CACHUMA CONSERVATION RELEASE BOARD
BOARD OF DIRECTORS

REGULAR MEETING AGENDA

BY VIDEOCONFERENCE
(SEE PARTICIPATION DETAILS BELOW)

City of Santa Barbara
Goleta Water District
Montecito Water District

November 5, 2020
2:00 PM

MODIFIED BROWN ACT COMPLIANCE IN LIGHT OF COVID-19

Pursuant to State of California Executive Orders N-25-20 and N-29-20, members of the Cachuma Conservation Release Board (CCRB) Board of Directors (Board) and members of the public will participate in this meeting electronically by video- and/or teleconference, as described below. The access information for the Board and members of the public for this board meeting is as follows:

Join videoconference:

https://us02web.zoom.us/j/81438972177?pwd=TDlsTDM2aHBCZXg1LzRINEFlNVVSQT09

Join teleconference:

Call-in Number: 1.669.900.6833

Meeting ID: 814 3897 2177#

Passcode: 447122#

The Board may utilize different call-in information for any Closed Session items.

Any member of the public on the telephone may speak during the **Public Comment Period** or may email public comments to *pcantle@ccrb-board.org* and all comments will be read aloud during the meeting. During this period of modified Brown Act compliance, CCRB will use best efforts to swiftly resolve requests for reasonable modifications or accommodations for individuals with disabilities, consistent with the Americans with Disabilities Act, and will resolve any doubt whatsoever in favor of accessibility.

ROLL CALL

PUBLIC COMMENT PERIOD

Any member of the public may address the Board on any subject within the jurisdiction of the Board. The President of the Board will determine the total time for public comments. If you wish to address the Board, please email *pcantle@ccrb-board.org*, with subject line of "Request to Speak" and include a description of the subject you wish to address.

CONSENT AGENDA

All matters listed hereunder constitute a consent agenda and may be acted upon by a single roll call vote of the Board.

CA-1) Meeting Minutes
Approval of minutes of the Board of Directors' October 1 and October 16, 2020 meetings.

CA-2) Unaudited Interim Financial Statement for the Period Ending September 30, 2020
Receive and file the Unaudited Interim Financial Statement for the Period Ending September 30, 2020.

REGULAR AGENDA

RA-1) Receive Briefing On and Potentially Approve Fiscal Year 2018-2019 Audit Report
Receive a briefing on the draft Fiscal Year 2018-2019 audit of CCRB's finances performed by Bartlett, Pringle and Wolf accounting firm and potentially approve the audit report. (Estimated time: 15 min.)

RA-2) State Water Board Order and Federal Consultation Process Update
Consider status updates regarding State Water Resources Control Board Water Rights Order 2019-0148 and the Consultation process underway with the U.S. Bureau of Reclamation and National Marine Fisheries Service. (Estimated time: 10 min.)

CLOSED SESSION AGENDA

CS-1) Conference with Legal Counsel – Anticipated Litigation
Initiation of litigation pursuant to Government Code section 54956.9(d)(4) (one potential case)

Reconvene in open session and report on any actions taken in closed session pursuant to Government Code Section 54957.1

REGULAR AGENDA (CONT.)

RA-3) Identify Agenda Items for Future Board Meetings.

RA-4) Set Next Regular Meeting for 2 PM Thursday, December 3, 2020, by teleconference and/or videoconference; and Adjourn.

NOTICE TO PUBLIC

Americans with Disabilities Act: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Cachuma Conservation Release Board representative (pcantle@ccrb-board.org) at least 48 hours prior to the meeting to enable the Board to make reasonable arrangements.

[This Agenda was posted to the CCRB website and delivered in accordance with Sections 54954.1 and 54956 of the Government Code.]

MINUTES OF A REGULAR MEETING
of the
CACHUMA CONSERVATION RELEASE BOARD
BOARD OF DIRECTORS
held via Videoconference

Thursday, October 1, 2020, 2:00 pm

CALL TO ORDER, ROLL CALL

The videoconference meeting was called to order at 2:02 p.m. by Board President Lauren Hanson. Those attending the meeting were:

Directors Present:

Lauren Hanson	Goleta Water District
Kristen Sneddon	City of Santa Barbara
Tobe Plough	Montecito Water District

Also Attending:

Ryan Drake	Sam Bivins
Cathy Taylor	Ted Harris
Dan Hentschke	Joel Mulder
Nick Turner	Warren Greco
Kevin O'Brien	Peter Cantle

PUBLIC COMMENT

There were no requests from members of the public to address the Board during Public Comment.

CONSENT AGENDA

A motion was made (Plough) and seconded (Sneddon) to approve the items on the Consent Agenda. The motion passed on a 3-0 roll call vote.

REGULAR AGENDA

RA-1) RA-1, Receive a Briefing on Theft of CCRB Mail and Attempts to Cash Stolen Checks

Executive Director Cantle advised the Board that CCRB checks had been stolen from the US Mail, and two checks had been fraudulently cashed. The fraud was caught by CCRB's bank, payments were denied, and the theft was reported to the appropriate authorities. No CCRB funds were lost. A new checking account was established, and CCRB's vendors were notified and paid from the new account.

RA-2, State Water Board Order and Federal Consultation Process Update. Executive Director Cantle summarized the status of CCRB's assistance to Reclamation in both regulatory processes and noted that, per CCRB Board direction, technical assistance efforts are currently on hold until contractual issues under negotiation between Reclamation and Cachuma Member Units are resolved. Cantle stated that, as of today's meeting, two issues had been satisfactorily addressed and one issue (annual allocation) was still pending.

CLOSED SESSION

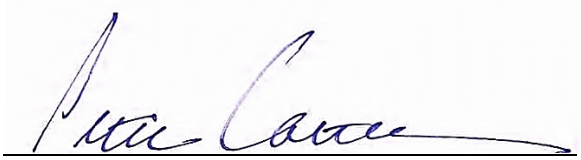
The Board went into closed session at 2:18 pm. The Board came out of closed session at 3:07 pm with no reportable actions.

REGULAR AGENDA – CONT.

RA-3, Agenda Items for Future Board Meetings. The Board identified the ongoing contract issue with Reclamation and Cachuma Member Units as a possible agenda item for a future Board meeting.

