



January 31, 2024

Board of Directors
Upper Ventura River Groundwater Agency

To the Board of Directors:

This letter is to inform the Board of Directors of the Upper Ventura River Groundwater Agency (the Agency) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2023, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (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 responsibility under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated November 30, 2022. The audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated December 20, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

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

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. Management did not adopt or change any significant accounting policies during the year.

Significant Accounting Policies

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

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record accounting estimates when applicable.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made as a result of our audit procedures.

There were no uncorrected misstatements.

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The financial statements were prepared on the assumption that the Agency will continue as a going concern.

Internal Control Matters

We have separately communicated in a letter dated January 31, 2024 any significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements.

Observations About the Audit Process

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.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

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

Significant Difficulties Encountered in Performing the Audit

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

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA independence rules. For Bartlett, Pringle & Wolf, LLP (BPW) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and BPW each play an important role.

Our Responsibilities

1. AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. BPW is to ensure that the AICPA General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
2. Maintain a system of quality control over compliance with independence rules and firm policies.

The Agency's Responsibilities

1. Timely inform BPW, before the effective date of transactions or other business changes, of the following:
 - a. New affiliates, directors, officers, or person in financial reporting and compliance oversight roles.
 - b. Changes in the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, or jointly governed organizations.
2. Provide necessary information such as new or updated structure charts, as well as financial information required to perform materiality calculations.
3. Understand and conclude on the permissibility, prior to the Agency and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with BPW.
4. Not entering into arrangements of non-audit services resulting in BPW being involved in making management decisions on behalf of the Agency.
5. Not entering into relationships resulting in BPW, BPW covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Agency.

Significant Written Communications Between Management and Our Firm

We have been provided a letter of certain representations dated January 31, 2024.

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 the specified parties.

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

Very truly yours,



BARTLETT, PRINGLE & WOLF, LLP

Certified Public Accountants and Consultants



January 31, 2024

Board of Directors
Upper Ventura River Groundwater Agency
202 W. El Roblar Dr.
Ojai, CA 93023

To the Board of Directors:

In planning and performing our audit of the financial statements of the Upper Ventura River Groundwater Agency (the Agency) for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting 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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies:

Prior Year Comments

The following comments appeared in our prior year letter to you dated March 31, 2023:

Significant Deficiencies

Check Signing Policy

Original Comment:

The Agency has a policy that requires all checks to be signed by two authorized individuals. During our audit procedures related to cash, we noted that this policy was not being followed as we noted several checks with only one signature. In order to reduce the possibility of misappropriation of assets, we suggest the Agency comply with its check signing policy and obtain two signatures on all checks.

Current Status:

During our current year audit procedures related to cash, we did not encounter any checks that were not signed by two authorized individuals.

Approval of Journal Entries

Original Comment:

During the audit we noted journal entries are not reviewed. There is currently no formal process for reviewing and approving manual journal entries posted to the general ledger. We recommend that an appropriate member of management review these entries at month end, including review of supporting documentation to ensure that all entries are properly authorized and recorded.

Current Status:

During the current year audit, again we noted no formal process for reviewing or approving manual journal entries posted to the general ledger. We continue to make the recommendation that an appropriate member of management review these entries at month end, including review of supporting documentation to ensure that all entries are properly authorized and recorded.

Item 1(d)

Board of Directors
Upper Ventura River Groundwater Agency
January 31, 2024
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Conclusion

This communication is intended solely for the information and use of the Board of Directors, management, and others within the Agency, 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 January 31, 2024 on the financial statements of the Upper Ventura River Groundwater Agency.

Very truly yours,

A handwritten signature in black ink that reads "Bartlett, Pringle & Wolf, LLP". The signature is written in a cursive, flowing style.

