



AGENDA

Regular Meeting of the Cuyama Basin Water District

Friday, December 16, 2022 at 1:00 p.m. at

NOTE: PARTICIPATION BY TELECONFERENCE ONLY

Subject to the Board's approval of Resolution 2022-011, the District will hold its regular Board of Directors meeting by teleconference.

Participation by computer available by clicking the following Microsoft Teams link:

[CBWD Dec Teams Mtg](#)

Or, participation can be done by telephone using the following instructions:

Call (559) 512-2821, PIN 543 727 190 then #

- 1. Call to Order**
- 2. Pledge of Allegiance**
- 3. Roll Call**
- 4. Consideration of Resolution 2022-011, renewing use of remote teleconference meeting.**
- 5. Self-Introductions**
- 6. Public Comment**—This portion of the meeting is set aside to provide the public an opportunity to bring to the attention of the Board members matters within the jurisdiction of the Board and which are not on today's agenda. No action will be taken on any matter discussed during this portion of the meeting. The total time allotted for this portion of the meeting may be limited and to no more than 5 minutes for each speaker.
- 7. Minutes**
 - a. October 26, 2022 Board Meeting Minutes – Board Approval Needed**
- 8. Financial Report**
 - a. YTD Financial Report and Accounts Payable – Board Approval Needed**
 - b. 2022 Assessments Status Report**
- 9. Management/Administration**
 - a. Review and Accept FY 2021 Audit – Board Approval Needed**

10. Announcements

- a. Next meeting January 4, 2023 (Suggest moving ahead of GSA Meeting)
- b. Future meetings: February 22, 2023
 March 22, 2023 (Optional move to March 29)

11. Adjournment

Americans with Disabilities Act of 1990: Under this act, a qualifying person may request the District provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for assistance shall be made in person, via telephone, or in written form to Matt Klinchuch at 661-616-5900, or mklinchuch@ppeng.com. Requests must be received at least 48 hours prior to a public meeting.

Acronyms*

AF	Acre-Feet
BMP	Best Management Practice
CBGSA	Cuyama Basin Groundwater Sustainability Agency
CBWD	Cuyama Basin Water District
CCSD	Cuyama Community Services District
CEQA	California Environmental Quality Act
CFS	cubic feet per second
CVGB	Cuyama Valley Groundwater Basin
DAC	Disadvantaged Community (80% CA MHI)
DWR	Department of Water Resources
ET	Evapotranspiration
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
HCM	Hydrogeologic Conceptual Model
ILRP	Irrigated Lands Regulatory Program
JPA	Joint Powers Authority
LAFCo	Local Agency Formation Commission
MOU	Memorandum of Understanding
PSP	Proposed Solicitation Package
SBCWA	Santa Barbara County Water Agency
SDAC	Severely Disadvantaged Community (60% CA MHI)
SGMA	Sustainable Groundwater Management Act of 2014
SWRCB	State Water Resources Control Board
USGS	United States Geological Survey

*More to be added as necessary

**BEFORE THE BOARD OF DIRECTORS OF
CUYAMA BASIN WATER DISTRICT**

IN THE MATTER OF:

Resolution No. **2022-011**

**RESOLUTION INITIALLY AUTHORIZING REMOTE TELECONFERENCE
MEETINGS UNDER AB 361**

WHEREAS, meetings of the Board of Directors (“Board”) of Cuyama Basin Water District (“District”) and its committees are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District’s legislative bodies conduct their business;

WHEREAS, Government Code section 54953(e), as amended by Assembly Bill 361 (2021) (“AB361”), signed by the Governor on September 16, 2021, provides for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, the District wishes to invoke the provisions of AB361 to authorize teleconference meetings subject to the modified standard of Government Code section 54953(e);

NOW, THEREFORE, BE IT RESOLVED that:

Section 1. Findings. The Board hereby finds as follows:

- (a) As required by Government Code section 54953(e)(1), a proclaimed state of emergency exists under the California Emergency Services Act, as declared by the Governor on March 4, 2020.
- (b) State or local officials have imposed or recommended measures to promote social distancing.
- (c) The Board has considered the circumstances of the state of emergency.
- (d) The state of emergency directly impacts the ability of the members to meet safely in person.

Section 2. Procedures for Teleconference Meetings. The District and its committees shall hold teleconference meetings pursuant to the requirements of Government Code section 54953(e).