RA-4, Set Next Meeting and Adjourn. The Board set special videoconference meetings for 2 pm Thursday, October 8, 2020 and 2 pm Friday, October 16, 2020, depending on resolution of the remaining contract issue with Reclamation. The next regular meeting of the CCRB Board is scheduled for 2:00 pm Thursday, November 5, 2020 and will be held by videoconference. President Hanson adjourned the meeting at 3:08 pm.

Respectfully submitted,



Secretary to the Board

MINUTES OF A SPECIAL MEETING
of the
CACHUMA CONSERVATION RELEASE BOARD
held by Videoconference

October 16, 2020, 2:00 pm

CALL TO ORDER, ROLL CALL

The teleconference meeting was called to order at 2:01 pm by Board President Lauren Hanson. Those attending the teleconference were:

Directors Present:

Lauren Hanson	Goleta Water District
Tobe Plough	Montecito Water District

Also Present:

Ryan Drake	Sam Bivins
Cathy Taylor	Joel Mulder
Nick Turner	Ted Harris
Peter Cantle	Warren Greco
Kevin O'Brien	

Directors Absent:

Kristen Sneddon	City of Santa Barbara

PUBLIC COMMENT

No one from the general public was present; there was no public comment.

REGULAR AGENDA

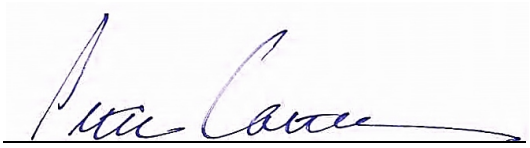
RA-1, State Water Board Order and Federal Consultation Process Update. Executive Director Cantle stated that, as of the meeting date, the US Bureau of Reclamation had not responded to the Cachuma Member Units' annual allocation request, a criterion on which the Board had determined to pause CCRB assistance to Reclamation in the Water Board Order and federal Consultation regulatory processes.

CLOSED SESSION

CS-1) Conference with Legal Counsel – Anticipated Litigation. The Board went into closed session at 2:05 pm to discuss matters regarding potential litigation. The Board came out of closed session at 2:20 pm with no reportable actions.

RA-2, Confirm Next Meeting. The next regular meeting of the Cachuma Conservation Release Board is scheduled for 2:00 pm November 5, 2020 by videoconference. President Hanson adjourned the meeting at 2:21 pm.

Respectfully submitted,



Secretary to the Board

Cachuma Conservation
Release Board

Board of Directors

City of Santa Barbara

Goleta Water District

Montecito Water District

For Agenda Of:	November 5, 2020
Estimated Time:	(Consent)
Continued Item:	No
If Yes, date from:	

TO: Board Members

FROM: Peter Cantle, Executive Director

SUBJECT: CA-2: Unaudited Interim Financial Statement For Period Ending September 30, 2020

Legal Concurrence:

As to form: N/A

Recommended Actions:

Receive and file the Unaudited Interim Financial Statement for Period Ending September 30, 2020.

Discussion:

The Board of Directors approves the CCRB budget each fiscal year. It is subsequently approved by each Member Agency's governing body and becomes CCRB's annual operating budget. During the fiscal year, monthly unaudited interim financial results are provided to the Board to compare fiscal performance against the adopted budget. This report addresses the period ending September 30, 2020.

Fiscal Analysis:

Total income through September 30 was $244,400.00, reflecting receipt of first quarter billings from the three Member Agencies. Total expenses booked through September 30 were $100,760.39, the lower-than-typical expenditures being attributable to the Board's direction to pause technical support to Bureau of Reclamation pending resolution of contract matters involving the Cachuma Member Units, Reclamation and the County. Note that the Detailed and Summary Reconciliation statements attached herein reflect the closure of one bank account and opening of a new one due to mail theft that occurred in late August 2020.

Attachments:

Attachment 1: Unaudited Interim Financial Statement for the period ending September 30, 2020

Authored by:

Peter Cantle, Executive Director

ATTACHMENT 1

UNAUDITED INTERIM FINANCIAL STATEMENT
PERIOD ENDING SEPTEMBER 30, 2020

Cachuma Conservation Release Board
Statement of Revenue and Expense- Budget vs. Actual
July through September 2020

	Jul - Sep 20	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4200 · Income	244,400.00	1,222,000.00	-977,600.00	20.0%
Total Income	244,400.00	1,222,000.00	-977,600.00	20.0%
Expense				
5050 · Office Lease	840.00	5,000.00	-4,160.00	16.8%
5100 · Audit	2,788.50	10,000.00	-7,211.50	27.9%
5200 · Liability Insurance	1,496.63	7,000.00	-5,503.37	21.4%
5301 · Managers Salary				
5301.01 · Managers Gross Wages	36,923.10	0.00	36,923.10	100.0%
5301.02 · Employer Tax Expense	2,824.62			
5301 · Managers Salary - Other	0.00	179,000.00	-179,000.00	0.0%
Total 5301 · Managers Salary	39,747.72	179,000.00	-139,252.28	22.2%
5304 · Administrative Support	1,189.71	16,000.00	-14,810.29	7.4%
5312 · Misc Admin Expense	746.78	40,000.00	-39,253.22	1.9%
5313 · Communications/Computer	1,135.35	80,000.00	-78,864.65	1.4%
5316 · Admin Fixed Assets	0.00	40,000.00	-40,000.00	0.0%
5318 · Fraud	0.00			
5330 · Admin Travel Expense	0.00	80,000.00	-80,000.00	0.0%
5331 · Travel Federal & State Meetings	0.00	20,000.00	-20,000.00	0.0%
5332 · Transportation	0.00	10,000.00	-10,000.00	0.0%
6001 · BO Reconsultation Activities	2,395.00			
6500 · Contingency	0.00	103,000.00	-103,000.00	0.0%
7000 · Legal	17,711.46	146,000.00	-128,288.54	12.1%
7001 · BO Reconsultation Legal Support	8,599.24	406,000.00	-397,400.76	2.1%
7002 · SWRCB Water Rights	0.00	80,000.00	-80,000.00	0.0%
7100 · SWRCB Support				
7200 · SWRCB Proceedings Support	110.00	185,000.00	-184,890.00	0.1%
Total 7100 · SWRCB Support	110.00	185,000.00	-184,890.00	0.1%
7400 · Legislative/Regulatory Analyst	24,000.00			
7500 · Hydrologic Technical Support	0.00	40,000.00	-40,000.00	0.0%
Total Expense	100,760.39	1,447,000.00	-1,346,239.61	7.0%
Net Ordinary Income	143,639.61	-225,000.00	368,639.61	-63.8%
Net Income	**143,639.61**	**-225,000.00**	**368,639.61**	**-63.8%**

