. Currently, about 14 different funding alternatives are being considered. They would like to have a recommendation by the end of this calendar year so that member agencies can financially plan accordingly

The workgroup will also be working on GSP revision reviews in the coming months.

Item 8. Member Agency / Committee Member Reports

Item 8a. Advisory Committee/Member Agency Reports/Updates

i. **Water Supply Update**
(Presented by Member Claes)
Reservoirs are getting minimal inflow. Millerton Lake is currently at about half capacity. The Friant-Kern Canal is taking about half of peak summer flow. Friant Class 1 has reduced by 10% since July (from 100% to 90%). Friant Class 2 uncontrolled season ended in mid-June

Pine Flat is currently at a little less than half capacity. FID storage is at about 74,000 AF and FID deliveries will be ending on August 31.

The Kings River runoff is projected to end up at about 95% of average for the water year

ii. **Others**
There were no further reports.

Item 9. Executive Officer Update
(Presented by Kassy Chauhan)

Item 9a. Kings Basin Special Studies Update

Covered under Kings Basin report.

Item 9b. NKGSA Groundwater Sustainability Plan Revisions and Schedule

Covered under Kings Basin report.

Item 9c. SGMA Implementation Projects Update

The City of Kerman has completed the Lion's Park meter project. FID recently completed a 47-acre basin, and Pinedale County Water District has recharge credit on the books for the first time. Coordination efforts continue with Fresno State and

there have been several meetings with the new farm manager. It is a challenge identifying projects and securing funding for those projects; the process is ongoing but slow.

Item 9d. Outreach / External Affairs Update

The latest Grower's Corner launch includes a segment on Fairmont Elementary's Ag Legacy program educating young students about sustainable agricultural practices.

Once the minimum well depth mapping tool is approved, it will be posted to the NKGSA website.

There will be a speaking engagement at Fresno State on September 4th, where Kassy will be moderating a panel sponsored jointly by the California Water Institute and the Maddy Institute, looking back over 10 years of SGMA.

Item 9e. Representative Monitoring Network Update

An initial $200k investment for improvements to the monitoring network was budgeted in fiscal year 2024-2025.

Some funds left over from the previous fiscal year have been earmarked for telemetry installation on existing wells in the network. A "pilot program" telemetry installation was recently completed at a Fowler Packing well.

Item 9e. Miscellaneous

Following the joint letter regarding the Aquaterra project, it was announced that the environmental document is being revised. The project will continue to be monitored as it progresses. There will also be a discussion within the Technical Workgroup on how best to facilitate a data-sharing request received in conjunction with the Aquaterra project.

It will be recommended to cancel the August Board of Directors meeting due to a lack of actionable items. The Board will resume meeting in September.

In terms of legislation updates, there are two bills being followed closely.

SB 1390 (Caballero) would limit available water for flood-MAR. There is concern about this bill due to the impact to agencies that rely on flood-MAR to meet mitigation and sustainability requirements. There is a large opposition to this bill and it will be monitored as it moves through the legislative process.

AB 828 (Connelly) would exempt disadvantaged communities and managed wetlands from fees imposed by groundwater sustainability agencies and compliance with pumping restrictions established for other well owners in the basin. It is scheduled for its third reading in the Senate later this month.

Item 10. Adjourn

Meeting adjourned at 2:51 PM.

Next Meeting: September 13, 2024

4 (a) – 2023-2024 Audited Financial Statements

NORTH KINGS GROUNDWATER SUSTAINABILITY AGENCY

AGENDA ITEM NO:	**4 (a-f)**
Executive Officer:	KDC

NKGSA-
REPORT TO THE ADVISORY COMMITTEE

TO: Chair and Advisory Committee Members

FROM: DeAnn Hailey – Fiscal Agent

DATE: September 11, 2024

SUBJECT: Financial Update

ATTACHMENTS:
(A) NKGSA FY 2023-2024 Auditor's Report
(B) Final Financial Statements as of June 30, 2024
(C) NKGSA – Expense Report July 2024
(D) Financial Statements as of July 31, 2024

CONFLICT OF INTEREST

None

RECOMMENDATION

For the Advisory Committee to recommend approval of the Fiscal Year 2023-2024 Auditor's Report, Expense Reports and Financial Statements to the NKGSA Board of Directors.

EXECUTIVE SUMMARY

The North Kings GSA contracted with CJ Brown and Associates to complete the Fiscal Year 2023-2024 Auditor's Report and financial statements (Attachment A and B) for consideration by the NKGSA Board. There were no issues reported or corrections needed. Mr. Jonathan Abadesco, with CJ Brown Accountants, will be at the Advisory Committee meeting to provide an overview of his findings and the financial status of the NKGSA.

