

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY
(A JOINT POWER AUTHORITY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2023

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

DECEMBER 31, 2023

BOARD OF DIRECTORS

Don Mills	Chairman
Chris Tantau	Vice-Chairman
Eric Shannon	Director
Ernie Taylor	Director
Brian Watte	Director
Pete Vander Poel	Director
Stephen Johnson	Director
Joe Cardoza, III	Director
Paul Boyer	Director

ADMINISTRATION

Mark Larsen	General Manager/Secretary
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CLOVIS | HANFORD | PORTERVILLE | TULARE | VISALIA

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Independent Auditors' Report

Board of Directors
Greater Kaweah Groundwater
Sustainability Agency

Opinions

We have audited the financial statements of the governmental activity and general fund of Greater Kaweah Groundwater Sustainability Agency ("the Agency"), as of and for the year ended December 31, 2023, 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 the governmental activity and general fund of Greater Kaweah Groundwater Sustainability Agency, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' 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 opinions.

Responsibilities of Management 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, 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.

Auditors' 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 auditors' report that includes our opinions. 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 and budgetary comparison information 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.



Tulare, California
December 4, 2024

GREATER KAWEAH GROUNDWATER SUSTAINABILITY AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

This section of the Greater Kaweah Groundwater Sustainability Agency (the Agency) annual financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year that ended on December 31, 2023. Please read it in conjunction with the Agency's financial statements, which immediately follow this section.

General

The Greater Kaweah Groundwater Sustainability Agency was formed pursuant to the Sustainable Groundwater Management Act of 2014 (SGMA). Under SGMA, Groundwater Sustainability Agencies (GSAs) are entities formed by local government agencies with land use authority or water supply or water management responsibilities. Greater Kaweah Groundwater Sustainability Agency was formed on August 23, 2016, when the participating agencies, listed below, entered into a Joint Exercise of Powers Agreement (JPA). The JPA spells out GSA Board membership, initial funding, voting and other governance issues.

Greater Kaweah Groundwater Sustainability Agency Participating Member Agencies

Kaweah Delta Water Conservation District (KDWCD)

Kings County Water District (KCWD)

Lakeside Irrigation Water District (LIWD)

St. Johns Water District (SJWD)

Tulare County (TC)

California Water Service Company (CWSC)

Greater Kaweah Groundwater Sustainability Agency is one of three (3) GSAs that overlie the Kaweah Subbasin (Subbasin) without overlap. Kaweah Subbasin covers approximately 440,000 acres. Greater Kaweah Groundwater Sustainability Agency is located in the Northern and Western part of the Subbasin covering portions of Tulare and Kings Counties. The other two GSAs that overlie the Subbasin are East Kaweah GSA and Mid-Kaweah GSA.

The Kaweah Subbasin (Basin No. 5-22-11) is classified as a high-priority subbasin by the California Department of Water Resources (DWR). It is one of 21 basins and subbasins in California that have been identified by DWR as critically overdrafted. The three GSAs of the Kaweah Subbasin have each developed a Groundwater Sustainability Plan (GSP) to address the management of groundwater within the Subbasin and executed a Coordination Agreement for the Subbasin to utilize the same data and methodologies ensuring consistent interpretations of the Basin Setting, and they have submitted the GSP and the Coordination Agreement to DWR. The GSP is required under SGMA to bring the Kaweah Subbasin into groundwater sustainability by 2040. The goal of the GSP is to reach Subbasin-wide groundwater sustainability within 20 years of the GSP's implementation. In accordance with SGMA, the GSP will be reevaluated and updated, at a minimum, every 5 years (2025, 2030, 2035 and 2040) to revise, as necessary, sustainability goals and management criteria, monitoring, and implementation of groundwater projects and management strategies.

