

**CARPINTERIA GROUNDWATER  
SUSTAINABILITY AGENCY**  
**June 30, 2022 and 2021**  
**FINANCIAL STATEMENTS**



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

**CARPINTERIA GROUNDWATER  
SUSTAINABILITY AGENCY**

**Table of Contents**

	<u>Page</u>
Independent Auditor’s Report .....	1 – 3
Management's Discussion and Analysis.....	4 – 8
Basic Financial Statements:	
Statement of Net Position .....	9
Statement of Revenues, Expenses and Changes in Net Position .....	10
Statement of Cash Flows.....	11
Notes to the Financial Statements .....	12 – 16



## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Carpinteria Groundwater Sustainability Agency:**

### ***Opinion***

We have audited the accompanying financial statements of the Carpinteria Groundwater Sustainability Agency (the Agency) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Carpinteria Groundwater Sustainability Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Carpinteria Groundwater Sustainability Agency as of June 30, 2022 and 2021, and the changes in financial position and cash flows 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Bartlett, Pringle & Wolf, LLP*

Santa Barbara, California

April 27, 2023

**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

Management's discussion and analysis of the Agency's financial performance provides an overview of the Agency's financial activities for the years ended June 30, 2022 and 2021. Please read it in conjunction with the Agency's financial statements, which follow this section.

**FINANCIAL STATEMENTS**

This discussion and analysis provides an introduction and a brief description of the Agency's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The Agency's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all the Agency's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Net position may be displayed in the categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The statement of net position provides the basis for computing rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency.

The statement of revenues, expenses and changes in net position presents information which shows how the Agency's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the Agency's operations over the past year and determines whether the Agency has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the Agency's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operations
- Noncapital financing
- Capital and related financing
- Investing

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.

**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FINANCIAL HIGHLIGHTS**

- The financial statements for the year ending June 30, 2022, represent the second year of Agency operations. As of June 30, 2022, the Agency has not begun collecting member dues to offset Agency expenses and therefore has a negative net position. The net position of \$(341,075) is unrestricted and has been used to pay for the Agency’s operating expenses.
- The financial statements for the year ending June 30, 2021, represent the first year of Agency operations. As of June 30, 2021, the Agency had not begun collecting member dues to offset Agency expenses and therefore had a negative net position. The net position of \$(180,460) was unrestricted and was used to pay for the Agency’s operating expenses.

**Adopted Financial Accounting Standards**

All accounting standards applicable to an enterprise fund with a financial statement starting date before July 1, 2022, have been adopted.

**FINANCIAL POSITION**

Fiscal year 2022 is the second year of operations for the Agency. While no member fees were collected in the first two years of operations, a fee structure for fiscal year 2023 was adopted as of June 30, 2022, for implementation in the third year of operations. As of June 30, 2022, the Agency relied on loans from Carpinteria Valley Water District, a related party, to fund its operations. The Agency will not be able to analyze the results of operations and identify whether its financial position is improving or deteriorating until it begins to collect member fees.

**Condensed Statement of Net Position – *Analysis:***

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>% Change FYE 2022 and 2021</u>
<b>Assets:</b>			
Current and other assets	75,044	143,379	-48%
Total assets	<u>75,044</u>	<u>143,379</u>	<u>-48%</u>
<b>Liabilities:</b>			
Current liabilities	144,462	3,230	4373%
Long-term liabilities	271,657	320,609	-15%
Total liabilities	<u>416,119</u>	<u>323,839</u>	<u>28%</u>
<b>Net position:</b>			
Unrestricted	<u>(341,075)</u>	<u>(180,460)</u>	<u>-89%</u>
Total net position	<u>\$ (341,075)</u>	<u>\$ (180,460)</u>	<u>100%</u>

**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FINANCIAL POSITION (Continued)**

Analysis of Total Net Position:

For the twelve months ended June 20, 2022, the Agency’s total net position decreased by \$(160,615) or (89)%. Unrestricted net position, the amount which may be used to meet the Agency’s ongoing obligations, accounts for 100% of the net position.

As of June 30, 2021, following the first year of operations, net position is \$(180,460). Unrestricted net position, the amount which may be used to meet the Agency’s ongoing obligations, accounts for 100% of the net position.

