

Telephonic Quarterly Meeting of the Central Delta-Mendota GSA

Monday, April 26th, 2021, 10:00 AM

Click here to join Zoom meeting
Call-in number: +1-669-900-6833
Meeting ID: 874 8171 2307
Passcode: 334723

Central Delta-Mendota GSA Members and Alternates Present

Randy Miles, Member – Eagle Field Water District
Augie Ramirez, Alternate – Fresno County
Scott Silveira, Member – Merced County
Aaron Barcellos, Member – Pacheco Water District
Mike Wood, Member – San Luis Water District
Amy Montgomery, Member – Santa Nella County Water District
Danny Wade, Alternate – Tranquillity Irrigation District

San Luis & Delta-Mendota Water Authority Representatives Present

John Brodie
Claire Howard – Provost & Pritchard

Others Present

Hughie Bennett – Eagle Field Water District
Lauren Layne – Baker, Manock & Jensen
Chase Hurley – Pacheco Water District
Mike Gardner – Pacheco Water District
Steve Stadler – San Luis Water District
Desiree Dobbs – Merced County
Joe Hopkins – Provost & Pritchard
Gavin O’Leary – Provost & Pritchard
Mark Thompson – Provost & Pritchard

1. Call to Order/Roll Call

Aaron Barcellos/Pacheco called the meeting to order at 10:03 AM.

2. Committee to Consider Corrections or Additions to the Agenda of Items, as authorized by Government Code Section 54950 et seq.

No corrections or additions were made to the agenda of items.

3. Opportunity for Public Comment

No public comment was shared.

4. GSA to Review and Take Action on Consent Calendar

- a. January 25, 2021 Meeting Minutes (Quarterly Central Delta-Mendota GSA Meeting)

b. Quarterly Financial Report, Montgomery

The GSA considered approval of the consent calendar followed by a brief update from Amy Montgomery/SNCWD on the status of the GSA's billings from SLDMWA. Scott Silveira/Merced provided the motion and Randy Miles/EFWD seconded. The GSA voted by roll call; the motion was passed by those present. Amy shared that SLDMWA has not billed the GSA for costs incurred during the Fiscal Year 2020-2021 (March 1, 2020-February 28, 2021) period. Amy noted that the first bill from SLDMWA is anticipated in May. Amy shared that a fiscal year to date summary for the Central GSA will be finalized once all SLDMWA charges are included.

5. GSA to Elect Central Delta-Mendota GSA Officers (Chairperson, Vice Chairperson, Secretary) for Fiscal Year 2021-2022, Layne

Lauren Layne/BMJ shared that since this is the GSA's first meeting in Fiscal Year 2021-2022 (FY 2021-2022), the GSA will consider approval of GSA officers for the new Fiscal Year. In FY 2020-2021, Aaron Barcellos/Pacheco served as Chairperson, Amy Montgomery/SNCWD served as Vice Chairperson, and Ben Fenters/SLWD served as Secretary. Ben recently left SLWD, so the Secretary role is currently vacant. The GSA entertained nominations and approval for each officer role.

Aaron was nominated to serve as Chairperson for FY 2021-2022 and the GSA considered approval of this nomination. Scott Silveira/Merced provided the motion and Randy Miles/EFWD seconded. The GSA voted by roll call; the motion was passed unanimously by those present.

Amy was nominated to serve as Vice Chairperson for FY 2021-2022 and the GSA considered approval of this nomination. Augie Ramirez/Fresno provided the motion and Randy seconded. The GSA voted by roll call; the motion was passed unanimously by those present.

Claire Howard/P&P was nominated to serve as Secretary for FY 2021-2022. Lauren confirmed that Claire is eligible to serve this role given that she is not a Central GSA member or alternate. Amy provided the motion and Randy seconded. The GSA voted by roll call; the motion was passed unanimously by those present.