See independent auditors' report.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

From 2017-2021 the Agency's membership has advanced the Agency the following funds:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
KDWCD	\$ 47,777	\$ 255,450	\$ 255,450	\$ 297,992	\$ 397,912	\$ 1,254,581
KCWD	17,384	92,950	92,950	108,430	144,788	456,502
LIWD	16,776	89,700	89,700	104,639	139,725	440,540
SJWD	13,008	69,550	69,550	81,133	108,337	341,578
TC	15,804	84,500	84,500	98,572	131,625	415,001
CWSC	10,820	57,850	57,850	67,484	90,113	284,117
Totals	<u>\$ 121,569</u>	<u>\$ 650,000</u>	<u>\$ 650,000</u>	<u>\$ 758,250</u>	<u>\$ 1,012,500</u>	<u>\$ 3,192,319</u>

The members anticipate getting all of the advanced money returned. All remaining funds were returned in October 2024.

To date, approximately \$2.4 million has been spent to develop the GSP.

The 2024 budget was adopted by the Board on December 11, 2023. This budget has total operating expenditures of \$5,616,000. Due to the nature of the billings being handled at the County level and the Agency not being in control of them, they elect to not budget for revenues.

FINANCIAL HIGHLIGHTS

- The Agency's revenues exceeded its expenses by \$860,431.
- The Agency had \$253,270 in accounts payable as of December 31, 2023.
- The Agency issued no new debt in 2023, but did incur operational expenses that remained unpaid as of December 31, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements also include notes that further explain some of the information presented in the financial statements and provide more detailed data.

Basic Financial Statements

The basic financial statements include two kinds of statements, the government-wide financial statements, and the fund financial statements. Each presents a different view of the Agency. The government-wide financial statements provide both short-term and long-term information about the Agency's overall financial status, whereas the fund financial statements present the financial picture by its individual parts or funds. Both are described in greater detail below.

See independent auditors' report.

GREATER KAWEAH GROUNDWATER SUSTAINABILITY AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

Government-Wide Statements

The government-wide financial statements present the financial picture of the Agency from the economic resources measurement focus using the accrual basis of accounting, which is similar to that used by private-sector companies. They provide both short-term and long-term information about the Agency's overall financial status. These statements (governmental fund balance sheet and statement of net position and statement of governmental fund revenues, expenditures and changes in fund balance and statement of activity) include all assets and deferred outflows of resources of the Agency as well as all liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of governmental fund revenues, expenditures and changes in fund balance and statement of activity regardless of when cash is received or paid.

The government-wide financial statements report the Agency's net position and how it has changed. Net position, the difference between the Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the Agency's financial health. Over time, increases or decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating. However, to assess the overall health of the Agency, one needs to consider additional non-financial factors such as changes in the Agency's member base, and the ability to adjust assessments.

The government-wide financial statements in this annual report include only governmental type activities. In governmental type activities, most of the Agency's revenue is derived from benefit assessments to land within the Agency's boundaries.

Fund Financial Statements

The fund financial statements present the financial picture of the Agency in more detail than the government-wide statements by describing the individual parts or funds. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The Agency may establish other funds to control and manage money for particular purposes at its discretion, such as tracking certain revenues and expenses for grants, or construction projects.

The Agency currently has only one fund type known as a governmental fund. Governmental fund type statements are presented on the modified accrual basis of accounting and a current financial resource focus. Only assets expected to be used up and liabilities that come due during the year or soon thereafter are reflected. No capital assets, if any, are included. Only revenues for which cash is received during or soon after the end of the year are included. Only expenditures for goods or services that have been received and for which payment is due during the year or soon thereafter are included.

See independent auditors' report.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

CONDENSED FINANCIAL STATEMENT INFORMATION

Condensed government-wide financial information is as follows:

Statement of Net Position

	2023	2022	Increase (Decrease)
Assets:			
Current assets	\$ 5,522,966	\$ 3,456,530	\$ 2,066,436
Liabilities:			
Current liabilities	\$ 4,708,199	\$ 3,502,194	\$ 1,206,005
Net Position:			
Unrestricted	814,767	(45,664)	860,431
Total liabilities, deferred inflows of resources, and net position	\$ 5,522,966	\$ 3,456,530	\$ 2,066,436

Explanation of selected line items:

- Current assets consist primarily of \$3,055,171 of cash and cash equivalents, \$1,918,879 in amounts due from other governmental entities and \$488,967 in amounts due from other agencies.
- Current liabilities consist primarily of \$4,173,871 in due to other agencies and \$281,058 in unearned revenue.