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

**UPPER VENTURA RIVER
GROUNDWATER AGENCY**
June 30, 2023 and 2022
FINANCIAL STATEMENTS



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

UPPER VENTURA RIVER GROUNDWATER AGENCY

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Upper Ventura River Water Groundwater Agency:**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Upper Ventura River Water Groundwater Agency (the Agency) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Upper Ventura River Water Groundwater Agency, as of June 30, 2023 and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Governing Board of Directors listing on page 17 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Bartlett, Brinigh + Wolf, LLP

Santa Barbara, California
January 31, 2024

UPPER VENTURA RIVER GROUNDWATER AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Upper Ventura River Groundwater Agency (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities for the fiscal years ended June 30, 2023 and June 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. The basic financial statements can be found on pages 7-10 of this report. The Agency is governed by its seven person board of directors, one Member Director from each of its five Member Agencies and two stakeholder directors approved by the Member Directors. The Agency's business is to develop and implement a groundwater sustainability plan (GSP) for the Upper Ventura River Groundwater Basin. For the formation of the Agency, funds were contributed by the five Member Agencies signatory to the Joint Powers Authority.

The *Statement of Net Position* is intended to disclose the financial position of the Agency at specific points in time, June 30, 2023 and June 30, 2022. It reflects the assets of the Agency, the liabilities and net position (equity). All current assets and current liabilities are liquid. The sustainable groundwater planning was completed during FY22/23 and short-term assets are expected to be collected during FY23/24.

The *Statement of Revenues, Expenses and Changes in Net Position* is intended to disclose the results of operations over a period of time, the fiscal years ended June 30, 2023 and June 30, 2022. This statement reflects revenues earned (whether collected or not), and expenses incurred (whether paid or not) during the year. This statement differs significantly from the statement of net position, yet coordinates well with that statement. The net earnings of the Agency flows into the net position of the Agency as reflected on the statement of net position.

The *Statement of Cash Flows* combines aspects of both the statement of net position and the statement of revenues, expenses and changes in net position and discloses how cash flows through the Agency. This statement differs from the statement of revenues, expenses and changes in net position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

Financial Analysis and Highlights

The assets of the Agency exceeded its liabilities at the close of the current year by \$436,089 (*net position*). Net position is classified as unrestricted and may be used to meet the Agency's ongoing obligations.

UPPER VENTURA RIVER GROUNDWATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of net position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

During the year ended June 30, 2023, the Agency's net position increased by \$301,214 (223%). Total assets increased by \$226,520 (97%), while total liabilities decreased by \$74,694 (76%). Total current assets increased primarily due to an increase of \$228,058 in cash, an effect from the increase in operating revenue and decrease in operating expenses. The decrease in total liabilities of \$74,694 is primarily due to the related party notes payable paid in full in FY 22/23.

UPPER VENTURA RIVER GROUNDWATER AGENCY

Table 1
Net Position Components

Description	2023	2022	Change	
			\$	%
Current assets	\$ 459,347	\$ 232,827	\$ 226,520	97.3%
Long-term assets	-	-	-	0.0%
Total Assets	459,347	232,827	226,520	97.3%
Current liabilities	23,258	97,952	(74,694)	-76.3%
Long-term liabilities	-	-	-	0.0%
Total Liabilities	23,258	97,952	(74,694)	-76.3%
Unrestricted net position	436,089	134,875	301,214	223.3%
Total Net Position	\$ 436,089	\$ 134,875	\$ 301,214	223.3%

Operating revenues increased by \$200,192 (55%) while operating expenses decreased by \$108,233 (29%). These increases and decreases are discussed in further detail below.

UPPER VENTURA RIVER GROUNDWATER AGENCY

Table 2
Changes in Net Position

Description	2023	2022	Change	
			\$	%
Operating Revenues				
Groundwater extraction fees	\$ 564,900	\$ 343,618	\$ 221,282	64.4%
Grant revenue	-	21,090	(21,090)	-100.0%
Total Operating Revenues	564,900	364,708	200,192	54.9%
Operating Expenses				
General and administrative	5,188	5,945	(757)	-12.7%
Grant and program expenses	-	21,090	(21,090)	-100.0%
Legal fees	15,838	29,182	(13,344)	-45.7%
Professional fees	242,695	315,737	(73,042)	-23.1%
Total Operating Expenses	263,721	371,954	(108,233)	-29.1%
Non-Operating Income				
Other income	35	189	(154)	-81.5%
Total Non-Operating Income	35	189	(154)	-81.5%
Change in net position	301,214	(7,057)	308,271	-4368.3%
Net position, beginning	134,875	141,932	(7,057)	-5.0%
Net Position, Ending	\$ 436,089	\$ 134,875	\$ 301,214	223.3%