The fiscal agent, DeAnn Hailey, has prepared the monthly expense reports through July 2024 (Attachment C) and the financial statements as of July 31, 2024 (Attachment D). All expenses are within the budget amounts and no unexpected expenses were noted.

The inclusion of the financial reports for consideration by the NKGSA Advisory Committee is a procedural change implemented in October 2020 to allow for review prior to submittal to the NKGSA Board of Directors for approval.

FISCAL IMPACT

The fiscal impact is shown on the attached reports. Expenses are in line with the amounts included in the NKGSA 2024-2025 Budget.

REASON FOR RECOMMENDATION

The reports represent expenses and revenues for the NKGSA for this reporting period.

ACTIONS FOLLOWING APPROVAL

The auditor's report, expense reports and financial statements will be provided to the NKGSA Board of Directors for approval at its special board meeting on September 19, 2024.

Prepared by: DeAnn Hailey

NORTH KINGS GROUNDWATER SUSTAINABILITY AGENCY

Annual Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

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NORTH KINGS GROUNDWATER SUSTAINABILITY AGENCY

Annual Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

Board of Directors as of June 30, 2024

Name	Title	Area of Representation
Jerry Prieto, Jr	Chair	Fresno Irrigation District
Brian Pacheco	Vice Chair	County of Fresno
Karl Kienow	Director	Garfield Water District
Steve Pickens	Director	Bakman Water Company
Matthew Basgill	Director	City of Clovis
Jerry Dyer	Director	City of Fresno
Kyle Moeller	Director	Fowler Packing

North Kings Groundwater Sustainability Agency
DeAnn Hailey-Stork, Fiscal Agent
2907 South Maple Avenue
Fresno, California 93725
(559) 233-7161

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North Kings Groundwater Sustainability Agency

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

DRAFT

North Kings Groundwater Sustainability Agency
Annual Financial Report
For the Fiscal Year Ended June 30, 2024

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Financial Section

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Independent Auditor's Report

Board of Directors
North Kings Groundwater Sustainability Agency
Fresno, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the North Kings Groundwater Sustainability Agency (Agency), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the North Kings Groundwater Sustainability Agency, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Agency's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended June 30, 2022, derived from those prior auditor's financial statements, has not been audited, reviewed, or compiled, and accordingly, we express no opinion on it.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Agency's internal control over financial reporting and compliance. That report can be found on pages 18 and 19.

C.J. Brown & Company, CPAs
Cypress, California
September 26, 2024

North Kings Groundwater Sustainability Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the North Kings Groundwater Sustainability Agency (Agency) provide an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2024 (with comparative information for fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- The Agency's net position decreased 12.31% or $172,678 to $1,230,555. In fiscal year 2023, the Agency's net position increased 21.91% or $252,212 to $1,403,233.
- Total revenues decreased 56.27% or $363,296 to $282,335. In fiscal year 2023, the Agency's total revenues decreased 5.64% or $38,584 to $645,631.
- Total expenses increased 6.13% or $26,338 to $455,934. In fiscal year 2023, the Agency's total expenses increased 18.64 or $67,485 to $429,596.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the Agency's investments in resources (assets), and obligations to creditors (liabilities). The statement also provides the basis for computing a rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net change in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Agency

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets, and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's *net position* and changes in it. One can think of the Agency's net position (assets less liabilities), as one way to measure the Agency's financial health, or *financial position*. Over time, *increases or decreases* in the Agency's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 16 through 32.

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by $1,230,555 and $1,403,233 as of June 30, 2024 and 2023, respectively.

At the end of fiscal year 2024 and 2023, the Agency showed a positive balance in its unrestricted net position of $1,230,555 and $1,403,233, respectively.

Condensed Statements of Net Position

	2024	As restated 2023	Change	2022	Change
Assets:					
Current assets	$ 1,301,161	1,449,542	(148,381)	1,224,977	224,565
Total assets	1,301,161	1,449,542	(148,381)	1,224,977	224,565
Liabilities:					
Current liabilities	70,606	46,309	24,297	73,956	(27,647)
Total liabilities	70,606	46,309	24,297	73,956	(27,647)
Net position:					
Unrestricted	1,230,555	1,403,233	(172,678)	1,151,021	252,212
Total net position	$ 1,230,555	1,403,233	(172,678)	1,151,021	252,212