Please see the statement of net position for further detail.

See independent auditors' report.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Statement of Activity and Changes in Net Position

	<u>2023</u>	<u>2022</u>	Increase (Decrease)
General Revenues:			
Landowner assessments	\$ 1,865,078	\$ 1,835,562	\$ 29,516
Grant revenue	1,373,107	-	1,373,107
Interest	86,093	31,533	54,560
Penalties	586	702	(116)
	<u>3,324,864</u>	<u>1,867,797</u>	<u>1,457,067</u>
Expenses	<u>2,464,433</u>	<u>1,163,260</u>	<u>1,301,173</u>
Change in net position	860,431	704,537	155,894
Net position, beginning of year	<u>(45,664)</u>	<u>(750,201)</u>	<u>704,537</u>
Net position, end of year	<u>\$ 814,767</u>	<u>\$ (45,664)</u>	<u>\$ 860,431</u>

Explanation of selected line items:

- Expenses consist primarily of LandFlex land expense of \$1,190,895, governance expenses of \$525,515 and groundwater plan expenses of \$512,222.
- Total expenses increased by \$1,301,173 in large part because of the increase of LandFlex land expense.

BUDGETARY HIGHLIGHTS

The Agency runs on a calendar year. Each year, the Board shall adopt a budget for the Agency for the ensuing year. A budget shall be adopted no later than December 1 of the preceding year.

Over the course of the year, the Agency may revise its budget as it attempts to deal with unexpected changes in revenues and expenditures. The original 2023 budget was adopted on January 9, 2023. A schedule of the Agency's budget amounts compared with actual revenues and expenditures is provided in the required supplementary information section of the audited financial report.

See independent auditors' report.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2024 budget was formally adopted on December 11, 2023. The budget includes \$5,616,000 in expenditures. Due to the nature of the billings being handled at the County level and the Agency not being in control of them, they elect to not budget for revenues.

The Agency has no plans for asset acquisitions during 2024.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Agency's administrative office at (559) 302-9987 or at 2975 North Farmersville Boulevard, Farmersville, California 93223, or by email at mlarsen@greaterkawahgsa.org.

See independent auditors' report.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**GOVERNMENTAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 3,055,171	\$ -	\$ 3,055,171
Assessments receivable	59,949	-	59,949
Due from other agencies	488,967	-	488,967
Due from other governments	1,918,879	-	1,918,879
	<u>5,522,966</u>	<u>-</u>	<u>5,522,966</u>
Total assets	<u>\$ 5,522,966</u>	<u>\$ -</u>	<u>\$ 5,522,966</u>
<u>LIABILITIES:</u>			
Accounts payable	\$ 253,270	\$ -	\$ 253,270
Unearned revenue	281,058	-	281,058
Due to other agencies	4,173,871	-	4,173,871
	<u>4,708,199</u>	<u>-</u>	<u>4,708,199</u>
Total liabilities	<u>4,708,199</u>	<u>-</u>	<u>4,708,199</u>
<u>FUND BALANCE/NET POSITION:</u>			
Fund balance:			
Unassigned	814,767	(814,767)	-
Net position, unrestricted	-	814,767	814,767
	<u>814,767</u>	<u>-</u>	<u>814,767</u>
Total fund balance/net position	<u>814,767</u>	<u>-</u>	<u>814,767</u>
Total liabilities and fund balance/net position	<u>\$ 5,522,966</u>	<u>\$ -</u>	<u>\$ 5,522,966</u>