**UPPER VENTURA RIVER GROUNDWATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Analysis of balances and transactions of funds

The Agency is a single purpose, proprietary entity, and as such, does not maintain multiple fund types. Consequently, there are no inter-fund balances. The analysis of balances is shown in the two tables above and in the section labeled "Financial Analysis and Highlights".

Operating revenues for the year ended June 30, 2023 increased primarily due to the increase in extraction fee rates implemented with Resolution No. 2022-05 effective July 1, 2022. Operating expenses for the year ended June 30, 2023 decreased primarily due to decreased grant and program expenses and decreased professional and legal fees incurred towards the establishment of a GSP and not reimbursed under the limits of the grant agreement.

Analysis of variations between original and final budget amounts

The Agency adopts its budget in accordance with California law. It is policy to not modify the budget in total, although certain reallocations of expenditures may occasionally be made. The budget is adopted on a projected cash flow basis. During the fiscal year ended June 30, 2023, there were no variations between the original and final budgeted amounts.

Requests for information

This financial report is designed to provide a general overview of the Agency's financial position for all those with an interest in the Agency's finances. Questions or requests for additional financial information should be directed to: Upper Ventura River Groundwater Agency, 202 W. El Roblar Drive, Ojai, CA 93023.

UPPER VENTURA RIVER GROUNDWATER AGENCY
STATEMENT OF NET POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS:		
Current assets:		
Cash in bank	\$ 393,685	\$ 165,627
Accounts receivable	1,791	-
Prepaid expenses	625	4,194
Grant retention receivable	63,006	63,006
Other current assets	240	-
Total current assets	<u>459,347</u>	<u>232,827</u>
Total assets	<u>459,347</u>	<u>232,827</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	23,258	7,952
Related party notes payable	-	90,000
Total current liabilities	<u>23,258</u>	<u>7,952</u>
Total liabilities	<u>23,258</u>	<u>97,952</u>
NET POSITION:		
Unrestricted	<u>436,089</u>	<u>134,875</u>
Total net position	<u>\$ 436,089</u>	<u>\$ 134,875</u>

See accompanying notes

UPPER VENTURA RIVER GROUNDWATER AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Groundwater extraction fees	\$ 564,900	\$ 343,618
Grant revenues	-	21,090
Total operating revenues	<u>564,900</u>	<u>364,708</u>
Operating expenses:		
General and administrative	5,188	5,945
Grant and program expenses	-	21,090
Legal fees	15,838	29,182
Professional fees	242,695	315,737
Total operating expenses	<u>263,721</u>	<u>371,954</u>
Operating income (loss)	<u>301,179</u>	<u>(7,246)</u>
Non-operating income:		
Other income	35	189
Total non-operating income	<u>35</u>	<u>189</u>
Change in net position	301,214	(7,057)
Net position, beginning of year	<u>134,875</u>	<u>141,932</u>
Net position, end of year	<u>\$ 436,089</u>	<u>\$ 134,875</u>

See accompanying notes

UPPER VENTURA RIVER GROUNDWATER AGENCY
STATEMENT OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from member agencies	\$ 563,144	\$ 347,068
Receipts from grants	-	20,297
Payments to vendors and contractors	<u>(245,086)</u>	<u>(364,613)</u>
Net cash and cash equivalents provided by operating activities	<u>318,058</u>	<u>2,752</u>
Cash flows from noncapital financing activities		
Payments issued for related party notes payable	<u>(90,000)</u>	<u>-</u>
Net cash and cash equivalents used by noncapital financing activities	<u>(90,000)</u>	<u>-</u>
Increase in cash and cash equivalents	228,058	2,752
Cash and cash equivalents, beginning of year	<u>165,627</u>	<u>162,875</u>
Cash and cash equivalents, end of year	<u><u>\$ 393,685</u></u>	<u><u>\$ 165,627</u></u>