Cachuma Conservation Release Board
Reconciliation Detail
1015 · CWB - Chkg- Acct Closed 9/8/20, Period Ending 09/30/2020

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						586,604.08
Cleared Transactions						
Checks and Payments - 7 items						
Check	09/08/2020		Fraudulent Check	X	-49,766.18	-49,766.18
Check	09/09/2020		Fraudulent Check	X	-174,999.04	-224,765.22
Check	09/09/2020		Payroll Tax	X	-3,809.12	-228,574.34
General Journal	09/09/2020		Peter Cantle	X	-2,815.51	-231,389.85
Check	09/09/2020		Payroll Vault	X	-66.00	-231,455.85
Check	09/11/2020		Transfer	X	-579,813.45	-811,269.30
Check	09/21/2020		Transfer	X	-100.00	-811,369.30
Total Checks and Payments					-811,369.30	-811,369.30
Deposits and Credits - 12 items						
Bill Pmt -Check	08/24/2020		AccountabilityPlus, Inc	X	0.00	0.00
Bill Pmt -Check	08/24/2020		Montecito Water Dis...	X	0.00	0.00
Bill Pmt -Check	08/24/2020		Goleta Water Disctri...	X	0.00	0.00
Bill Pmt -Check	08/24/2020		City of Santa Barbar...	X	0.00	0.00
Bill Pmt -Check	08/24/2020		SDRMA	X	0.00	0.00
Bill Pmt -Check	08/24/2020		Peter Cantle	X	0.00	0.00
Bill Pmt -Check	08/24/2020		Patterson/101 Allstore	X	0.00	0.00
Bill Pmt -Check	08/24/2020		Downey Brand Attor...	X	0.00	0.00
Bill Pmt -Check	08/24/2020		CIO Solutions, LP	X	0.00	0.00
Bill Pmt -Check	08/24/2020		California Strategies...	X	0.00	0.00
Deposit	09/08/2020		Fraudulent Check	X	49,766.18	49,766.18
Deposit	09/11/2020		Fraudulent Check	X	174,999.04	224,765.22
Total Deposits and Credits					224,765.22	224,765.22
Total Cleared Transactions					-586,604.08	-586,604.08
Cleared Balance					-586,604.08	0.00
Register Balance as of 09/30/2020					-586,604.08	0.00
Ending Balance					**-586,604.08**	**0.00**

OK
Oct 27, 2020

NOTE:
Account closed 9/8/20
due to mail theft

Cachuma Conservation Release Board
Reconciliation Summary
1015 · CWB - Chkg- Acct Closed 9/8/20, Period Ending 09/30/2020

	Sep 30, 20	
Beginning Balance		586,604.08
Cleared Transactions		
Checks and Payments - 7 items	-811,369.30	
Deposits and Credits - 12 items	224,765.22	
Total Cleared Transactions	-586,604.08	
Cleared Balance		**0.00**
Register Balance as of 09/30/2020		0.00
Ending Balance		0.00

OK
Oct 27, 2020

NOTE:
Account closed 9/8/20
due to mail theft

Cachuma Conservation Release Board
Reconciliation Detail
1020 · CWB - Chkg Period Ending 09/30/2020

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						0.00
Cleared Transactions						
Checks and Payments - 15 items						
Check	09/11/2020		Ei- Printing	X	-148.88	-148.88
Bill Pmt -Check	09/15/2020		Goleta Water Disctri...	X	-174,999.04	-175,147.92
Bill Pmt -Check	09/15/2020		City of Santa Barbar...	X	-155,419.53	-330,567.45
Bill Pmt -Check	09/15/2020		Montecito Water Dis...	X	-49,766.18	-380,333.63
Bill Pmt -Check	09/15/2020		Downey Brand Attor...	X	-15,261.46	-395,595.09
Bill Pmt -Check	09/15/2020		California Strategies...	X	-8,000.00	-403,595.09
Bill Pmt -Check	09/15/2020		SDRMA	X	-1,496.63	-405,091.72
Bill Pmt -Check	09/15/2020		AccountabilityPlus, Inc	X	-561.02	-405,652.74
Bill Pmt -Check	09/15/2020		Patterson/101 Allstore	X	-280.00	-405,932.74
Bill Pmt -Check	09/15/2020		Peter Cantle	X	-202.18	-406,134.92
Bill Pmt -Check	09/15/2020		CIO Solutions, LP	X	-63.26	-406,198.18
Check	09/23/2020		Payroll Tax	X	-3,807.37	-410,005.55
General Journal	09/23/2020		Peter Cantle	X	-2,817.24	-412,822.79
Bill Pmt -Check	09/23/2020		Peter Cantle	X	-239.46	-413,062.25
Check	09/23/2020		Payroll Vault	X	-66.00	-413,128.25
Total Checks and Payments					-413,128.25	-413,128.25
Deposits and Credits - 2 items						
Check	09/11/2020	eft	Transfer	X	579,813.45	579,813.45
Check	09/21/2020	eft	Transfer	X	100.00	579,913.45
Total Deposits and Credits					579,913.45	579,913.45
Total Cleared Transactions					166,785.20	166,785.20
Cleared Balance					166,785.20	166,785.20
Uncleared Transactions						
Checks and Payments - 5 items						
Bill Pmt -Check	09/23/2020		Downey Brand Attor...		-13,554.24	-13,554.24
Bill Pmt -Check	09/23/2020		California Strategies...		-8,000.00	-21,554.24
Bill Pmt -Check	09/23/2020		AccountabilityPlus, Inc		-357.00	-21,911.24
Bill Pmt -Check	09/23/2020		Patterson/101 Allstore		-280.00	-22,191.24
Bill Pmt -Check	09/23/2020		CIO Solutions, LP		-63.26	-22,254.50
Total Checks and Payments					-22,254.50	-22,254.50
Total Uncleared Transactions					-22,254.50	-22,254.50
Register Balance as of 09/30/2020					144,530.70	144,530.70
New Transactions						
Checks and Payments - 6 items						
Check	10/07/2020		Payroll Tax		-3,747.56	-3,747.56
General Journal	10/07/2020		Peter Cantle		-2,877.06	-6,624.62
Check	10/07/2020		Payroll Vault		-66.00	-6,690.62
Check	10/21/2020		Payroll Tax		-3,747.56	-10,438.18
General Journal	10/21/2020		Peter Cantle		-2,877.06	-13,315.24
Check	10/21/2020		Payroll Vault		-66.00	-13,381.24
Total Checks and Payments					-13,381.24	-13,381.24
Total New Transactions					-13,381.24	-13,381.24
Ending Balance					**131,149.46**	**131,149.46**