See notes to financial statements.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Adjustments	Statement of Activity
<u>GENERAL REVENUES:</u>			
Landowner assessments	\$ 1,865,078	\$ -	\$ 1,865,078
Grant revenue	1,373,107	-	1,373,107
Interest	86,093	-	86,093
Penalties	586	-	586
Total general revenues	3,324,864	-	3,324,864
<u>EXPENDITURES:</u>			
Current:			
Governance	525,515	-	525,515
Groundwater plan	512,222	-	512,222
Subbasin coordination	53,948	-	53,948
Monitoring/measurement/data development	139,519	-	139,519
Grant writing	10,856	-	10,856
Rate studies	6,604	-	6,604
Annual report	24,874	-	24,874
LandFlex grant expense	1,190,895	-	1,190,895
Total expenditures	2,464,433	-	2,464,433
Net change in fund balance	860,431	(860,431)	-
Increase in net position	-	860,431	860,431
<u>FUND BALANCE/NET POSITION:</u>			
January 1, 2023	(45,664)	-	(45,664)
December 31, 2023	\$ 814,767	\$ -	\$ 814,767

See notes to financial statements.

GREATER KAWEAH GROUNDWATER SUSTAINABILITY AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 1 – Summary of Significant Accounting Policies

Organization

The Greater Kaweah Groundwater Sustainability Agency ("the Agency") was formed and organized on August 23, 2016, under the provisions of the Sustainable Groundwater Management Act of 2014 for the purpose of forming a joint powers agency to serve as a Groundwater Sustainability Agency (GSA) in the Kaweah Subbasin, a region that overlies portions of Tulare and Kings Counties. The Agency is administered by a nine member Board of Directors each serving four year terms. Directors are appointed as follows:

- (1) Two elected members of the governing body of Kaweah Delta Water Conservation District (KDWCD),
- (2) One elected member of the governing board of each member entity, other than KDWCD,
- (3) A representative of California Water Service Company (Cal Water), nominated by Cal Water and appointed by the Board,
- (4) A representative of the Stakeholder Committee nominated by said committee and appointed by the Board,
- (5) A representative of the Rural Communities Committee nominated by said committee and appointed by the Board.

Reporting Entity

The Agency's basic financial statements include the accounts of all its operations. The Agency evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Agency's reporting entity include whether:

- the organization is legally separate (can sue and be sued in its name)
- the Agency holds the corporate powers of the organization
- the Agency appoints a voting majority of the organization's board
- the Agency is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Agency
- there is fiscal dependency by the organization on the Agency
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the Agency has no component units. Additionally, the Agency is not a component unit of any other reporting entity as defined by the GASB statements.

Fund Accounting

The accounts of the Agency are organized on the basis of fund accounting. Under fund accounting, different types of Agency operations are accounted for in different funds, each with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Resources are allocated to and accounted for in individual funds, based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Since the Agency does not have any financial resources that are required to be accounted for in other funds, it utilizes only a "General Fund" for its operations.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible soon enough thereafter to be used to pay liabilities of the current period, usually within sixty days.

Expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Government wide financial statements of net position and activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. General capital asset acquisitions are included with assets of the Agency as a whole and depreciated over their estimated useful lives.

Budgetary Procedures

The Agency operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by use (service and supplies, other charges and contingencies). Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures.

Allowance for Doubtful Accounts

The Agency considers all accounts receivable to be fully collectible. Therefore, an allowance for doubtful accounts is not reflected in these financial statements.

Fund Balances

Governmental funds report fund balances in classifications based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance – includes amounts that are (a) not in spendable form such as prepaid insurance or (b) legally or contractually required to be maintained intact. The Agency did not have any restricted fund balance resources as of December 31, 2023.

Restricted fund balance – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other government or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. The Agency did not have any restricted fund balance resources as of December 31, 2023.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Committed fund balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Agency did not have any committed fund balance resources as of December 31, 2023.

Assigned fund balance – includes amounts that are constrained by the Agency's intent to be used for a specific purpose, but are neither restricted nor committed. This intent is expressed by (a) the Board of Directors or (b) an appointed body or official to which the Board of Directors has delegated the Agency to assign, modify, or rescind amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed. The Agency did not have any assigned fund balance resources as of December 31, 2023.