Statement of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2024	As restated 2023	Change	2022	Change
Revenues:					
Operating revenues	$ 261,063	636,363	(375,300)	684,113	(47,750)
Non-operating revenues	21,272	9,268	12,004	102	9,166
Total revenues	282,335	645,631	(363,296)	684,215	(38,584)
Expenses:					
Operating expenses	461,666	421,931	39,735	362,111	59,820
Non-operating expenses	(5,732)	7,665	(13,397)	-	7,665
Total expenses	455,934	429,596	26,338	362,111	67,485
Net income before capital contributions	(173,599)	216,035	(389,634)	322,104	(106,069)
Capital contributions	922	36,176	(35,254)	453	35,723
Changes in net position	(172,677)	252,211	(424,888)	322,557	(70,346)
Net position, beginning of year	1,403,232	1,151,022	252,210	828,464	322,558
Net position, end of year	$ 1,230,555	1,403,233	(172,678)	1,151,021	252,212

Statement of Revenues, Expenses, and Changes in Net Position, continued

The statement of revenues, expenses, and changes in net position shows how the Agency's net position changes during the fiscal year.

A closer examination of the sources of changes in net position reveal that:

The Agency's net position decreased 12.31% or $172,678 to $1,230,555 from ongoing operations. In fiscal year 2023, the Agency's net position increased 21.91% or $252,212 to $1,403,233 from ongoing operations.

The Agency's total revenues decreased 56.27% or $363,296 to $282,335. Operating revenues decreased 58.98% or $375,300, due primarily to a decrease of $375,050 in member/contracting entity contributions. In fiscal year 2023, the Agency's total revenues decreased 5.64% or $38,584 to $645,631. Operating revenues decreased 6.98% or $47,750, due primarily to a decrease of $48,000 in member/contracting entity contributions.

The Agency's total expenses increased 6.13% or $26,338 to $455,934. Operating expenses increased 9.42% or $39,735, due primarily to increases of $25,539 in professional services, $7,096 in general and administrative expenses, and $6,268 in legal expenses. In fiscal year 2023, the Agency's total expenses increased 18.64% or $67,485 to $429,596. Operating expenses increased 16.52% or $59,820, due primarily to an increase of $77,186 in professional services; which was offset by a decreases of $11,805 in legal expenses.

Conditions Affecting Current Financial Position

Management is unaware of any other conditions which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency at 2907 S. Maple Avenue, Fresno, California 93725.

Basic Financial Statements

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North Kings Groundwater Sustainability Agency
Statements of Net Position
June 30, 2024

		2024	As restated 2023
Current assets:			
Cash and cash equivalents (note 2)	$	1,287,470	1,413,023
Accounts receivable		3,778	27,868
Grants receivable		3,995	4,684
Accrued interest receivable		5,918	3,967
Total current assets		1,301,161	1,449,542
Total assets		1,301,161	1,449,542
Current liabilities:			
Accounts payable and accrued expenses		57,937	31,626
Due to Fresno Irrigation District		5,556	7,570
Unearned revenues		7,113	7,113
Total liabilities		70,606	46,309
Net position:			
Unrestricted		1,230,555	1,403,233
Total net position	$	1,230,555	1,403,233

See accompanying notes to the basic financial statements

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North Kings Groundwater Sustainability Agency
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2024

		2024	As restated 2023
Operating revenues:			
Member/contracting entity contributions	$	253,950	629,000
Interested party contributions		7,113	7,363
Total operating revenues		261,063	636,363
Operating expenses:			
General and administrative expenses		102,927	95,831
Professional services		325,430	299,891
Legal expenses		26,871	20,603
Office expense		4,369	3,524
Insurance		2,069	2,082
Total operating expenses		461,666	421,931
Operating income		(200,603)	214,432
Non-operating revenue(expense)			
Interest income		21,272	9,268
Unrealized loss on investments		5,732	(7,665)
Total non-operating revenues, net		27,004	1,603
Net income before capital contributions		(173,599)	216,035
Capital contributions		922	36,176
Changes in net position		(172,677)	252,211
Net position, beginning of year		1,403,232	1,151,022
Net position, end of year	$	1,230,555	1,403,233

See accompanying notes to the basic financial statements

North Kings Groundwater Sustainability Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023

		2024	2023
Cash flows from operating activities:			
Cash receipts from member and interested party contributions	$	285,153	631,563
Cash payment to vendors		(437,370)	(449,327)
Net cash (used in)provided by operating activities		(152,217)	182,236
Cash flows from non-capital financing activities:			
Proceeds from grant		1,611	31,492
Net cash provided by non-capital financing activities		1,611	31,492
Cash flows from investing activities:			
Investment return		25,053	(2,364)
Net cash provided(used in) by investing activities		25,053	(2,364)
Net (decrease) increase in cash and cash equivalents		(125,553)	211,364
Cash and cash equivalents, beginning of year		1,413,023	1,201,659
Cash and cash equivalents, end of year	$	1,287,470	1,413,023
Reconciliation of cash and cash equivalents to statements of net position:			
Cash and cash equivalents	$	1,287,470	1,413,023
Total cash and cash equivalents	$	1,287,470	1,413,023