OK
Oct 27, 2020

Cachuma Conservation Release Board
Reconciliation Summary
1020 · CWB - Chkg Period Ending 09/30/2020

	Sep 30, 20	
Beginning Balance		0.00
Cleared Transactions		
Checks and Payments - 15 items	-413,128.25	
Deposits and Credits - 2 items	579,913.45	
Total Cleared Transactions	166,785.20	
Cleared Balance		**166,785.20**
Uncleared Transactions		
Checks and Payments - 5 items	-22,254.50	
Total Uncleared Transactions	-22,254.50	
Register Balance as of 09/30/2020		**144,530.70**
New Transactions		
Checks and Payments - 6 items	-13,381.24	
Total New Transactions	-13,381.24	
Ending Balance		**131,149.46**

OK
Oct 27, 2020

Cachuma Conservation
Release Board
Agenda Letter

Board of Directors

City of Santa Barbara

Goleta Water District

Montecito Water District

For Agenda Of:	November 5, 2020
Estimated Time :	15 minutes
Continued Item:	No
If Yes, date from:	

TO: Board Members

FROM: Peter Cantle, Executive Director

SUBJECT: Item RA-1: Financial Audit for Fiscal Year Ending June 30, 2019

Legal Concurrence:
As to form: N/A

Recommended Actions

Receive a presentation on the draft Fiscal Year 2018-2019 Audit Report from Bartlett, Pringle & Wolf LLP and consider approval; if approved, authorize the Executive Director to receive and file the finalized audit.

Discussion

Bartlett, Pringle and Wolf LLP (BP&W) has provided financial auditing services to CCRB for several recent audits, and was engaged to complete the financial audit for the fiscal year that ended June 30, 2019. The draft audit report, which presents a "clean" audit and identifies no significant issues, is comprised of three documents that are attached for the Board's consideration, review and approval.

Fiscal Analysis:

CCRB budgets $10,000 annually in Account Code 5100 for financial auditing services. Through BP&W's last approved invoice, CCRB has expended $1083 toward the FY2019 audit. While one or more invoices are pending, I anticipate remaining within budget, as the audit process has been smooth and unremarkable.

Attachments:

Att. 1: *Cachuma Conservation Release Board Draft Audited Financial Statements*

Att. 2: *2019 (Draft) Management Letter from Bartlett, Pringle and Wolf LLP*

Att. 3: *2019 (Draft) Required Communications to the CCRB Board*

Authored by:

Peter Cantle, Executive Director

ATTACHMENT 1

CACHUMA CONSERVATION RELEASE BOARD
DRAFT AUDITED FINANCIAL STATEMENTS

CACHUMA CONSERVATION RELEASE BOARD

June 30, 2019 and 2018

FINANCIAL STATEMENTS

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

DRAFT

CACHUMA CONSERVATION RELEASE BOARD

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DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cachuma Conservation Release Board

Report on the Financial Statements

We have audited the accompanying statement of net position of Cachuma Conservation Release Board ("CCRB") as of June 30, 2019 and 2018 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise CCRB's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

DRAFT

evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cachuma Conservation Release Board, as of June 30, 2019 and 2018, and the changes in its operations and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Santa Barbara, California
November 5, 2020

DRAFT

FISCAL YEAR ENDED JUNE 30, 2019

This section presents management's analysis of the financial condition and activities of the Cachuma Conservation Release Board (CCRB) for the fiscal year ended June 30, 2019. This information should be read in conjunction with the financial statements and the additional information included herewith.

OVERVIEW OF THE FINANCIAL STATEMENTS

CCRB operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Where appropriate, net total position (i.e. fund equity) is segregated into invested in capital and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

Summary of Organization and Business

CCRB is a public entity duly organized and existing in accordance with enabling legislation of the State of California: Chapter 5, Division 7, Title 1, of the Government Code (Section 6500 et seq.), the Joint Exercise of Powers Act. CCRB was officially established as a joint powers agency through an agreement entitled "Joint Powers Agreement Respecting Cachuma Project Release and Water Conservation Program" (Agreement) dated January 16, 1973, as amended on February 11, 1974, by five public water agencies (South Coast JPA parties) on the South Coast of Santa Barbara County, two of which have subsequently merged, and one of which has withdrawn its membership in CCRB. The members of CCRB entered into the Agreement to promote their common objective of maximizing the amounts of water that they can obtain from the Cachuma Project or other sources that may be available to them, provided that CCRB not represent the South Coast JPA parties with respect to water rights or other projects upstream from Cachuma Reservoir. In particular, the South Coast Member Units formed CCRB as a joint powers entity with the authority to represent the parties with respect to their Cachuma Project water rights.

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Summary of Organization and Business (Continued)

CCRB is presently composed of three of the four original South Coast JPA parties, all of which are public agencies: the Goleta Water District, the Montecito Water District, and the City of Santa Barbara. Two of the founding South Coast Member Units of CCRB are no longer members. The Summerland Water District reorganized with the Montecito Water District, with Montecito Water District as the successor agency, and the Carpinteria Valley Water District (CVWD) withdrew from CCRB as of January 1, 2011.

On behalf of the Bureau of Reclamation (Reclamation), CCRB and Santa Ynez River Water Conservation District, Improvement District No. 1 (I.D. No. 1) historically carried out the management actions and steelhead enhancement projects, as well as the long-term fisheries monitoring program for the Lower Santa Ynez River and its tributaries, as identified in the Lower Santa Ynez River Fish Management Plan (October 2000) (FMP) and the NMFS Biological Opinion on Cachuma Project Operations (September 2000) (BO). This work is also under the direction of an Adaptive Management Committee (established by the BO and FMP) and a Consensus Committee, as specified by the 2001 Santa Ynez River Fisheries Memorandum of Understanding. CCRB sits on both of these committees. In January 2011, the Cachuma Operation and Maintenance Board (COMB) assumed responsibility for implementation of the 2000 BO, which actions constitute the existing Santa Ynez River Fisheries Program. CCRB continues to represent its Member Units in the SWRCB Cachuma water rights proceedings and the BO reconsultation activities.