6. GSA to Ratify Selection of Auditor for Fiscal Year 2019-2020, Montgomery

The GSA considered ratification for auditor selection for the GSA's Fiscal Year 2019-2020 (FY 2019-2020) audit. Amy Montgomery/SNCWD reviewed the staff report on this item, which notes that this was the first audit completed since the GSA formed a joint powers authority (JPA). The notification and timing of the GSA's first audit did not allow for the selection of an auditor through a Request for Proposals (RFP), so an auditor was hired to complete the GSA's first audit in compliance with timing requirements. Amy recommended ratification of the selected auditor, Nelson & Associates, CPAs, for the FY 2019-2020 audit. The GSA considered approval of this ratification. Scott Silveira/Merced provided the motion and Randy Miles/EFWD seconded. The GSA voted by roll call; the motion was passed unanimously by those present.

7. GSA to Consider Approval of Audit Report for Fiscal Year Ending February 29, 2020 (FY 2019-2020), Montgomery

Amy Montgomery/SNCWD presented the audit report for FY 19-20. The GSA considered approval of the audit report. Randy Miles/EFWD provided the motion and Augie Ramirez/Fresno seconded. The GSA voted by roll call; the motion was passed unanimously by those present.

8. GSA to Consider Approval of Request for Proposals for Independent Auditor to Conduct Annual Audit for Fiscal Year Ending February 28, 2021 (FY 2020-2021), Montgomery

Amy Montgomery/SNCWD reviewed the request for proposals (RFP) for the GSA's selection of an auditor for FY 2020-2021. Amy noted that she is aiming to release the RFP this week, with a submittal deadline of May 21, 2021. Once proposals are received, the Central GSA will hold a special meeting to consider selection of an auditor. The GSA considered approval of the RFP as submitted. Scott Silveira/Merced provided the motion and Danny Wade/Tranquillity seconded. The GSA voted by roll call; the motion was passed unanimously by those present.

9. GSA to Consider Approval of Resolution to Request to Fresno County and Merced County for Biennial Audits Covering a Two-Year Period, Montgomery

Amy Montgomery/SNCWD and Lauren Layne/BMJ reviewed a memorandum and resolution prepared regarding the GSA's audit requirements. As a JPA, the GSA is designated as a special district, and is required to file annual audits. Lauren explained that the GSA may consider approval of replacing the annual audit requirements with a biennial audit that would cover two-year periods. Lauren noted that the GSA will complete the FY 2020-2021 annual audit as approved. Lauren explained that the request of a biennial audit must be shared with the Board of Supervisors for Merced and Fresno Counties since the GSA is located in both counties. Lauren confirmed that there is precedent in both Counties for approval of a similar resolution.

The GSA considered approval of the resolution for conducting biennial audits starting in FY 2021-2022. Randy Miles/EFWD provided the motion and Mike Wood/SLWD seconded. The GSA voted by roll call; the motion was passed unanimously by those present.

10. GSA to Consider Approval for Authorization of SLDMWA Letter of Support for Central GSA, Brodie/Howard

Claire Howard/P&P reviewed the prepared letter for SLDMWA staff supporting ongoing Central GSA meeting preparation, facilitation, and invoicing for the current FY 2021-2022. Claire noted that this is a similar letter of approval to last year. The GSA considered approval of the SLDMWA letter of support. Mike Wood/SLWD provided the motion and Amy Montgomery/SNCWD seconded. The GSA voted by roll call; the motion was passed unanimously by those present.

11. GSA to Discuss Next Steps for Well Registration and Data Compilation Efforts, Montgomery

Amy Montgomery/SNCWD introduced the GSA's well registration and data compilation efforts in support of the Northern and Central Regions' well census and inventory project. Mike Wood/SLWD and Steve Stadler/SLWD noted that San Luis Water District will continue to provide support with data compilation to ensure continuity with the GSA's efforts to date. Amy shared that she has received some well registration information by mail, and will scan and share this information to SLWD staff for their records.

Gavin O'Leary/P&P and Mark Thompson/P&P shared that they will continue to work with Steve to update the well census records with received well registration data. Gavin shared that maps will be generated at the district level for each GSA member agency to review and confirm the compiled site information for the well census.