		2024	2023
Reconciliation of operating income to net cash (used in)provided by operating activities:			
Operating income	$	(200,603)	214,432
Change in assets and liabilities:			
(Increase)decrease in assets:			
Accounts receivable, net		24,089	(4,549)
Increase(decrease) in liabilities:			
Accounts payable and accrued expenses		26,311	(22,547)
Due to Fresno Irrigation District		(2,014)	(4,850)
Customer advances and deposits		-	(250)
Total adjustments		48,386	(32,196)
Net cash (used in)provided by operating activities	$	(152,217)	182,236
Non-cash investing, capital, and financing transactions:			
Changes in fair-market value of funds deposited with LAIF	$	5,733	(7,665)

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The North Kings Groundwater Sustainability Agency (Agency) is a Joint Powers Authority formed on October 25, 2016. As a Joint Powers Authority, the Agency has been established to sustainably manage the groundwater resources within a portion of the Kings Subbasin, which is located within the greater San Joaquin Valley Basin (Basin 5-22). Composed of local public agencies and others engaged through binding agreements, the Agency is the governing body of a portion of the Kings Subbasin (California Department of Water Resources Bulleting 118, 5-22.08) in compliance with the Sustainable Groundwater Management Act of 2014. Agency members are Fresno Irrigation District, Garfield Water District, International Water District, Biola Community Services District, City of Kerman, City of Clovis, City of Fresno, County of Fresno, Bakman Water Company, and Fresno Metropolitan Flood Control District.

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or operating income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as membership contributions and general and administrative expenses, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal value. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Agency has adopted the following GASB pronouncements in the current year:

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the Agency's cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

3. Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position. continued

4. Accounts Receivable

The Agency utilizes the allowance method of accounting for uncollectible or doubtful accounts based on historical experience and current information as it becomes available. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. All accounts receivable are non-interest bearing.

5. Net Position

The Agency follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – this component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the *net investment in capital assets* or *restricted* components of net position.

6. Reclassification

The Agency has reclassified certain prior year information to conform with current year presentations.

(2) Cash and Investments

Cash and investments as of June 30, are classified as follows:

		2024	2023
Cash and cash equivalents	$	1,287,470	1,413,023
Total	$	1,287,470	1,413,023

Cash and investments as of June 30, consist of the following:

		2024	2023
Deposits with bank	$	764,908	915,458
Investments		522,562	497,564
Total	$	1,287,470	1,413,023

(2) Cash and Investments, continued

As of June 30, the Agency's authorized deposits had the following maturity:

	2024	2023
Deposits in California Local Agency Investment Fund (LAIF)	217 days	260 days

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Certificates of Deposit	5 years	30%	None
Banker's Acceptance	5 years	40%	30%
U.S. Treasury Notes, Bonds, and Bills	5 years	None	None
U.S. Government Sponsored Securities	5 years	None	None
Commercial Paper	5 years	25%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Savings Account/Money Market Accounts	N/A	None	None
Corporate debt – Short and Long Term	5 years	None	None

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of 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 custodial credit risk for *investments* is the risk that, in the event of 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. 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).

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies.

Of the bank balance, up to $250,000 as of June 30, 2024, is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

(2) Cash and Investments, continued

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of $5,000, in increments of $1,000.
- Withdrawals of $10 million or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

Interest Rate Risk

Interest rate risk is the risk that the change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the change in market interest rates. The Agency's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

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. Local Agency Investment Fund are not rated.

Concentration of Credit Risk

The Agency's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the Agency's total investments as of June 30, 2024.

(3) Adjustment to Net Position

Grants Receivable

In fiscal year 2023, the Agency determined that grant revenues reported as capital contributions are deemed uncollectible due to a grant amendment. As a result, the Agency's grant receivable and grant revenues are overstated by $21,497. Therefore, the Agency recorded an adjustment to restate prior year's net position in the amount of $21,497 as of June 30, 2023.

(3) Adjustment to Net Position, continued

The adjustment to net position is as follows:

Net position as of July 1, 2022		$ 1,151,022
Changes in net position, June 30, 2023, as previously stated	$ 273,708	
Effect of adjustment to grants receivable	(21,497)	
Changes in net position, June 30, 2023, as restated		252,211
Net position as of July 1, 2023, as restated		$ 1,403,233

(4) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is insured for a variety of potential exposures.

(5) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(5) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(6) Commitments and Contingencies

Grant Awards

Grant funds received by the Agency are subject to audit by grantor agencies. Such an audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. After consultation with legal counsel, the Agency believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(7) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of September 26, 2024, which is the date the financial statements were available to be issued.