Each of the CCRB Member Units appoints a representative to the CCRB Board of Directors. The following table shows the member unit's voting structure for CCRB.

CCRB Member Units	Board Representation
Goleta Water District	1 vote
Montecito Water District	1 vote
City of Santa Barbara	1 vote
Total	3 votes

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Summary of Organization and Business (Continued)

Under the Agreement, a majority number of votes is required for the approval of any decision, other than adjournment, which requires action of the Board of Directors. The unanimous consent of the representatives of the CCRB Member Units is required for the CCRB Board to take action on the following matters:

1. Approval of any single expenditure of funds exceeding $500. It has been the common practice for the Board to consider expenditures funded through approved CCRB budget accounts simply by receiving, filing and approving periodic financial reports. These reports routinely include the following reports: payment of claims, a statement of net assets, and a statement of revenue and expense. No other specific expenditure approval actions have been practiced by the Board.

2. Approval of any policy decision involving the supply of water to the South Coast Area of Santa Barbara County (except decisions involving the Cachuma Project and the Santa Ynez River watershed downstream from the Cachuma Project and conjunctive operation and use of the Cachuma Project and groundwater in Santa Barbara County).

The table below indicates the normalized percentage cost of CCRB's share for each of the CCRB Member Units. This is based on the proportionate amount of Cachuma Project water for which each of them is entitled pursuant to the 1995 Cachuma Project Renewal Master Contract. The CCRB Member Units were assessed for their respective share of budgeted costs.

CCRB Member Units (July 1, 2017 – June 30, 2018)	Costs & Expenses Percentage
Goleta Water District	46.03 %
Montecito Water District	13.09 %
City of Santa Barbara	40.88 %
Total	100.00 %

During fiscal year 2014-15, CCRB and I.D. No. 1 shared consultant costs associated with the SWRCB water rights hearing proceedings and reconsultation on the BO through a reimbursement arrangement as specified in the March 2011 Joint Defense Cooperation Agreement. Administrative costs, general counsel legal costs and the retainer expense for a regulatory analyst were paid by the CCRB Member Units only.

With the shift of responsibilities for implementation of the existing Santa Ynez River Fisheries Program to COMB, CCRB's responsibilities were limited to the SWRCB water rights proceedings and activities associated with reconsultation on the Cachuma Project BO. The CCRB General Manager continued working for CCRB in carrying out these functions from July 1, 2013 through January 30, 2014, as a single employee of CCRB. Between February 1 and April 21, 2014, management services were provided by a project manager at the Cardno consulting firm. Between April 21, 2014 and June 30, 2019, CCRB contracted with independent contractors to serve as General Manager (as of February 2018, "Executive Director"). As of July 1, 2019, the CCRB Executive Director became a single employee of CCRB.

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Operating Assessments

The CCRB Member Units fund CCRB's annual budget, including general and administrative functions, coordination and administration of SWRCB water rights hearing proceedings, and BO reconsultation activities, and were assessed quarterly for approved budgeted funds for Fiscal Year 2018-2019.

CCRB Committees

Appointments to committees are made by the President of the Board. In January 2011, the Board President appointed all three Directors to serve on CCRB's committees as committees of the whole. These committees are ad hoc and meet when formed and needed.

CCRB Legal Representation

In August 2003, through a Joint Legal Advocacy Agreement with I.D. No.1, CCRB engaged the services of Best Best & Krieger, I.D. No. 1's special legal counsel, for issues related to the SWRCB Cachuma water rights hearing proceedings and Endangered Species Act issues. In November 2010, CCRB hired its own law firm, Downey Brand, to provide both special and general counsel services. CCRB withdrew from the Joint Legal Advocacy Agreement with I.D. No.1, and entered into a new Joint Defense and Cooperation Agreement with I.D. No. 1 and the Santa Ynez River Water Conservation District effective March 1, 2011, which provided for separate legal counsel for each party for the same purposes as the 2003 Joint Legal Advocacy Agreement. In December 2012, CCRB entered into an Agreement with I.D. No. 1 for coordination of legal counsel relating to matters involving the Cachuma Project Biological Opinion, whereby special legal expenses for Downey Brand and Best Best & Krieger are shared, but legal representation remains separate for CCRB and I.D. No. 1 respectively. Sharing of special legal expenses between CCRB and I.D. No. 1 for the Cachuma Project Biological Opinion ceased after June 2015. In Fiscal Year 2018-2019, CCRB paid all costs for Downey Brand legal representation associated with the Cachuma Project Biological Opinion and the SWRCB water rights proceedings.

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FINANCIAL HIGHLIGHTS

The following table shows a condensed version of CCRB's statement of net position with corresponding analysis regarding significant variations.

Condensed Statement of Net Position

	Year Ended			2019-2018 Variance		2018-2017 Variance	
	June 30, 2019	June 30, 2018	June 30, 2017	Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	$ 200,110	$ 49,712	$ 485,503	$ 150,398	302.5%	$ (435,791)	-89.8%
Total Assets	$ 200,110	$ 49,712	$ 485,503	$ 150,398	302.5%	$ (435,791)	-89.8%
Current Liabilities	$ 202,406	$ 52,009	$ 487,800	$ 150,397	289.2%	$ (435,791)	-89.3%
Total Liabilities	202,406	52,009	487,800	150,397	289.2%	(435,791)	-89.3%
Net Position							
Unrestricted	(2,296)	(2,297)	(2,297)	1	0.0%	-	0.0%
Total Net Position	$ (2,296)	$ (2,297)	$ (2,297)	1	0.0%	-	0.0%

Statement of Net Position Analysis

- Current assets consist of the General Fund cash account and member assessments receivable. The increase from prior year is because at the end of fiscal year 2019, there was a budget surplus of approximately $147,441 which was returned to member units in early fiscal year 2020.