Long-Term Liabilities

At the end of the current fiscal year, the Agency had long-term liabilities of \$271,657 compared to \$320,609 as of June 30, 2021. The decrease is due to the estimated principal payments for 2023 of \$105,007 being classified with current liabilities. Long-term liabilities are comprised of funds lent by a related entity, Carpinteria Valley Water District. See Note 3 for additional detailed information about the Agency’s long-term liability.

**Condensed Statement of Revenues, Expenses, and Changes in Net Position – *Analysis:***

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>% Change FYE 2022 and 2021</u>
Operating revenues	-	-	-
Operating expenses	<u>150,474</u>	<u>173,855</u>	<u>-13.4%</u>
Operating income	<u>(150,474)</u>	<u>(173,855)</u>	<u>-13.4%</u>
Interest and investment income	-	-	-
Interest expense	<u>(10,141)</u>	<u>(6,605)</u>	<u>53.5%</u>
Net non-operating expenses	<u>(10,141)</u>	<u>(6,605)</u>	<u>53.5%</u>
Change in net position	(160,615)	(180,460)	-11.0%
Net position, beginning of year	<u>(180,460)</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u><u>\$ (341,075)</u></u>	<u><u>\$ (180,460)</u></u>	<u><u>89.0%</u></u>



**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FINANCIAL POSITION (Continued)**

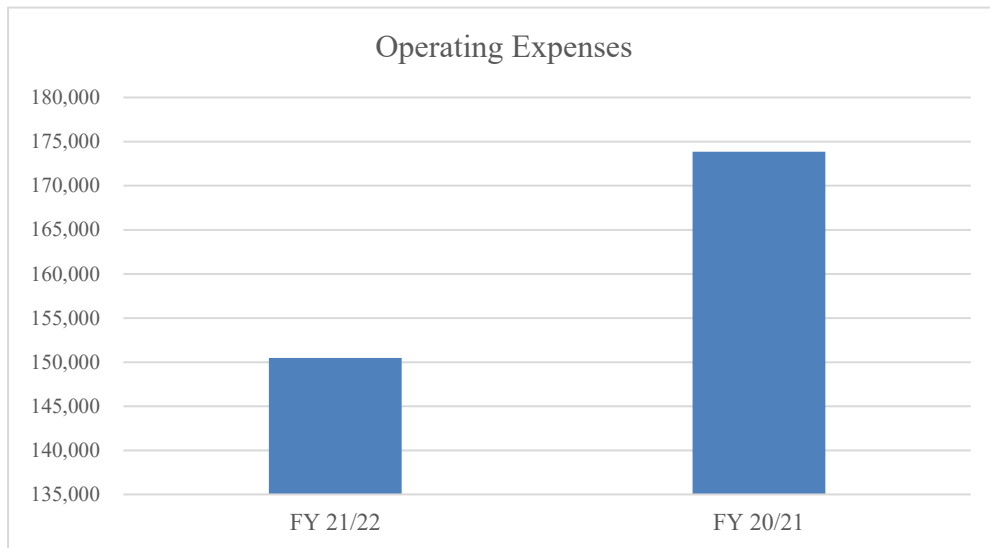
**Condensed Statement of Revenues, Expenses, and Changes in Net Position – *Analysis:***

Operating Revenues

As of June 30, 2022, the Agency had not begun collecting member fees and therefore reports no revenue for fiscal years 2022 and 2021.

Operating Expenses

	<u>FY 21/22</u>	<u>FY 20/21</u>
<u>Operating Expenses</u>		
Testing and Reporting	\$ 10,807	\$ 14,584
Groundwater Operations	10,288	68,343
General and Administrative	129,379	90,928
<b>Total Operating Expenses</b>	<b>\$ 150,474</b>	<b>\$ 173,855</b>



**Analysis of Changes in Operating Expenses from June 30, 2022 to June 30, 2021:**

- Overall expenses decreased by \$23,381 or 13.4%.
- Groundwater operations decreased by \$58,055 or 84.9% primarily due to a decrease in groundwater professional services of \$58,556.
- General and administrative expenses increased by \$38,451 or 42.3%, primarily due to a decrease in personnel expense of \$33,471 arising from timing of the recognition of personnel allocations from a related party in fiscal year 2020/21, offset by an increase in administrative professional services of \$61,488 arising from a fee study.