Unassigned fund balance – this classification includes the residual fund balance for the General Fund that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, it is the Agency's policy to use restricted resources first, followed by committed, assigned and unassigned. However, the Agency reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Equity Classifications

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The Agency reports three categories of net position as follows:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. The Agency did not have any net investment in capital assets as of December 31, 2023.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The Agency did not have any restricted net position as of December 31, 2023.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Agency.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications (continued)

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The Agency's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

Use of Estimates

The preparation of 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 expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Unearned Revenue

Landowner assessments paid in advance of the subsequent calendar year assessment due date is recorded as unearned revenue.

Landowner Assessments

Landowners inside the Agency approved a Proposition 218 assessment levy up to a maximum of \$10 per acre at a duly held public hearing on May 10, 2021. The governing board then approved resolutions to establish assessment of \$10 per acre to be placed on Tulare and Kings Counties property tax rolls. These assessments are payable in two installments on November 1 and March 1.

NOTE 2 – Cash and Cash Equivalents

Statutes authorize districts to invest cash in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, banker's acceptances, repurchase agreements, insured money market accounts, commercial paper, county investment pools, and the State Treasurer's Local Agency Investment Fund.

Cash and cash equivalents consisted of the following at December 31, 2023:

Cash in Valley Strong Credit Union	\$ 2,348,389
Cash in Tulare County Investment Pool	<u>706,782</u>
Total cash and cash equivalents	<u>\$ 3,055,171</u>

At December 31, 2023, cash deposits in excess of federally insured limits were \$2,098,389. The Agency's cash and cash equivalents held in the Tulare County Investment Pool are held in pools with funds of other districts in the county and invests the cash. These pooled funds are not subject to credit risk categorization and are carried at cost which approximates fair value. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 – Related Party Transactions

The agreement to form a joint power authority was signed August 23, 2016, by the five member governments. A memorandum of agreement with California Water Service Company (Cal Water) was signed March 13, 2017. The Agency pays Kaweah Delta Water Conservation District (KDWCD), a member of the Agency, for administrative services. During the year the Agency paid \$286,957 to KDWCD for such services. At year end the Agency owed \$253,270 to KDWCD.

NOTE 4 – Due from Other Governments

The Agency uses Tulare County and Kings County tax assessments to assess the landowners. When tax assessments are collected by the counties, but not yet distributed to the Agency they are considered to be due from other governments. Amounts due from other governments at December 31, 2023, are as follows:

Due from Tulare County	\$ 166,322
Due from Kings County	571,004
Due from Department of Water Resources	<u>1,181,553</u>
 Due from other governments	 <u><u>\$ 1,918,879</u></u>

NOTE 5 – Due to Other Agencies

Assessments of the Agency members are based upon a combination method factored for each member: (1) at an equal 1/6 share, and (2) the actual non-overlap acreage percentage within the Greater Kaweah Groundwater Sustainability Agency boundaries. These two factors are weighted each at 50 percent to arrive at a combination percentage.

Beginning in 2017, the members of the Agency advanced those funds to the Agency in order to cover initial costs until land assessments could be collected. The Agency has agreed to pay the members back for the funds advanced, but no official schedule has been established. Amounts due to other agencies at December 31, 2023, are as follows:

Kaweah Delta Water Conservation District	\$ 2,357,534
Kings County Water District	427,902
Lakeside Irrigation Water District	412,940
St. Johns Water District	320,178
Tulare County	389,001
California Water Service Company	<u>266,316</u>
 Due to other agencies	 <u><u>\$ 4,173,871</u></u>

In October 2024, the Agency repaid all funds that were owed.

GREATER KAWEAH GROUNDWATER SUSTAINABILITY AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 6 – Commitments

The Agency is part of the Department of Water Resources' (DWR) LandFLEX reimbursable grant in which they pay landowners that agree to fallow a portion of their land and then the agency is subsequently reimbursed from the DWR. The total amount committed to be paid to the landowners and received from the DWR is \$2,092,625. At December 31, 2023, the Agency has paid/received \$1,190,895, with the remaining expected to be paid/received in 2024.