- Current liabilities consist of trade payables and the budget surplus that will be returned to member units in the following fiscal year. The increase in current liabilities is due to the increase in the amount returned to member units, which was $147,441 in fiscal year 2019 compared to approximately $4,653 in fiscal year 2018.

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FINANCIAL HIGHLIGHTS (Continued)

The following table shows a condensed version of CCRB's Statement of Revenues, Expenses and Changes in Net Position, with corresponding analysis regarding significant variances.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Year Ended			2019-2018 Variance		2018-2017 Variance	
	June 30, 2019	June 30, 2018	June 30, 2017	Dollars Change	Percent Change	Dollar Change	Percent Change
Operating Revenues (Expenses):							
Operating Revenues	$ 1,062,372	$ 792,278	$ 785,508	$ 270,094	34.1%	$ 6,770	0.9%
Operating Expenses, excluding Depreciation Expense	(914,931)	(787,658)	(648,820)	127,273	-16.2%	138,838	-21.4%
Depreciation	-	-		-	-	-	-
Operating Surplus (Deficit)	147,441	4,620	136,688	142,821	3091.4%	(132,068)	-96.6%
Non-operating Revenues	1	33	54	(32)	-97.0%	(21)	-38.9%
Non-operating Expense	(147,441)	(4,653)	(606,444)	(142,788)	3068.7%	601,791	-99.2%
Change in Net Position	$ 1	$ -	$ (469,702)	$ 1		$ 469,702	-100.0%

Statement Analysis

- Operating Revenues as of June 30, 2019 were higher than June 30, 2018 due to increase in Biological Opinion Reconsultation activities and legal expenses .
- Operating expenses, excluding depreciation expense, were higher than fiscal year 2018 due to an increase in Biological Opinion Reconsultation activities and legal expenses.
- Non-operating expenses consists of approximately $147,441 and $4,653 in fiscal years 2019 and 2018, respectively, which represents that amount of unspent member assessments that were returned to member units.

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CACHUMA CONSERVATION RELEASE BOARD
STATEMENT OF NET POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash (Note 3)	$ 200,110	$ 49,712
Assessments receivable (Note 4)	-	-
Total current assets	200,110	49,712
Total assets	$ 200,110	$ 49,712
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	$ 202,406	$ 52,009
Total current liabilities	202,406	52,009
Total liabilities	$ 202,406	$ 52,009
Commitments and Contingencies (Note 5)		
Net Position		
Net invested in capital assets	$ -	$ -
Unrestricted:		
Accumulated deficit	(2,296)	(2,297)
Total net position	$ (2,296)	$ (2,297)

See accompanying notes

DRAFT

CACHUMA CONSERVATION RELEASE BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2019 and 2018

	2019	2018
Revenues		
Operating and project assessments from member units	$ 1,062,372	$ 792,278
Interest	1	33
Total revenues	1,062,373	792,311
Operating Expenses		
Biological Opinion Reconsultation activities	249,312	159,408
Biological Opinion Reconsultation legal support	130,785	174,873
Regulatory analyst	120,000	120,000
Hydrologic Technical Support	97,299	146,285
State Water Resource Control Board water rights legal support	37,902	5,643
Contingency	26,964	
State Water Resource Control Board proceedings legal support	-	1,697
Total operating expenses	662,262	607,906
General and Administrative Expenses		
Payroll	150,000	103,000
Insurance	4,903	4,880
Office lease	3,541	3,152
Office expenses	5,752	7,109
Communications	4,266	2,515
Travel and conferences	1,636	1,333
Accounting	13,431	25,526
Miscellaneous	1,353	3,338
Legal	67,787	28,899
Total general and administrative expenses	252,669	179,752
Non-Operating Revenues (Expenses)		
Amount constructively returned to member units	(147,441)	(4,653)
Change in Net Position	1	-
Total Net Position, Beginning of Year	(2,297)	(2,297)
Total Net Position, End of Year	$ (2,296)	$ (2,297)

See accompanying notes

DRAFT

CACHUMA CONSERVATION RELEASE BOARD
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Cash received from member units	$ 1,062,372	$ 918,358
Cash received from interest	1	33
Cash payments to suppliers for operations	(614,534)	(1,120,449)
Cash payments to employees	(150,000)	(103,000)
Cash returned to member units	(147,441)	(4,653)
Net cash used by operating activities	150,398	(309,711)
Net decrease in cash	150,398	(309,711)
Cash and Cash Equivalents - Beginning of Year	49,712	359,423
Cash and Cash Equivalents - End of Year	$ 200,110	$ 49,712

See accompanying notes

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CACHUMA CONSERVATION RELEASE BOARD
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of Change in Net Assets to Net Cash Used by operating activities		
Change in net assets	$ 1	$ -
Adjustments to reconcile change in net assets to net cash used by operating activities		
Changes in operating assets and liabilities		
Assessment receivable	-	126,080
Accounts payable	150,397	(435,791)
Net cash used by operating activities	$ 150,398	$ (309,711)

See accompanying notes

DRAFT

Note 1 – Organization

The Cachuma Conservation Release Board (CCRB) is a joint powers agency formed in January 1973 among the Carpinteria Valley Water District, Goleta Water District, the City of Santa Barbara, Montecito Water District and Summerland Water District. Subsequently, Montecito Water District and Summerland Water District merged, with Montecito Water District as the successor agency. CCRB was established to jointly represent the respective parties in protecting the Cachuma Project water rights interests of the CCRB member units. CCRB's Board of Directors is made up of elected representatives from each of its member units.

Although not a member of CCRB, from July 1 through December 31, 2010 the Santa Ynez River Water Conservation District, Improvement District No. 1 (I.D. No. 1) participated and shared in the Santa Ynez River Fisheries Program activities, as specified by the Cachuma Project Biological Opinion (BO). COMB assumed responsibility for carrying out the Fisheries Program effective January 1, 2011. I.D. No. 1 discontinued sharing in the funding of the SWRCB water rights hearing matters related to the permits for continuing operations of the Cachuma Project, and the reconsultation process for the BO with CCRB after June 2015 (legal costs) and September 2016 (consultant costs).

Until January 1, 2011, CCRB's voting board members were Carpinteria Valley Water District (CVWD), Goleta Water District, the City of Santa Barbara, and Montecito Water District. Effective January 1, 2011, CVWD withdrew from CCRB.