12. Update on Delta-Mendota Subbasin Water Year 2020 Consolidated Annual Report, Howard

Claire Howard/P&P shared that the Delta-Mendota Subbasin's Water Year 2020 Consolidated Annual Report was finalized and submitted to DWR in advance of the April 1st deadline. The information in this Annual Report covers the Water Year spanning October 1, 2019-September 30, 2020, and includes a summary of Subbasin-wide groundwater monitoring and use as well as implementation activities completed to date.

13. Next Steps

- The GSA considered approval of the FY 2019-2020 audit report.
- The GSA considered approval of the prepared RFP for selection of a future auditor, and a special meeting will be held to review the received proposals.
- The GSA approved a resolution approving biennial audits starting in FY 2020-2021. This request will be shared with the Board of Supervisors for Merced and Fresno Counties.
- The GSA considered approval of the FY 2021-2022 SLDMWA letter of support for ongoing Central GSA activities.
- The Central GSA's ongoing well registration and data compilation efforts will continue to be compiled and incorporated into the Northern and Central Regions' well census efforts.

14. Reports Pursuant to Government Code Section 54954.2(a)(3)

No topics were discussed under this item.

15. Conference with Legal Counsel – Existing Litigation

The Board will meet in closed session to confer with legal counsel pursuant to Paragraph (1), Subdivision (d) of Government Code section 54956.9: (1 case).

California Sportfishing Protection Alliance v. All Persons Interests in the Matter of the Validity of the Northern and Central Delta-Mendota Regions Groundwater Sustainability Plan, et al., Stanislaus County Superior Court, Case No. CV-20-001748 [Delta-Mendota Subbasin SGMA Challenge].

16. Report Out of Closed Session (if any)

No reportable action was taken in closed session.

17. ADJOURNMENT

Aaron Barcellos/Pacheco adjourned the meeting at 11:09 AM.

Central Delta-Mendota GSA
Statement of Income and Expenses

| Adopted Budget Fiscal Year 2021-22 | 1st Qtr | | | Remaining Budget |
|------------------------------------|--------------------|--------------------------|---------------------|---------------------|
| <i>Budget to Actual</i> | Budget | Mar, Apr, May 2021-22 | FYTD | |
| Operating Revenues | | | | |
| 4000 Member Contributions | \$ 37,000.00 | \$ 37,000.00 | \$ 37,000.00 | - |
| 4100 Interest Income | - | 0.32 | 0.32 | (0.32) |
| 4300 Other Income | - | - | - | - |
| Total Operating Revenues | <u>37,000.00</u> | <u>37,000.32</u> | <u>37,000.32</u> | |
| Operating Expenses | | | | |
| <i>Administration:</i> | | | | |
| 5275 Bank Fees | 150.00 | - | - | 150.00 |
| 5300 Office Supplies | 1,000.00 | 39.24 | 39.24 | 960.76 |
| 5325 Regulatory Fees | 500.00 | - | - | 500.00 |
| 5500 General Liability Insurance | 2,500.00 | - | - | 2,500.00 |
| Total Administration Expenses | <u>4,150.00</u> | <u>39.24</u> | <u>39.24</u> | |
| <i>Professional Services:</i> | | | | |
| 5425 Auditor Fees | 5,000.00 | 7,500.00 | 7,500.00 | (2,500.00) |
| 5450 Legal Fees/District | 18,000.00 | - | - | 18,000.00 |
| 5475 Consultant Fee (SLDMWA) | 7,668.00 | - | - | 7,668.00 |
| Total Professional Services | <u>30,668.00</u> | <u>7,500.00</u> | <u>7,500.00</u> | |
| Total Operating Expenses | <u>34,818.00</u> | <u>7,539.24</u> | <u>7,539.24</u> | |
| Net Operating Revenue | <u>\$ 2,182.00</u> | <u>\$ 29,461.08</u> | <u>\$ 29,461.08</u> | |

Investment Report

1st Quarter FY 2021-22

March, April, May

| Current Assets | | 1st Quarter | February 2021 | % Change |
|---------------------------|------------------------------|------------------|------------------|----------|
| <u>Unrestricted Funds</u> | | | | |
| 1000-00 | Wells Fargo Checking Account | 46,166.04 | 33,848.98 | 26.68% |
| Total Current Assets | | <u>46,166.04</u> | <u>33,848.98</u> | 26.68% |

The Central Delta-Mendota GSA will meet operational expenditure requirements for the next six months.