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Report on Internal Controls and Compliance

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Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on the Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
North Kings Groundwater Sustainability Agency
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the North Kings Groundwater Sustainability Agency (Agency), as of and for the years ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 26, 2024.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's 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 audits 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*.

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on the Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*, continued

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
September 26, 2024

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North Kings Groundwater Sustainability Agency

Management Report

June 30, 2024

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North Kings Groundwater Sustainability Agency

Management Report

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Board of Directors
North Kings Groundwater Sustainability Agency
Fresno, California

Dear Members of the Board:

In planning and performing our audits of the financial statements of the governmental activities and each major fund of the North Kings Groundwater Sustainability Agency (Agency) as of and for the year ended June 30, 2024, 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, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, 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. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

Current Year Comment and Recommendation

There are no comments in the current year.

Prior Year Comment and Recommendation

Disclosure of Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the Agency are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the journal entries that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the adjusting and reclassification entries provided by the auditor and have entered those entries into the Agency's accounting system to close-out the Agency's year-end trial balance.

* * * * * * * * * *

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

C.J. Brown & Company, CPAs
Cypress, California
September 26, 2024

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APPENDIX

North Kings Groundwater Sustainability Agency

Audit/Finance Committee Letter

June 30, 2024

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Board of Directors
North Kings Groundwater Sustainability Agency
Fresno, California

We have audited the financial statements of the governmental activities and each major fund of the North Kings Groundwater Sustainability Agency (Agency) for the year ended June 30, 2024, and have issued our report thereon dated September 26, 2024.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 18, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated September 26, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards

As auditors of the Agency, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no other changes in significant accounting policies or their application during 2024. No other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Agency's financial statements relate to:

The disclosure of fair value of cash and cash equivalents in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on page 5 presents the journal entries that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 26, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

Conclusion

We appreciate the cooperation extended us by DeAnn Hailey-Stork, Fiscal Agent, in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

C.J. Brown & Company, CPAs
Cypress, California
September 26, 2024

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4 (b-f) - FINANCIAL REPORT – Expense Report – July 2024; Financial Statements Through June 30, 2024 (FINAL); Financial Statements Through July 31, 2024; LAIF Update; and Member Agency Participation Update

North Kings Groundwater Sustainability Agency
Balance Sheet
As of June 30, 2024

ASSETS		
Current Assets		
Bank Accounts		
BMO - Checking Account		208,917.17
BMO - Money Market Account		555,990.42
LAIF		522,562.08
Total Bank Accounts	**$**	**1,287,469.67**
Accounts Receivable		
Accounts Receivable		7,773.14
Total Accounts Receivable	**$**	**7,773.14**
Other Current Assets		
Interest Receivable		5,917.85
Total Other Current Assets	**$**	**5,917.85**
Total Current Assets	**$**	**1,301,160.66**
TOTAL ASSETS	**$**	**1,301,160.66**
LIABILITIES & NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable		63,492.05
Total Accounts Payable	**$**	**63,492.05**
Other Current Liabilities		
Deferred Revenues Intr Parties		7,113.20
Total Other Current Liabilities	**$**	**7,113.20**
Total Current Liabilities	**$**	**70,605.25**
Total Liabilities	**$**	**70,605.25**
Net Position		
Legal Reserves Fund		500,000.00
Net Investment		903,231.90
Net Income		-172,676.49
Total Net Position	**$**	**1,230,555.41**
TOTAL LIABILITIES & NET POSITION	**$**	**1,301,160.66**

North Kings Groundwater Sustainability Agency
Budget vs. Actuals
July 2023 - June 2024