Note 2 – Summary of Significant Accounting Policies

A) Basis of Accounting

CCRB operates as a proprietary fund type. All proprietary fund types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included in the statement of net position. Where appropriate, net total position is segregated into net position invested in capital assets and unrestricted net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

All proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recognized at the time the related liabilities are incurred regardless of when paid.

The financial statements of the Agency have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles.

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Note 2 – Summary of Significant Accounting Policies (Continued)

B) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes demand deposits and money market accounts, but does not include restricted cash.

C) Unspent Operating Assessments

The operating assessments represent amounts received from CCRB's member units to fund current operations. To the extent that revenues exceed expenses in a given year, the unspent funds are constructively returned to the contributing member units in subsequent years to be used to reduce operating assessments required from the member units in future periods, or returned to the member units. The CCRB Board makes this determination.

D) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – Cash and Investments

At June 30, 2019 and 2018 the carrying amounts of cash in banks were $200,110 and $49,712 and the corresponding bank balances were $283,541 and $49,974, respectively. Of the bank balances at June 30, 2019, $250,000 was covered by federal depository insurance. The California Government Code requires all California financial institutions to secure a local government agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of the agency's total deposits. All CCRB cash held by a financial institution is, therefore, entirely insured and collateralized.

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Note 4 – Related Party Transactions

As described in Note 1, CCRB's Board of Directors is made up of elected representatives from each of its member units. CCRB's revenue is provided by its member units through quarterly member assessments. Revenue collected and unspent during the year is constructively returned to the member units during the following fiscal year, unless designated for another purpose by the Board of Directors.

As of June 30, 2019 and 2018, there were no amounts due from member units. Unspent member assessments included in accounts payable as of June 30, 2019 and 2018 was $147,441 and $4,653, respectively. The amount will be constructively returned to member units during the following fiscal year.

Note 5 – Commitments and Contingencies

Legal Proceedings

CCRB is involved in certain quasi-judicial matters that have arisen in the course of conducting business. These matters primarily involve the SWRCB proceedings regarding Cachuma Project water rights permits, which include a water rights hearing that was completed in late 2003, the completion of a final Environmental Impact Report (EIR) on Cachuma Project Operations, and the ensuing draft decision issued by the SWRCB. It is the opinion of management and CCRB's special legal counsel that the proceedings will not have a material adverse effect on the financial statements of CCRB.

Other legal work involves Endangered Species Act activities related to the NMFS Biological Opinion for southern steelhead.

SWRCB Cachuma Project Water Rights Hearings

During the fiscal year 1999-2000, CCRB completed Phase 1 of the Cachuma Project Water Rights Hearing. Phase 2 of the hearing was completed during fiscal year 2003-04. In August 2003, the SWRCB issued a draft Cachuma Project EIR for public comment. No activity on completing the Final EIR took place for four years. In July 2007, the SWRCB completed a revised Draft EIR and circulated it for another round of public comments. A second revised draft EIR was released in April 2011 and the final EIR was completed in December 2011. The SWRCB held a hearing on the

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Note 5 – Commitments and Contingencies (Continued)

final EIR in March 2012, and admitted it into the administrative hearing record.

The State Water Resource Control Board (SWRCB) released its Draft Order Amending Permits 11308 and 11310 Held by the United States Bureau of Reclamation for the Cachuma Project, Santa Ynez River, Santa Barbara County ("Draft Order") on September 7, 2016. After receipt of written comments in November 2016, the SWRCB is considering its final draft and is anticipated to release the final order in the second half of 2019. There is a potential for CCRB to be involved in litigation as a result of the decision.

Memorandum of Understanding Regarding Implementation of the Lower Santa Ynez River Fish Management Plan and Cachuma Project Biological Opinion

CCRB is a signatory to a Memorandum of Understanding (MOU) signed in 2001 to implement the flow and non-flow management actions identified in the BO/FMP. CCRB and ID No. 1 were responsible for the administration and implementation of the long-term fisheries program on the lower Santa Ynez River and its tributaries, and utilized grant funding when available as the agencies carried out physical habitat improvements for steelhead. Effective January 1, 2011, COMB carried out these responsibilities.

Agreement Between the Santa Ynez River Water Conservation District, Improvement District No. 1, the Cachuma Conservation Release Board, and the Santa Ynez River Water Conservation District Concerning Joint Defense and Cooperation in the Cachuma Project Permit Proceedings and the Cachuma Project Endangered Species Act Matters

CCRB is a signatory to a Joint Defense and Cooperation Agreement signed in March 2011 with the Santa Ynez River Water Conservation District, Improvement District No. 1 and the Santa Ynez River Water Conservation District for the purpose of cooperating in connection with: (1) ongoing hearings before the California State Water Resources Control Board regarding appropriative water rights permits and litigation that may arise out of those hearings; and (2) proceedings and matters including potential litigation involving the National Marine Fisheries Service Endangered Species Act listing of steelhead/rainbow trout as related to the continuing operation of the Cachuma Project.

National Marine Fisheries Service and United States Bureau of Reclamation Cachuma Project Biological Opinion

The National Marine Fisheries Service and United States Bureau of Reclamation have engaged in reconsultation proceedings on the Cachuma Project 2000 Biological Opinion. CCRB continues to actively work with the Bureau of Reclamation and National Marine Fisheries Service on the reconsultation. CCRB continues to engage stakeholders to protect the water rights interests of its member units.

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Note 6 – Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economics and financial markets of many countries, including the geographical area in which CCRB operates.

Subsequent events have been evaluated through November 5, 2020, the date the financial statements were available to be issued.

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ATTACHMENT 2

2019 (DRAFT) MANAGEMENT LETTER FROM BARTLETT, PRINGLE AND WOLF LLP

November 5, 2020

To the Board of Directors
Cachuma Conservation Release Board:

In planning and performing our audit of the financial statements of Cachuma Conservation Release Board (CCRB) for the year ended June 30, 2019, we considered CCRB's internal control over financial reporting (internal control) as a basis for designing our auditing 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 CCRB's internal control. Accordingly, we do not express an opinion on the effectiveness of CCRB's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below during the prior year audit, we identified a certain deficiency in internal control we considered to be a significant deficiency.

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 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.