**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

---

**FINANCIAL POSITION (Continued)**

Analysis of Operating Expenses for the year ended June 30, 2021:

For the year ended June 30, 2021, general and administrative expenses accounted for \$90,928, or 52.3%, of operating expenses, primarily related to Agency personnel expenses. Groundwater operations accounted for 39.3% of operating expenses, primarily related to professional services.

Analysis of Changes in Non-Operating Income and Expenses from June 30, 2022 to June 30, 2021:

For the year ended June 30, 2022, non-operating expenses consisted solely of interest accrued on long-term liabilities in the amount of \$10,142, an increase of \$3,537 or 53.6%, arising from an increase in loans provided by a related party to fund ongoing operations.

Analysis of Non-Operating Income and Expense for the fiscal year ended June 30, 2021:

For the year ended June 30, 2021, non-operating expenses consisted solely of interest accrued on long-term liabilities in the amount of \$6,605.

**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY**  
**STATEMENT OF NET POSITION**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS:</b>		
Current assets:		
Cash in bank	\$ 75,044	\$ 143,379
Total current assets	<u>75,044</u>	<u>143,379</u>
Total assets	<u>75,044</u>	<u>143,379</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	39,455	3,230
Current portion of related party payable	<u>105,007</u>	<u>-</u>
Total current liabilities	<u>144,462</u>	<u>3,230</u>
Long-term liabilities:		
Related party payable	254,911	314,004
Interest payable on related party payable	<u>16,746</u>	<u>6,605</u>
Total long-term liabilities	<u>271,657</u>	<u>320,609</u>
Total liabilities	<u>416,119</u>	<u>323,839</u>
<b>NET POSITION:</b>		
Unrestricted	<u>(341,075)</u>	<u>(180,460)</u>
Total net position	<u>\$ (341,075)</u>	<u>\$ (180,460)</u>

*See accompanying notes*

**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Operating expenses:		
Water quality testing and reporting	\$ 10,807	\$ 14,584
Groundwater operations	10,288	68,343
General and administrative	129,379	90,928
Total operating expenses	<u>150,474</u>	<u>173,855</u>
Operating loss	<u>(150,474)</u>	<u>(173,855)</u>
Non-operating income (expenses)		
Interest expense	<u>(10,141)</u>	<u>(6,605)</u>
Net non-operating expenses	<u>(10,141)</u>	<u>(6,605)</u>
Change in net position	(160,615)	(180,460)
Net position, beginning of year	<u>(180,460)</u>	<u>-</u>
Net position, end of year	<u>\$ (341,075)</u>	<u>\$ (180,460)</u>

*See accompanying notes*

**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY**

**STATEMENT OF CASH FLOWS**

**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Payments to vendors and contractors	\$ (114,249)	\$ (170,625)
Net cash and cash equivalents used by operating activities	<u>(114,249)</u>	<u>(170,625)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds received from related party payable	<u>45,914</u>	<u>314,004</u>
Net cash and cash equivalents provided by noncapital financing activities	<u>45,914</u>	<u>314,004</u>
Increase (decrease) in cash and cash equivalents	(68,335)	143,379
Cash and cash equivalents, beginning of year	<u>143,379</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 75,044</u>	<u>\$ 143,379</u>
Reconciliation of Change in Net Position to Net Cash Used by Operating Activities:		
Change in net position	\$ (160,615)	\$ (180,460)
Adjustments to reconcile change in net position to net cash used by operating activities:		
Increase (decrease) in:		
Accounts payable	36,225	3,230
Interest payable on related party payable	<u>10,141</u>	<u>6,605</u>
Net cash and cash equivalents used by operating activities	<u>\$ (114,249)</u>	<u>\$ (170,625)</u>

*See accompanying notes*

# CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

---

### Note 1 – Reporting Entity and Summary of Significant Accounting Policies

#### A) Reporting Entity

The Carpinteria Groundwater Sustainability Agency was formed to develop and implement a groundwater sustainability plan (GSP) for the Carpinteria Basin as mandated by the 2014 Sustainable Groundwater Management Act (SGMA). The Agency derives its powers and authorities from SGMA and its four Member Agencies. The Agency was formed through a joint powers agreement (JPA) in January 2020 by the Carpinteria Valley Water District, City of Carpinteria, Santa Barbara County Water Agency, and County of Ventura. It is governed by a five-member Board of Directors, consisting of directors from Carpinteria Valley Water District.