	Actual	Budget	Remaining	% Remaining
Income				
Grant Income	921.58	0.00	-921.58	
Interested Party Contribution	7,113.20	7,113.20	0.00	0.00%
Member/Contracting Entity			0.00	
Bakman Water Company	1,449.85	1,449.85	0.00	0.00%
Biola Community Services Distr	56.23	56.23	0.00	0.00%
City of Clovis	12,083.24	12,083.24	0.00	0.00%
City of Fresno	62,371.19	62,371.19	0.00	0.00%
City of Kerman	1,627.19	1,627.19	0.00	0.00%
County of Fresno	31,772.14	31,772.14	0.00	0.00%
Fresno Irrigation District	142,576.29	142,576.29	0.00	0.00%
Garfield Water District	1,395.18	1,395.18	0.00	0.00%
International Water District	618.70	618.70	0.00	0.00%
Total Member/Contracting Entity	**$ 253,950.01**	**$ 253,950.01**	**$ 0.00**	**0.00%**
Total Income	**$ 261,984.79**	**$ 261,063.21**	**-$ 921.58**	**-0.35%**
Expenses				
Audit Expense	6,025.00	6,025.00	0.00	0.00%
Bank Charges	35.00	200.00	165.00	82.50%
Dues and Subscriptions	3,313.17	3,315.00	1.83	0.06%
Insurance	2,069.00	2,085.00	16.00	0.77%
Kings Basin Coordination	65,014.22	70,000.00	4,985.78	7.12%
Legal	26,870.78	25,000.00	-1,870.78	-7.48%
Office Supplies	1,020.85	550.00	-470.85	-85.61%
Professional Services	109,945.54	61,000.00	-48,945.54	-80.24%
Engineering Consultant	73,570.41	100,000.00	26,429.59	26.43%
Security Services	140.00	1,000.00	860.00	86.00%
Total Professional Services	**$ 183,655.95**	**$ 162,000.00**	**-$ 21,655.95**	**-13.37%**
Project Costs		25,000.00	25,000.00	100.00%
Public Information	70,735.04	75,000.00	4,264.96	5.69%
Staff Expense			0.00	
Executive Officer	86,888.39	85,000.00	-1,888.39	-2.22%
Supporting Staff (FID)	16,038.46	20,000.00	3,961.54	19.81%
Total Staff Expense	**$ 102,926.85**	**$ 105,000.00**	**$ 2,073.15**	**1.97%**
Total Expenses	**$ 461,665.86**	**$ 474,175.00**	**$ 12,509.14**	**2.64%**
Net Operating Income	**-$ 199,681.07**	**-$ 213,111.79**	**-$ 13,430.72**	**6.30%**
Other Income				
Interest Income	21,271.70	8,000.00	-13,271.70	-165.90%
Unrealized Gain/Loss	5,732.88		-5,732.88	
Total Other Income	**$ 27,004.58**	**$ 8,000.00**	**-$ 19,004.58**	**-237.56%**
Change in Net Position	**-$ 172,676.49**	**-$ 205,111.79**	**-$ 32,435.30**	**15.81%**

North Kings Groundwater Sustainability Agency
Balance Sheet
As of July 31, 2024

ASSETS		
Current Assets		
Bank Accounts		
BMO - Checking Account		623,340.59
BMO - Money Market Account		555,995.13
LAIF		524,494.29
Total Bank Accounts	$	**1,703,830.01**
Accounts Receivable		
Accounts Receivable		328,178.87
Total Accounts Receivable	$	**328,178.87**
Other Current Assets		
Undeposited Funds		4,662.92
Total Other Current Assets	$	**4,662.92**
Total Current Assets	$	**2,036,671.80**
TOTAL ASSETS	$	**2,036,671.80**
LIABILITIES & NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable		27,448.13
Total Accounts Payable	$	**27,448.13**
Total Current Liabilities	$	**27,448.13**
Total Liabilities	$	**27,448.13**
Net Position		
Legal Reserves Fund		500,000.00
Net Investment		730,555.41
Net Income		778,668.26
Total Net Position	$	**2,009,223.67**
TOTAL LIABILITIES & NET POSITION	$	**2,036,671.80**

North Kings Groundwater Sustainability Agency
Budget vs. Actuals
July 2024

	Actual	Budget	Remaining	% Remaining
Income				
Interested Party Contribution	7,113.20	7,113.20	0.00	0.00%
Member/Contracting Entity			0.00	
Bakman Water Company	5,145.29	5,145.29	0.00	0.00%
Biola Community Services Distr	1,393.16	1,393.16	0.00	0.00%
City of Clovis	39,554.47	39,554.47	0.00	0.00%
City of Fresno	186,897.93	186,897.93	0.00	0.00%
City of Kerman	5,386.49	5,386.49	0.00	0.00%
County of Fresno	100,333.31	100,333.31	0.00	0.00%
Fresno Irrigation District	430,696.93	430,696.93	0.00	0.00%
Garfield Water District	4,662.92	4,662.92	0.00	0.00%
International Water District	1,929.49	1,929.49	0.00	0.00%
Total Member/Contracting Entity	**$ 775,999.99**	**$ 775,999.99**	**$ 0.00**	**0.00%**
Total Income	**$ 783,113.19**	**$ 783,113.19**	**$ 0.00**	**0.00%**
Expenses				
Audit Expense	322.00	6,000.00	5,678.00	94.63%
Dues and Subscriptions		3,315.00	3,315.00	100.00%
Insurance		2,085.00	2,085.00	100.00%
Kings Basin Coordination		90,000.00	90,000.00	100.00%
Legal		40,000.00	40,000.00	100.00%
Office Supplies	90.00	600.00	510.00	85.00%
Professional Services		0.00	0.00	
Engineering Consultant		100,000.00	100,000.00	100.00%
Security Services		1,000.00	1,000.00	100.00%
Total Professional Services	**$ 0.00**	**$ 101,000.00**	**$ 101,000.00**	**100.00%**
Project Costs		700,000.00	700,000.00	100.00%
Public Information	52.00	110,000.00	109,948.00	99.95%
Staff Expense			0.00	
Executive Officer		100,000.00	100,000.00	100.00%
Supporting Staff (FID)		30,000.00	30,000.00	100.00%
Total Staff Expense	**$ 0.00**	**$ 130,000.00**	**$ 130,000.00**	**100.00%**
Total Expenses	**$ 464.00**	**$ 1,183,000.00**	**$ 1,182,536.00**	**99.96%**
Net Operating Income	**$ 782,649.19**	**-$ 399,886.81**	**-$ 1,182,536.00**	**295.72%**
Other Income				
Interest Income	-5,913.14	25,000.00	30,913.14	123.65%
Unrealized Gain/Loss	1,932.21		-1,932.21	
Total Other Income	**-$ 3,980.93**	**$ 25,000.00**	**$ 28,980.93**	**115.92%**
Change in Net Position	**$ 778,668.26**	**-$ 374,886.81**	**-$ 1,153,555.07**	**307.71%**