Status of Prior Year Comments

The following comments appeared in our letter dated December 6, 2018:

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Significant Deficiency

Expenditure Approval Process

Original Comment

During the audit, we noted the Joint Power's Agreement (JPA) which established CCRB requires that all expenditures greater than $500 be approved unanimously by its governing board. We recommend that CCRB consult with legal counsel to ensure that the current expenditure approval process meets this requirement. Alternatively, we recommend the JPA be amended to reflect current practice.

Current Status

An amendment to the JPA was brought before the Board at its August 10, 2017 meeting.

Conclusion

This communication is intended solely for the information and use of the Board, management, and others within CCRB, and is not intended to be and should not be used by anyone other than these specified parties. This letter does not affect our report dated November 5, 2020 on the financial statements of Cachuma Conservation Release Board.

Very truly yours,

BARTLETT, PRINGLE & WOLF, LLP
Certified Public Accountants and Consultants

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ATTACHMENT 3

2019 (DRAFT) REQUIRED COMMUNICATIONS TO THE CCRB BOARD

November 5, 2020

Board of Directors
Cachuma Conservation Release Board
629 State Street, Suite 244
Santa Barbara, CA 93101

We are pleased to present this letter related to our audit of the financial statements of Cachuma Conservation Release Board (CCRB) for the year ended June 30, 2019. This letter summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Cachuma Conservation Release Board's financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance)* require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 31, 2019, which includes communication regarding the planned scope and timing of our audit and our identification of a planned audit response to significant risks of material misstatement. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

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Alternative Treatments within Generally Accepted Accounting Principles Discussed with Management

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by CCRB. CCRB did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

We noted no significant accounting estimates reflected in CCRB's June 30, 2019 financial statements.

Audit Adjustments

There were no audit adjustments made to the trial balance provided by CCRB.

Uncorrected Misstatements

There were no uncorrected misstatements noted during our audit.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

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Consultations with Other Accountants

During the audit, we noted CCRB engaged Accountability Plus, LLC to perform bookkeeping services.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Internal Control Matters

We have separately communicated a significant deficiency identified during our audit of the financial statements in a separate letter dated November 5, 2020.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit.

Certain Written Representations between Management and Our Firm

In conjunction with the audit of the financial statements, we have been provided a letter of certain representations from management dated November 5, 2020.

Conclusion

This letter is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BARTLETT, PRINGLE & WOLF, LLP
Certified Public Accountants and Consultants

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Cachuma Conservation
Release Board

Board of Directors

City of Santa Barbara

Goleta Water District

Montecito Water District

For Agenda Of:	November 5, 2020
Estimated Time :	10 minutes
Continued Item:	No
If Yes, date from:	

TO: Board Members

FROM: Peter Cantle, Executive Director

SUBJECT: Item RA-2: State Water Board Order and Federal Consultation Process Update

Legal Concurrence:
As to form: N/A

Recommended Actions:

Receive a status update regarding the State Water Resources Control Board (State Water Board) Water Rights Order and the federal Endangered Species Act Sec. 7 Consultation process underway with the U.S. Bureau of Reclamation (Reclamation) and National Marine Fisheries Service (NMFS).

Discussion

State Water Resources Control Board Water Rights Order. The State Water Board approved Water Rights Order 2019-0148 (the Order) on September 17, 2019. The Order requires Reclamation, as permit holder, to: a) release additional water from Cachuma Reservoir during wetter-than-normal years; and, b) develop plans and conduct studies to assess, among other things, the feasibility of steelhead passage around Bradbury Dam, the benefits of the increased flows, other opportunities for habitat enhancement, and reduction of predatory invasive species in the watershed.

Assistance with Plans Required by the Order. In December 2019, the CCRB Board approved a request from Reclamation that CCRB provide technical assistance in developing plans required by the Order. CCRB's technical assistance is generally in the field of fisheries biology, with hydrology and legal regulatory input, as needed. This technical assistance was being provided when, at the Board's direction, CCRB technical staff paused efforts to assist Reclamation in July 2020, pending resolution of contract matters being negotiated between Reclamation and the Cachuma Member Units. In mid-October, with resolution of the contract matters that had been at issue, CCRB's staff resumed engagement with Reclamation to provide technical assistance.

To date, CCRB has worked with Reclamation primarily on plans required by Terms 20 and 24, which are closely linked within the Order. Term 20 requires Reclamation to develop a plan for conducting studies identified in Term 24 "and any other studies that may be necessary to determine the measures necessary to

protect the public trust resources of the Santa Ynez River and keep the steelhead fishery in the Santa Ynez River in good condition at the individual, population and community level." CCRB assisted Reclamation in drafting the Term 20 plan, which Reclamation submitted to the Water Board for review on March 17, 2020. As of this writing, Reclamation has received no Water Board input or response on the Term 20 plan it submitted for review.

Cachuma Project Section 7 Consultation Process. Reclamation submitted a new proposed action and supporting biological assessment (BA) to NMFS in 2018 and November 2019, respectively. CCRB assisted Reclamation in developing both documents. In February 2020, NMFS provided Reclamation a letter stating that the BA had insufficient information to allow NMFS to move forward with its effects analysis. In late March 2020, NMFS terminated formal consultation on the new proposed action purportedly based on Reclamation's inadequate response to the NMFS letter. One issue identified in the NMFS letter was Reclamation's failure to incorporate the recently-issued Water Rights Order 2019-0148 in the BA.

On August 21, 2020, Reclamation advised NMFS by letter of its intent to submit a revised BA incorporating Water Rights Order 2019-0148 on or about December 18, 2020. Reclamation staff are now working to revise and update the November 2019 BA, using the Water Rights Order flow regime as its basis. CCRB staff, in accordance with the Board's July 2020 direction, had paused providing technical assistance to Reclamation in the consultation process; however, assistance resumed in mid-October with the resolution of contractual issues being negotiated between Reclamation and Cachuma Member Units. CCRB technical staff are now coordinating with Reclamation in updating the existing BA to incorporate and evaluate the Order flow regime. The BA will also be scoped to include other anticipated Reclamation actions, such as the long-term Master Service Contract and the COMB O&M contract.

We will continue to update the Board with any new information on these consultation and Water Rights Order matters that come to light.

Fiscal Analysis:

CCRB's approved FY21 budget of $1,222,000 provides for staff and consulting support related to both the Water Board Order and the federal Consultation process.

Attachments:

None.

Report authored by:

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