Section 3. Effective Date. This resolution shall take effect immediately upon its adoption.

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Section 4. Renewal. Pursuant to Government Code section 54953(e)(3), the District will reconsider the state of emergency every 30 days.

PASSED AND ADOPTED by the Board of Directors of Cuyama Basin Water District on December 16, 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

I HEREBY CERTIFY that the foregoing resolution is the resolution of said District as duly passed and adopted by said Board of Directors on December 16, 2022.

WITNESS my hand and seal of said Board of Directors, December 16, 2022.

Secretary of the Board of Directors



MEETING MINUTES
Regular Meeting of the
Cuyama Basin Water District

Wednesday, October 26th, 2022, at 3:30 p.m.

NOTE: Board & Public Participation In-Person & Teleconference

BOARD MEMBERS PRESENT:

Byron Albano, Vice-President
Matt Vickery
Jane Wooster (Phone)

Matt Klinchuch, CBWD GM
Brett Stroud, CBWD Counsel
Brad DeBranch, CBWD Secretary
Jeff Shaw, EKI
Mark Ellsworth, Duncan Farms
Juan Contreras, Sunridge
Rick Burnes, Sunridge (Phone)
Brent Kelly (Phone)
Eileen Hiss (Phone)

BOARD MEMBERS ABSENT:

Derek Yurosek, President

AUDIENCE MEMBERS PRESENT:

- 1. Call to Order** – Director Albano called the meeting to order at 3:31 p.m.
- 2. Pledge of Allegiance** – Completed
- 3. Roll Call** – Present: Directors Albano, Vickery, and Wooster. Absent: Director Yurosek. Board quorum present.
- 4. Consideration of Resolution 2022-010, renewing use of remote teleconference meeting.**
 - a. A motion was made by Director Vickery and seconded by Director Wooster to adopt Resolution 2022-010, renewing use of remote teleconference meeting. The motion was unanimously carried.
- 5. Self-Introductions** – All audience members were introduced.
- 6. Public Comment** – No public comment received.
- 7. Minutes**
 - a. A motion was made by Director Vickery and seconded by Director Wooster to approve the September 28th, 2022, Regular Meeting Minutes. The motion was unanimously carried.

8. Financial Report

- a. YTD Financial Report & Accounts Payable – An overview of the current financial report and accounts payable was provided by the General Manager. A motion was made by Director Vickery and seconded by Director Wooster to accept and pay the Accounts Payable for September 2022. The motion was unanimously carried.
- b. 2022 Assessments Status Report – CBWD has received approximately 94% of landowner assessments for 2022.

9. Management/Administration

- a. Status Report – General Manager still needs to conduct research on CD and other investment options for Board consideration. The Board was notified that ethics training should be complete by end of the year.
- b. Discussion and Possible Action Regarding Board Vacancy – A Board Ad Hoc including Director Albano and Director Vickery reported on discussions with both Board member candidates prior to the meeting, and recommended appointment of Rick Burnes to fill the Board vacancy. A motion was made by Director Wooster and seconded by Director Vickery to appoint Rick Burnes to the Board of Directors. The motion was unanimously carried.

10. Groundwater Sustainability Agency (GSA) for Cuyama Basin

- a. Status Report on Cuyama Basin Groundwater Sustainability Agency – The next GSA Board meeting is scheduled for November 3, 2022. Meeting location has changed back to Cuyama Valley Resource Center. There was a tech forum call on October 18, 2022 and another scheduled meeting at the end of November.
- b. EKI Update on Technical Components – EKI presented findings from their latest technical review and assessments including CBWRM efficiency, tech forum discussions and agenda items on the upcoming SAC meeting. The groundwater model used by EKI is now on a monthly time step which has improved their ability to run the model while reducing the time it takes to complete a model run. EKI plans to share the altered model with W&C which was supported by the Board. EKI reported on the latest tech forum discussion related to the Russell fault and Santa Barbara Canyon fault and whether or not the Board would like to pursue a competitive grant to fund further evaluation of these faults. EKI concluded their report with an update on the upcoming SAC agenda items includes CMA boundary issues, well permitting policy and impacts to domestic wells.
- c. Review potential CBGSA Agenda items and consider action providing any recommendations regarding agenda items – General Manager provided a brief update on the upcoming board action items.
- d. Management Area Policy Discussion – Nothing discussed
- e. Allocation Strategy Discussion – Nothing discussed.