**Government Code Section 66006(a): If a local agency requires the payment of a fee specified in subdivision (c) in connection with the approval of a development project, the local agency receiving the fee shall deposit it with the other fees for the improvement in a separate capital facilities account or fund in a manner to avoid any comingling of the fees with other revenues and funds of the local agency, except for temporary investments, and expend those fees solely for the purpose for which the fee was collected. Any interest income earned by the moneys in the capital facilities account or fund shall also be deposited in that account or fund and shall be expended only for the purpose for which the fee was originally collected.*



**PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES**

**Central Delta-Mendota Groundwater Sustainability
Agency**



Bryant L. Jolley, CPA

**901 "N" Street, Suite 104
Firebaugh, Ca 93622
Phone: (559) 659-3045
Fax: (559) 659-0615
FID #94-2706107**

May 18, 2021

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May 18, 2021

Board of Directors
Central Delta-Mendota Groundwater Sustainability Agency
Santa Nella, CA 95322

We are pleased to provide this response to the Central Delta-Mendota Groundwater Sustainability Agency (the “Agency”), request for proposal for an independent accounting firm to provide audit and related financial services for the fiscal year ending February 28, 2021.

We understand the scope of work will include Audited Financial Statements, the Annual Financial Transaction Report, and a Management Report. We also understand the audit and reports are to be conducted in accordance with generally accepted auditing standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA), generally accepted government auditing standards (GAGAS) as set forth by the General Accounting Office’s (GAO) Government Auditing Standards, U.S. Office of Management and Budget (OMB) Uniform Guidance, and State of California Controller’s Minimum Audit Requirements for California Special Districts. Finally, we understand the objective of the services to be performed and commit to performing those services within the time period specified by the Central Delta-Mendota Groundwater Sustainability Agency.

We have specialized in the auditing of cities, special districts and companies over the past 35 years and have performed over 700 such audits. Our firm consists of four CPA’s who have over ninety years combined auditing experience making us premier auditors. We audit 30 special districts annually.

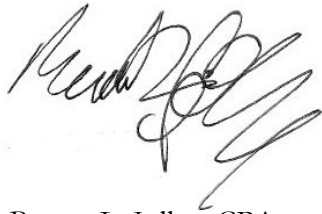
We seek to conduct the Agency audit because we feel our experience and expertise with auditing makes us a perfect fit for the engagement. We can provide value to the Agency through the quality of our work, the timeliness of our performance, our knowledge of governments, team consistency, and, most important, a strong relationship among the people on our team.

In the following proposal, you will see that our firm is capable of consistently delivering high levels of value to the Agency. You will work with an auditor that is stable and responsive. You will receive accurate, reliable, and timely service that is fairly priced. And you will have continual access to senior-level team members who are knowledgeable, qualified, and consistent. Unlike other firms, our Partners participate in all parts of the audit engagement.

Ryan P. Jolley, CPA will serve as the principal contact authorized to make representations on behalf of this bid. This proposal is firm and irrevocable offer for 60 days. He can be reached by phone at 559-287-1527, by e-mail at ryanpjolley@hotmail.com, or by mail at 901 "N" Street, Suite 104, Firebaugh, CA 93622.

We are eager to work with the Agency and look forward to demonstrating to your Board of Directors our commitment to providing a cost-effective, high-quality audit of the Agency. We look forward to your response. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryant L. Jolley". The signature is fluid and cursive, with a large initial "B" and "J".