The Carpinteria Groundwater Sustainability Agency (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. Starting fiscal year 2023, operating revenues of the Agency will consist of groundwater extraction fees from its four-member agencies. Operating expenses of the Agency include program expenses, professional fees, general and administrative, and legal fees.

# CARPINTERIA GROUNDWATER SUSTAINABILITY 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 as well as estimated expenditures for the upcoming fiscal year. The annual budget is approved by the Board of Directors in June each year. 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) Net Position

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

Net investment in capital assets 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 net investment in capital assets.

Restricted 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 net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

# CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

---

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

#### G) Future GASB Accounting Pronouncements

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.

Statement No. 91	<i>"Conduit Debt Obligations"</i>	The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)
Statement No. 94	<i>"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"</i>	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
Statement No. 96	<i>"Subscription-Based Information Technology Arrangements"</i>	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
Statement No. 99	<i>"Omnibus 2022"</i>	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
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)

### Note 2 – 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.

The Agency entered into an agreement with Bondy Groundwater Consulting, Inc. on June 22, 2022 in the amount of \$60,000 for technical support associated with the GSP. As of June 30, 2022, no costs have been incurred in relation to this agreement.

The Agency entered into an agreement with GSI Water Solutions, Inc. on June 22, 2022 in the amount of \$421,800 for services provided in developing a GSP. As of June 30, 2022, costs in the amount of \$87,735 have been incurred in relation to this agreement.

The Agency entered into an agreement with Pueblo Water Resources on June 22, 2022 in the amount of \$256,098 for hydrogeologic services associated with the development of the GSP. As of June 30, 2022, costs in the amount of \$6,574 have been incurred in relation to this agreement.



# CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2 – Commitments and Contingencies (Continued)

The Agency entered into an agreement with Montgomery & Associates on June 22, 2022 in the amount of \$117,638 for groundwater modeling services associated with the development of the GSP. As of June 30, 2022, costs in the amount of \$31,203 have been incurred in relation to this agreement.

### Note 3 – Related Party Transactions

On May 6, 2020, Carpinteria Valley Water District, entered into a Grant Agreement on behalf of the Agency with the Department of Water Resources under the Infrastructure Improvement Act of 2014 (Proposition 1) to assist in the Sustainable Groundwater Planning of the GSA.

Upon the formation and initial operation of the Agency, Carpinteria Valley Water District agreed to advance funds to the Agency in the amount of \$164,340 to pay for certain administrative and program costs. Carpinteria Valley Water District also paid certain formation and operating expenses on behalf of the Agency in the amount of \$149,664. As of June 30, 2022 and 2021, the total outstanding related party note payable was \$359,918 and 314,004, respectively. Interest will accrue at a rate of 3%. Payments are expected to begin during the fiscal year ending June 30, 2023.

The expected annual repayments of the related party payable are as follows:

<u>Fiscal</u> <u>Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 105,007	\$ 28,310	\$ 133,317
2024	125,533	7,784	133,317
2025	129,378	3,939	133,317
2026	-	-	-
2027	-	-	-
	<u>\$ 359,918</u>	<u>\$ 40,033</u>	<u>\$ 399,951</u>

### Note 4 – Business Risk

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 the Agency operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Agency. The inherent risk and volatility of financial markets during the pandemic make it reasonably possible that the Agency is vulnerable to the risk of a near-term impact.

**CARPINTERIA GROUNDWATER SUSTAINABILITY AGENCY**

**NOTES TO THE FINANCIAL STATEMENTS**

---

**Note 5 – Subsequent Events**

Management has evaluated subsequent events through April 27, 2023, the date which the financial statements were available to be issued.

The District entered into an agreement with Katz & Associates on September 28, 2022 in the amount \$36,355 for professional services associated with the creation of an Advisory Committee for the GSA and the GSP process.

Subsequent to year end, the Agency received loans totaling approximately \$295,000 from Carpinteria Valley Water District, in addition to those disclosed in Note 3.