North Kings Groundwater Sustainability Agency

Transaction List with Splits

July 2024

DATE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
C.J. Brown & Company CPAs					
07/31/2024	20240731	C.J. Brown & Company CPAs		Accounts Payable	322.00
			July 2024 Services	Audit Expense	322.00
Constant Contact, Inc.					
07/29/2024		Constant Contact, Inc.		BMO - Checking Account	(52.00)
				Public Information	52.00
Intuit QuickBooks Online					
07/16/2024		Intuit QuickBooks Online		BMO - Checking Account	(90.00)
				Office Supplies	90.00

North Kings Groundwater Sustainability Agency

Unpaid Invoices

As of July 31, 2024

DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE
CNF - County of Fresno					
07/01/2024	Invoice	1150	07/31/2024	100,333.31	100,333.31
Total for CNF - County of Fresno				**$100,333.31**	**$100,333.31**
COF - City of Fresno					
07/01/2024	Invoice	1148	07/31/2024	186,897.93	186,897.93
Total for COF - City of Fresno				**$186,897.93**	**$186,897.93**
TOTAL				**$287,231.24**	**$287,231.24**

9 (a - f) – Executive Officer Report

NORTH KINGS GROUNDWATER SUSTAINABILITY AGENCY

AGENDA ITEM NO:	9 (a) - (f)
Executive Officer:	KDC

NKGSA-
REPORT TO THE ADVISORY COMMITTEE MEMBERS

TO: Chair and Committee Members

FROM: Executive Officer – Kassy Chauhan

DATE: September 10, 2024

SUBJECT: NKGSA Executive Officer Report

ATTACHMENTS: None

Groundwater Sustainability Plan – Studies and Revisions

The Kings Basin continues to work on the remaining two studies committed to by the GSAs to address corrective actions identified by the Department of Water Resources (DWR) in its adequacy determination letter to the Kings Basin. The studies are being done by Provost & Pritchard Consulting Group and are progressing so that additional information will be available for the updated GSP and GSP periodic evaluation due January 2025. The remaining studies are: Interconnected Surface Water Data Gap Analysis and Study; and Confined Aquifer Study. The domestic well mitigation program study was completed and is being considered for adoption by the GSAs in the Kings Basin. The North Kings GSA Board of Directors unanimously approved the domestic well mitigation program to be implemented in accordance with the Kings Basin Rules and Regulations dated April 2024, and will become effective on October 1, 2024. The board also approved the recommendation for first year funding for the domestic well mitigation program in the amount of $500,000.00.

The North Kings GSA is partnering with the North Fork Kings GSA, the Central Kings GSA, and the Kings River East GSA on development of the tools needed for administration of the domestic well mitigation program. Additionally, the North Kings GSA is working with Central Kings GSA and Kings River East GSA on the interim water supplies and needed contracts to be able to have a successful launch on October 1.

GSP Revisions and Schedule

Provost & Pritchard has completed updates to the GSPs for each of the seven GSAs in the Kings Subbasin and has distributed them for additional review and comment. All comments from the GSAs are due back to P&P by September 18, and additional discussion will take place at the Kings Subbasin coordination committee meeting on September 20. The final draft updated GSP will be provided to the North Kings GSA by

October 10, ahead of the public comment period which is set to commence on October 11, and go through November 21, 2024, at the conclusion of a public hearing to be held right before the regular board of directors meeting of the NKGSA. The final GSP will be presented to the Board of Directors for possible adoption at a special meeting in January 2025, to allow for the revised GSP and the periodic evaluation to be submitted to DWR ahead of the January 31, 2025, deadline.