Bryant L. Jolley, CPA

TECHNICAL PROPOSAL

Our firm is independent of the Central Delta-Mendota Groundwater Sustainability Agency as defined by the U.S. General Accounting Office's Government Auditing Standards. Our firm is licensed to operate as a certified public accounting firm by the State of California. All professional staff is properly licensed to practice in California.

Our firm consists of four CPA's and two other professionals who have over seventy years combined auditing experience making us premier auditors of local governments. Our firm performs approximately 50 governmental audits annually. Our office is located in Firebaugh, CA and this office will be responsible for the audit.

Our firm is in compliance with all GAO standards for continuing education and we recently completed a peer-review of our work, which included government engagements, by an independent CPA firm for which we received the highest rating of pass (page 9).

The people who serve you today will be the people who serve you tomorrow. **Our firm's turnover rate is 0%, which ensures continuity on your engagement. Our firm only consists of senior level members who have significant years of auditing experience.** Your engagement team will not contain staff accountants nor will you have to train new audit team members in succeeding years. We highly emphasize senior level involvement because these are the team members who know the most about you and your operations. Their involvement assures quick resolution of issues, better job management, closer supervision, and expeditious review of work papers. These are the people who will remain consistently committed to your engagement.

The following information outlines the qualifications and experience of the individuals who would be assigned to the engagement.

QUALIFICATIONS OF YOUR AUDIT TEAM

BRYANT JOLLEY, CPA

AUDIT ROLE: CLIENT SERVICE PARTNER/ENGAGEMENT REVIEWER

Bryant Jolley will be the in-charge person for the Agency audit. He has been a licensed CPA since 1976 and has operated his own firm since 1980. He graduated from Brigham Young University in 1974 and did graduate accounting studies at the University of Southern California. His initial training as an auditor was with Deloitte Touche, an international CPA firm. The first governmental audit he performed was in 1979 and he has been extensively engaged in governmental accounting since that date. He is the in charge person on an average of thirty city or special district audits each year. This experience allows him to have a unique understanding of the accounting and fiscal problems facing governmental units and provide concrete recommendations to improve overall efficiencies. He has received over 80 hours of government-specific continuing professional education over the last two years and is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

RYAN JOLLEY, CPA

AUDIT ROLE: CLIENT SERVICE PARTNER /ENGAGEMENT REVIEWER

Ryan Jolley is a licensed certified public accountant who joined our firm in 2004. He graduated with an undergraduate degree in accounting in 2002 and entered the Masters program in accounting at San Diego State University the same year. During this period he started work as a staff auditor with Moss Adams LLP, a large national CPA firm. He interned with our firm for several summers during college and worked on numerous audits. He was the primary senior not-for-profit auditor for the Moss Adams San Diego office. He has over 16 years of experience with auditing not-for-profits, municipalities, colleges, and commercial entities as well as conducting Single Audits under Uniform Guidance standards.

LUIS PEREZ, CPA

AUDIT ROLE: ENGAGEMENT MANAGER/IN-CHARGE AUDITOR

Luis Perez is a licensed certified public accountant and has 10 years of experience auditing non-profit organizations and cities. Additionally, he has helped many non-profits, cities and districts with temporary accounting projects or other operational emergencies. This has provided him with extensive working knowledge of non-profits and allows him to be available for normal accounting questions or assistance throughout the year. He is a member of the American Institute of Certified Public Accountants.

OUR EXPERIENCE AUDITING ENTITIES

San Luis Water District

Principal Contacts: Diane Wahid, Finance Officer (209-826-4043)

Engagement Dates: February 29, 2020

Approximate Staff Hours Expended: 200 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

Chowchilla Water District

Principal Contacts: Lela Beatty, Treasurer (559-665-3747)

Engagement Dates: December 31, 2020

Approximate Staff Hours Expended: 120 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

Tranquillity Irrigation District

Principal Contacts: Danny Wade, District Manager (559-698-7225)

Engagement Dates: December 31, 2020

Approximate Staff Hours Expended: 100 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

Mercy Springs Water District

Principal Contacts: Ara Azhderian, District Manager (209-364-6136)