See accompanying notes

UPPER VENTURA RIVER GROUNDWATER AGENCY
STATEMENT OF CASH FLOWS
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net position	\$ 301,214	\$ (7,057)
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Increase (decrease) in:		
Unbilled grant receivable	-	1,316
Unbilled grant retention receivable	-	146
Grant retention receivable	-	(2,255)
Accounts receivable	(1,791)	3,261
Prepaid expenses	3,569	695
Other assets	(240)	-
Decrease in:		
Accounts payable	15,306	6,646
Net cash and cash equivalents provided by operating activities	<u>\$ 318,058</u>	<u>\$ 2,752</u>

See accompanying notes

UPPER VENTURA RIVER GROUNDWATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

A) Reporting Entity

The Upper Ventura River Groundwater Agency (the Agency) was formed to develop and implement a groundwater sustainability plan (GSP) for the Upper Ventura River Groundwater Basin as mandated by the 2014 Sustainable Groundwater Management Act (SGMA). The Agency derives its powers and authorities from SGMA and its five Member Agencies. The Agency was formed through a joint powers agreement (JPA) in December, 2016 by the County of Ventura, the City of San Buenaventura, Casitas Municipal Water District, Meiners Oaks Water District, and Ventura River Water District. It is governed by a seven-member Board of Directors, consisting of one representative from each of the five Member Agencies, one representative of environmental interests, and one representative of agricultural interests.

The Agency reporting entity includes all significant operations and revenue sources of which the Agency's Board of Directors exercises oversight responsibility and is determined under the criteria established by the National Council on Governmental Accounting Statement No. 3, as adopted by GASB. Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

B) Basis of Accounting and Measurement Focus

The Agency is accounted for as an enterprise fund in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the expenses, including depreciation, of providing goods or services to the general public are recovered through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, and other purposes. Because the Agency is accounted for as an enterprise fund, the accrual method of accounting is used for financial statement reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

An enterprise fund is accounted for on a cost of services or "flow of economic resources" measurement focus. This means that all assets and liabilities, whether current or long-term, are included in the statement of net position.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and the producing and delivering of goods in connection with the Agency's principal ongoing operations.

UPPER VENTURA RIVER GROUNDWATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS

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

B) Basis of Accounting and Measurement Focus (Continued)

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

C) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand and funds on deposit with financial institutions available for current use with an initial maturity of three months or less. All deposits are carried at cost plus accrued interest.

D) Budget

The Agency is required to adopt an annual budget. The budget is presented on the basis of the funding sources available. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Beginning May 1st of each year, the Agency prepares a tentative budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the final budget is adopted by the Agency. Once a budget is approved, it can be amended by the Board of Directors.

E) Use of Estimates

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

F) Grant Receivable and Revenue

The Agency recognizes grant revenue when the qualifying expenditures are incurred, all eligibility requirements have been met, and collection of the grant funds is probable. Receipt of funds under the grant is dependent on the approval of submitted expenditures to the Department of Water Resources.

The State withholds 10% of the funds requested by the Agency for reimbursement until the project is completed and the final project completion report is approved.

For the years ended June 30, 2023 and 2022, grant retention receivable was \$63,006 and \$63,006, respectively.

UPPER VENTURA RIVER GROUNDWATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS

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

G) Net Position

Net position represents the difference between assets and liabilities and is classified into three components as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. The Agency does not have any capital assets.

Restricted – This component of net position consists of assets which are legally restricted by outside parties for use for a specific purpose. The Agency does not have any restricted assets.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” Dedicated net position represents unrestricted assets which may be segregated by the Board of Directors for specific future uses.