Significant updates have been made to address the DWR deficiencies and recommended corrective actions including updates to the water budgets, project list, management action triggers and the base period used in the GSP to establish water demands. All changes have been discussed with the North Kings GSA technical workgroup and comments and considerations by the technical workgroup will be incorporated into the final draft of the updated GSP prior to releasing the document for public comment.

SGMA Implementation Project Updates

Progress continues on the projects being constructed under the Round 1 SGMA implementation grant funds. These projects include Fresno Irrigation District's (FID's) Carter-Bybee Basin, along with projects for Consolidated Irrigation District, James Irrigation District and Riverdale Irrigation District. The total grant award was $7.6 million. The Carter-Bybee Basin project also has federal grant dollars and FID will be able to proceed to construction once the National Environmental Pollution Act (NEPA) and cultural resources requirements are satisfied. Work on the project cannot commence until the environmental clearance is issued by Reclamation.

FID completed work on intertying four additional Fresno Metropolitan Flood Control District basins to allow for water to be recharged at those sites when they aren't being used for flood routing/storm water routing. These projects were completed in August 2024, ahead of the irrigation deliveries ending within FID on August 31, 2024.

Each agency has been asked to review the SGMA Implementation Projects listed in Chapter 6 of the updated GSP to ensure there is a commitment to complete the listed projects and/or make necessary adjustments. The projects listed on the project table are the agencies commitment to mitigating for the pumping occurring within their boundary. All comments on the project list are due to the North Kings GSA by September 18th so to be included in the updated GSP.

Outreach and External Affairs

The NKGSA remains active on social media including recent posts related to the groundwater sustainability projects being completed by its member agencies. Additionally, the NKGSA actively engages with stakeholders via e-blogs and by providing information on the website. Participation in the San Joaquin Valley Blueprint, the Collaborative Action Plan and the California Partnership for the San Joaquin Valley continues.

On September 4, I participated in the Ag Summit hosted by the Maddy Institute and the California Water Institute at Fresno State. The event, Exploring the Coexistence of Water

Users in California, featured several panel discussions including one on 10 years of SGMA. On October 3, I will serve on a panel hosted by the San Joaquin River Parkway and Conservation Trust, to discuss living with water in a more sustainable manner in the Valley. It is one of four roundtables that will be discussing various topics to benefit the communities. The event is scheduled to start at 6:00 p.m.

On October 8, I will be on a panel at the Groundwater Resources Agency's Western Water Congress held in Olympic Valley/Lake Tahoe area.

Miscellaneous

State Water Resources Control Board Hearings and Workshops

The State Water Resources Control Board (SWRCB) is holding the next probationary hearing for the Tule Subbasin on September 17, 2024, at which time the SWRCB will make a decision on whether the Tule Subbasin will be placed into probation triggering the need for well registration, metering and the extraction reporting. Staff will be paying close attention to this hearing as there are some special items included in the staff report including a recommendation to the Board to exercise the "good actor clause" outlined in SGMA.

The Tulare Lake Subbasin was successful in obtaining a temporary restraining order which shields them from having to comply with the metering and extraction reporting mandated by SWRCB until a ruling in Kings County Superior Court is made. The ruling from the Court is expected in September 2024.

The probationary hearing for the Kaweah Subbasin is scheduled for January 7, 2025. A revised GSP has been submitted for consideration by the staff at the SWRCB ahead of the hearing. The Kern Basin is scheduled for their probationary hearing in February 2025.

Well Intake Portal Launch

The well registration tool is live and can be accessed on the NKGSA website. The NKGSA continues to encourage well owners to register their wells. It is expected that well owners will be able to provide information on their wells throughout most of 2024.

For those farmers with multiple wells, there is an option for a batch upload of well information especially if it's been summarized in a table to eliminate the need for inputting the information individually.

Proposed Legislation

The legislative session is wrapping up with a limited time remaining for the Governor to either approve bills or veto bills. The NKGSA continues to pay close attention to AB828 (Connolly – D) which would exempt disadvantaged communities and managed wetlands from fees imposed by groundwater sustainability agencies and would omit them from compliance with pumping restrictions imposed on other well owners in the basin.

The NKGSA continues to review each of the well permit applications submitted to permitting agencies for wells being drilled within the NKGSA boundary. Data obtained from the well permit applications is compiled to facilitate ease of review and tracking. The NKGSA has been reviewing all new well permit applications submitted to Fresno County. The locations of the proposed new wells (including replacement wells) are being mapped to enable the NKGSA to identify any areas of concerns. In addition, the NKGSA is notified by the State of California any time there is a report of a well going dry through the My Well Went Dry portal housed on DWR's website.

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