Engagement Dates: February 29, 2020

Approximate Staff Hours Expended: 50 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

Jamestown Sanitary District

Principal Contacts: Patti Ingalls, Finance Officer (209-984-5177)

Engagement Dates: June 30, 2020

Approximate Staff Hours Expended: 50 hours

Scope of Work: Audited Financial Statements, Annual Financial Transaction Report

HOW WE APPROACH YOUR AUDIT

Our effective and efficient audit approach combines knowledge of governmental accounting and auditing with an understanding of the associated risks. We are value-driven and seek to maximize the return on your investment in the audit process through in-depth analysis of your financial statements and your internal controls. Throughout the engagement, our team will collaborate with your staff whenever possible to minimize costs and improve efficiencies. Of course, we will need assistance with preparing schedules, finding documents, explaining processes, and providing sample documentation, budget related materials, organizational charts, and manuals.

Audit Standards

The auditor's opinion will be directed toward the fairness of presentation of the financial statements in accordance with Generally Accepted Auditing Standards (GAAS), generally accepted government auditing standards (GAGAS), and U.S. Office of Management and Budget (OMB) Uniform Guidance. We will prepare the Annual Financial Report in conformity with Government Code Section 26909, Generally Accepted Accounting Principles (GAAP), and Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States General Accounting Office.

Pre-Audit

We are very familiar with the audit issues facing the Agency. We have adjusted our audit services to incorporate these specialized areas and approach the audit from the following aspects:

- ◆ Where are the Agency's greatest exposures?
- ◆ How does the Agency safeguard against risks?
- ◆ How does the Agency internally evaluate its organization?
- ◆ What are the controls used by the Agency to measure accountability?

Our approach to the Agency audit is truly a design that will be as unique as the entity itself and is based on the areas we find to be the most vulnerable. Our focus includes evaluating internal controls that ensure adherence to applicable federal and state laws and regulations. We place a substantial amount of our time reviewing and assessing such high-risk areas during our evaluation. This risk-based approach focuses our efforts on what is important to you and your stakeholders and enables us to present you with meaningful suggestions.

We monitor our performance using a variety of qualitative and quantitative measures. First and foremost, we honor our agreement with you, completing the engagement on-time and on-budget. When you talk to our references, you will find that this sets us apart from most regional and national CPA firms. Typically, in a first year audit engagement, we invest additional time in your audit, which is **not** billed to you as cost over-runs. Rather, we view it as an investment in our long-term professional relationship.

We measure our audit performance in the response we receive from the entity and its staff. In addition, we report directly to management and the Board in face-to-face meetings, providing meaningful information and answering questions directly.

Segmentation of the Audit

Our audit involves a logical sequence of five steps that ensures compliance with the applicable professional standards and the expeditious completion of the audit. We will tailor our audit to the needs and complexity of the Agency.

1. **Planning** – First, we learn everything we can about the Agency and its related organizations - from organizational structure to policies and procedures. We read meeting minutes, review budgets, assess manuals and programs, hold discussions with key management staff, and evaluate management information systems. Based on what we learn, we develop our expectations regarding current year results, and then compare our expectations to actual results. This helps us develop risk assessments for each audit segment to determine what level of control testing and/or substantive testing is necessary to address the assessed risk. We then design our audit program accordingly.
2. **Control Testing** – Depending on our risk assessments, we determine specific audit cycles to test for internal controls and we evaluate the results. Based on the results against our expectations, we then determine if any modification is necessary to our planned substantive audit procedures on ending account balances and transactions. Based on the information we have obtained to date, we plan to test controls to obtain moderate to substantial reliance over cash and investments, revenues and related receivables, expenses and related payables, capital outlay, and long-term debt. This is subject to change once we gather more information as part of our audit planning procedures.
3. **Substantive Testing** – Our overall objective is to achieve a low level of risk of error in ending account balances. After we have performed our preliminary analytical and internal control tests and evaluated the results, we determine the nature, timing, and extent of detailed audit procedures on ending account balances and transactions necessary to achieve a low level of risk that errors could be present without detection.
4. **Compliance Testing** – The State requires testing organizational compliance with certain laws and regulations. In addition, we will test your compliance with federal laws. We have specially-designed audit programs that ensure we adequately address both areas.
5. **Report Writing and Review** – After all the fieldwork is complete, we draft our opinions and other reports. As part of our firm’s quality control process, Bryant Jolley is required to review our audit files and audit report to improve the quality of our audits and to ensure optimum quality. We have a requirement that only personnel involved in our audit service team can be involved in the review of our work. This ensures that our clients are served with professionals trained in auditing and accounting standards.