The Agency has created a Greater Kaweah Land Fallowing Program in which they pay landowners that agree to fallow a portion of their land for the 2024 water year. The total amount committed to paying enrolled participants is \$231,392. As of December 31, 2023, no amounts had been paid. It is expected these payments will occur in December 2024 and January 2025.

The Agency signed a groundwater modeling services agreement with Montgomery & Associates on February 4, 2021, along with two other GSAs within the Kaweah Subbasin. The Agency's one third committed portion of this agreement is \$36,244. At December 31, 2023, the Agency has incurred \$31,390 with the remaining \$4,854 to be performed.

The Agency signed an agreement with Land IQ, Inc. on June 14, 2021, for determination of evapotranspiration, precipitation, and crop type at the field level. This is a three-year agreement with monthly service invoicing of \$10,347 for a total of \$372,492. At December 31, 2023, the Agency has incurred \$340,700 with the remaining \$31,792 commitment through June 30, 2024.

The Agency signed a consultant agreement with Blue Chair Communications on October 28, 2021, for landowner groundwater allocation awareness campaign outreach services at the rate of \$75 per hour. Termination of the agreement with cause can be given by either party by a sixty-day notice. At December 31, 2023, the Agency has incurred \$9,642.

The Agency has signed various agreements with Provost & Pritchard to assist in well video services, water accounting framework analysis, water budget & restructuring, annual water monitoring and reporting, grant applications and reporting, technical support, Water Dashboard development services, and other services. Some of these agreements have been agreed to along with two other GSAs within the Kaweah Subbasin. The Agency's committed portion of these agreements is \$365,500. At December 31, 2023, the Agency has incurred \$81,669 with the remaining \$283,831 to be performed.

The Agency signed an agreement with Kaweah Delta Water Conservation District to share costs of subbasin NDVI work, along with two other GSAs within the Kaweah Subbasin.

The Agency signed a consultant agreement with Kings River Conservation District for outreach services for Prop. 218 and Prop. 26 Elections at various rates ranging from \$50 to \$120 per hour. At December 31, 2023, the Agency has incurred \$34,400.

On March 2, 2023, the California Department of Water Resources (DWR) sent an Inadequate Determination letter to the Kaweah Subbasin GSAs, including the Greater Kaweah GSA, identifying that the Subbasin's Groundwater Management Plans (GSPs) had not met the requirements of the DWR and that according to SGMA, they were forwarding the jurisdiction of our GSPs to the State Water Resources Control Board (SWRCB). The SWRCB may designate a probationary hearing to consider direction, but until then the GSA's of the Kaweah Subbasin would need to work with the SWRCB to remedy deficiencies of the GSPs.

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 – Subsequent Events

Management has evaluated subsequent events through December 4, 2024, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure, except as noted in Note 5.

REQUIRED SUPPLEMENTARY INFORMATION

**GREATER KAWEAH GROUNDWATER
SUSTAINABILITY AGENCY**

**BUDGETARY COMPARISON SCHEDULE
DECEMBER 31, 2023**

<u>GENERAL REVENUES:</u>	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Landowner assessments	\$ 1,835,562	\$ 1,865,078	\$ 29,516
Grant revenue	-	1,373,107	1,373,107
Interest	31,533	86,093	54,560
Penalties	703	586	(117)
	<u>1,867,798</u>	<u>3,324,864</u>	<u>1,457,066</u>
<u>EXPENDITURES:</u>			
Current:			
Governance	574,000	525,515	48,485
Groundwater plan	730,000	512,222	217,778
Subbasin coordination	50,000	53,948	(3,948)
Monitoring/measurement/data development	495,000	139,519	355,481
Grant writing	20,000	10,856	9,144
Rate studies	40,000	6,604	33,396
Annual report	50,000	24,874	25,126
LandFlex grant expense	-	1,190,895	(1,190,895)
	<u>1,959,000</u>	<u>2,464,433</u>	<u>(505,433)</u>
Excess revenues (expenditures)	<u>\$ (91,202)</u>	<u>\$ 860,431</u>	<u>\$ 951,633</u>

See independent auditors' report.