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

H) Governmental Accounting Standards Board (GASB) Statements

GASB Accounting Standards Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and reporting for subscription-based information technology arrangements (SBITAs) for governments by defining a SBITA, establishing the criteria for recognizing right-to-use subscription assets and corresponding subscription liabilities, and outlining required note disclosures regarding SBITAs. This updated standard was effective for the year ended June 30, 2023 and did not have any impact on the financial statements or related disclosures.

I) Governmental Accounting Standards Board (GASB) Statements – Future Updates

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

UPPER VENTURA RIVER GROUNDWATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS

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

I) Governmental Accounting Standards Board (GASB) Statements – Future Updates
(Continued)

Statement No. 100	<i>"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"</i>	The requirements of this statement are effective for periods beginning after June 15, 2023. (FY 23/24)
Statement No. 101	<i>"Compensated Absences"</i>	The requirements of this statement are effective for periods beginning after December 15, 2023. (FY 24/25)
Statement No. 102	<i>"Certain Risk Disclosures"</i>	The requirements of this statement are effective for periods beginning after June 15, 2023. (FY 25/26)

Note 2 – Cash and Cash Equivalents

The Agency's cash and cash equivalents consisted of bank deposits in the amount of \$393,685 and \$165,627 at June 30, 2023 and 2022, respectively.

Authorized Deposits and Investments

The Agency may invest assets in accordance with California Government Code Section 53600. The Agency has no investment policy and the Board of Directors has only approved the use of bank deposits.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency had no investments at year-end.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Agency had no investments at year-end.

Custodial Credit Risk for Deposits

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., brokerdealer) to a

UPPER VENTURA RIVER GROUNDWATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS

Note 2 – Cash and Cash Equivalents (Continued)

Custodial Credit Risk for Deposits (Continued)

transaction, a government will not be able to recover the value of this investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Note 3 – State of California Grant

On February 5, 2019, the Agency entered into a Grant Agreement with the Department of Water Resources for the purpose of assistance in financing and planning project activities that will improve sustainable groundwater management, pursuant to Water Code Section 79700. The term of the Grant Agreement is through final payment plus three years. The maximum amount payable by the State under this Grant Agreement may not exceed \$630,061. For the years ended June 30, 2023 and 2022, reimbursable grant expenses were approximately \$0 and \$21,000, respectively.

Note 4 – Commitments and Contingencies

Legal proceedings may arise from the normal conduct of business, but in the opinion of management and legal counsel, these matters will not have a materially adverse effect on the financial position or results of operations of the Agency.

Note 5 – Related Party Transactions

On June 30, 2019, the Agency entered into a Cash Advance and Repayment Agreement with three of its member agencies, the City of San Buenaventura, Meiners Oaks Water District, and Ventura River Water District, requesting \$30,000 from each of the aforementioned member agencies for a total of \$90,000 to pay certain administrative costs. The amounts advanced to the Agency was repaid in full, with no interest, during the 22/23 fiscal year. As of June 30, 2023 and 2022, the related party notes payable balance outstanding was \$0 and \$90,000, respectively.

Effective July 1, 2019, the Board of Directors established a regulatory fee imposed on groundwater use to fund the costs of the GSP. Extraction fee income generated during the years ended June 30, 2023 and 2022 from the five member agencies was \$544,048 and \$314,471, respectively.

UPPER VENTURA RIVER GROUNDWATER AGENCY
NOTES TO THE FINANCIAL STATEMENTS

Note 6 – Subsequent Events

Management has evaluated subsequent events through January 31, 2024, the date which the financial statements were available to be issued.

OTHER INFORMATION

**UPPER VENTURA RIVER GROUNDWATER AGENCY
GOVERNING BOARD OF DIRECTORS
For the year ended June 30, 2023**

Governing Board of Directors

<u>Name</u>	<u>Office</u>
Michael Etchart	Chair
Bruce Kuebler	Vice Chair
Pete Kaiser	Secretary
Arne Anselm	Director
Vivon Crawford	Director
Emily Ayala	Director
Jennifer Tribo	Director

Administration

Bryan Bondy	Executive Director
Carrie Troup	Treasurer