6. Statistical Sampling - Sampling to be used during our audit will include random sampling methods for tests of controls and for substantive tests of details. Sampling will be used throughout the engagement to test most financial statement balances.

We will select the most appropriate sampling technique for a given compliance test, tailored to the type and nature of the test.

7. Analytical Procedures - Analytical procedures are generally performed throughout the audit engagement, and result in substantial discussion with management. Initially, at the planning phase of the audit, comparisons are made between current and prior year results, actual and budgetary information, and to industry benchmarks. We use common size financial statements and trend and ratio analyses to aid us in developing our audit plan and programs. Non-financial data and external information are incorporated in our procedures to enhance their validity, and information is disaggregated as much as possible to improve precision.

During our substantive testing of balances, we typically analyze the detail of changes to certain accounts. For example, this approach is often used with sampling in our testing of capital asset, long-term debt and investment accounts.

At the conclusion of the audit, we again employ analytical procedures similar to those used at the planning phase. The audit team takes a holistic view of the financial statements in light of the results of all other auditing procedures performed. We discuss our observations with management and provide information to the Board as part of our audit result presentation. Our clients find this to be the most important value of their annual audit process. It produces beneficial information far beyond the audit of the financial statements they initially expect.

AUDIT: Documenting internal control structure

- ◆ Obtain copies of all available system and policy/procedure documentation from the Agency finance, treasury, human resources, information technology, grant management, budget department, and personnel. This will include organization charts, narratives and flowcharts. Copies will be retained in our permanent working paper file. This documentation will be updated annually for any changes.
- ◆ Review the above-described documentation and meet with the Agency personnel to make inquiries about, and discuss questions that arise from, our review.
- ◆ Document and assess the adequacy of internal controls over the various systems, and develop preliminary risk assessments for each of them. As mentioned earlier in our discussion of audit approach, the framework of this system incorporates the requirements of auditing standards related to internal control and fraud detection.

At the planning phase of our audit and in accordance with Statement on Auditing Standards (SAS) 99, *Consideration of Fraud in a Financial Statement Audit*, we will hold a brainstorming meeting to discuss fraud risks related to the Agency and design the audit to take those risks into account. Provisions of this new and important auditing standard will be incorporated throughout our audit.

EXHIBIT A

TOTAL MAXIMUM PRICE – RESPONSE TO AGENCY RFP

| Service | 2021 | 2022 | 2023 |
|---|----------------|----------------|-----------------|
| Agency Audit and Related Reports | \$ 7,500 | \$ 7,500 | \$7,500 |
| State Controller’s Reports | \$ 500 | \$ 500 | \$ 500 |
| Total for Fiscal Year (not-to exceed) | \$8,000 | \$8,000 | \$8,000 |
| Total for Biennial Fiscal Year Audit (2022/2023) | | | \$12,000 |

This proposal is made with the assumption that the Agency’s books and records will be in a reasonably balanced condition and reconciled at the start of the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. We agree the Agency may broaden the scope of our engagement and we agree to hold ourselves available to perform such additional work as the Agency may desire.

Submitted By:

Firm Name: Bryant L. Jolley, CPA

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected authorized to sign a contract with the Agency, for the services identified in the Request For Proposal.

Signature: 

Printed Name: Bryant L. Jolley

Date: May 18, 2021

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

September 18, 2020

To Bryant L Jolley and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Bryant L Jolley (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bryant L Jolley in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bryant L Jolley has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



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Lisa Cardella-Presto, CPA
Auditor-Controller

2222 "M" Street
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Equal Opportunity Employer

May 7, 2021

Central Delta-Mendota GSA
12931 S. Hwy 33
Santa Nella, CA 95322

Re: Central Delta-Mendota GSA (Biennial Audit)

Ms. Amy Montgomery;

On July 11, 2017 the Merced County Board of Supervisors unanimously adopted a resolution authorizing the Auditor-Controller to approve the request of the governing board of special districts in Merced County that requested their annual audit be replaced with a biennial audit.

Please consider this letter as confirmation that your request to provide a biennial audit to the Merced County Auditor-Controller is approved.

If you have any questions, please contact me at 209-385-7511.

Sincerely,

Lisa Cardella-Presto, CPA
Auditor-Controller

NCDM WY2021 Representative Monitoring Well Assignments - Water Quality Sampling

| DMS ID | Local ID | Aquifer | Responsible Monitoring Entity | Comments |
|-----------------------|--|---------|-------------------------------|---|
| 01-001 | MP030.43R | Lower | Del Puerto WD | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |
| 01-002 | MP033.71L | Lower | Del Puerto WD | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |
| 01-003 | MP045.78R | Lower | Del Puerto WD | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |
| 01-004 | MC10-2 | Upper | USGS/Del Puerto WD | Coordinate with USGS or well owner on monitoring or well access, if necessary |
| 01-006 | 91 | Lower | Del Puerto WD | |
| 01-007 | MP021.12L | Lower | Del Puerto WD | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |
| 01-008 | MP051.66L | Lower | Del Puerto WD | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |
| 01-018 | Sandhu well | Upper | Del Puerto WD | Construction information needed |
| 02-002 | WELL 02 - NORTH 5TH ST | Lower | City of Patterson | |
| 02-009 | Keystone well | Upper | City of Patterson | |
| 03-001 | MW-2 | Upper | Patterson ID | |
| 03-003 | WSJ003 | Upper | Patterson ID | |
| 03-007 | MW-1 | Upper | Patterson ID | |
| 04-001 | 121 | Lower | West Stanislaus ID | |
| 06-001 | P259-1 | Lower | USGS/Stanislaus County | |
| 06-002 | P259-3 | Upper | USGS/Stanislaus County | |
| 06-003 | WSID 3 | Lower | West Stanislaus ID | |
| 06-004 | MP031.31L1-L2Well1 | Upper | West Stanislaus ID | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |
| 07-002 | MC15-1 | Lower | USGS/San Luis WD | |
| 07-003 | MC15-2 | Upper | USGS/San Luis WD | |
| 07-007 | MC18-1 | Lower | USGS/Panoche WD | |
| 07-008 | PWD 48 | Lower | Panoche WD | |
| 07-009 | KRCDTID03 | Upper | Tranquillity ID | |
| 07-012 | GDA003 | Upper | Panoche WD | |
| 07-014 | TW-4 | Lower | Tranquillity ID | |
| 07-015 | TW-5 | Lower | Tranquillity ID | |
| 07-016 | Well 01 | Lower | Santa Nella County WD | |
| 07-017 | Well 1 | Upper | Volta CSD | |
| 07-018 | WSJ001 | Upper | Tranquillity ID | |
| 07-028 | MP093.27L (Well 500) | Lower | Eagle Field WD | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |
| 07-029 through 07-032 | SLWDGSA-01A through -01D (Little Panoche Creek well) | Both | San Luis WD | TSS well installed by DWR in July 2020 |
| 07-033 | TW-4 (upper component) | Upper | Tranquillity ID | |
| 07-034 | MP092.20R | Lower | Pacheco WD | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |
| 07-035 | MP098.74L | Upper | Panoche WD | |
| 08-002 | Well M-1/MP102.04L | Upper | Widren WD | GSA to confirm with well owner that well is participating in Pump-in Program that year. GSA is to coordinate with well owner to confirm water quality sample is collected and analysed for TDS, boron, and nitrate as N within May-August period. |