11. New Business – No new business was discussed.

12. Announcements

- a. Next meeting: November 23, 2022; Canceled
- b. Future meetings: December 28, 2022; Subject to Change

13. Closed Session

- a. Government Code Section 54956.9 Anticipated Litigation
Number of Potential Cases: One

14. Closed Session Item

- a. Report action taken in Closed Session required by Government Code Section 54956.9 (d) (2) - The Board did not move into closed session.

15. Adjournment – Meeting was adjourned by Director Albano at 5:18p.m.

Respectfully Submitted

**Brad DeBranch, Secretary
Cuyama Basin Water District**

Cuyama Basin Water District - 2021 Income, Expenses, & Budget Performance (As of 12/13/2022)

CATEGORY	CODE	DESCRIPTION	January	February	March	April	May	June	July	August	September	October	November	December	Total	Budget	Budget Remaining	% of Budget	
Income																			
	1000	2021 District Assessment	-	-	230.60	47.73	-	-	-	-	-	-	-	-	169,982.10	176,250.00	6,267.90	96%	
		2022 District Assessment	-	-	-	72,105.51	64,220.18	15,571.73	603.02	2,069.02	2,488.18	7,621.49	2,697.60	-	167,376.73	175,620.00	8,243.27	95%	
	1100	Interest - Savings/Money Market/Etc.	-	-	-	-	-	-	-	-	1,132.73	1,098.01	1,006.38	-	3,237.12	-	(3,237.12)	#DIV/0!	
	2000	Miscellaneous Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
		Santa Barbara Co. Tax Bill (2020 Assessment)	-	-	-	1,498.37	-	86.53	-	-	-	-	-	-	-	3,245.04	3,877.99	632.95	84%
		Santa Barbara Co. Tax Bill (2021 Assessment)	-	-	-	-	-	-	-	-	-	-	-	746.28	-	746.28	5,023.56	4,277.28	15%
		San Luis Obispo Co. Tax Bill (2020 Assessment)	-	-	-	160.64	160.64	-	93.38	-	-	-	-	-	-	575.24	524.04	(51.20)	110%
		San Luis Obispo Co. Tax Bill (2021 Assessment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	554.60	554.60	0%
		Ventura Co. Tax Bill (2020 Assessment)	17.80	-	-	-	-	-	-	-	-	-	-	-	-	17.80	18.06	0.26	99%
		Ventura Co. Tax Bill (2021 Assessment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	160.38	160.38	0%
Total Income		17.80	-	230.60	73,812.25	64,380.82	15,658.26	696.40	2,069.02	3,620.91	8,719.50	4,450.26	-	175,198.21	185,778.63	10,580.42	94%		
Expense																			
	3000	Manager - General District	466.00	1,516.50	4,752.07	3,433.11	2,752.50	2,823.47	1,514.48	2,424.00	2,689.25	3,307.72	-	-	25,679.10	35,000.00	9,320.90	73%	
	3100	Accounting & Auditing Services	-	-	-	620.00	-	-	-	-	-	3,500.00	-	-	4,120.00	5,620.00	1,500.00	73%	
	3200	Bank Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	
	3300	Insurance	-	-	6,808.00	250.00	-	-	-	-	-	-	-	-	7,058.00	7,000.00	(58.00)	101%	
	3400	Legal Services	1,681.50	952.00	2,119.25	566.50	2,332.50	2,175.88	1,180.00	1,185.00	2,175.08	1,288.00	191.50	-	15,847.21	50,000.00	34,152.79	32%	
	4000	Manager - SGMA Activities	1,760.00	3,120.00	2,000.00	1,840.00	3,440.00	2,073.50	1,085.50	2,004.00	3,841.00	3,423.50	-	-	24,587.50	50,000.00	25,412.50	49%	
	5000	Data Collection	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000.00	20,000.00	0%	
	6000	Technical Studies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!	
	7000	Groundwater Sustainability Plan (GSP) Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!	
	8000	Groundwater Sustainability Plan (GSP) Implementation	-	-	-	32,697.22	31,444.06	-	-	-	63,940.05	-	-	-	128,081.33	151,400.00	23,318.67	85%	
	9000	Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,000.00	8,000.00	0%
Total Expenses		3,907.50	5,588.50	15,679.32	39,406.83	39,969.06	7,072.85	3,779.98	5,613.00	72,645.38	11,519.22	191.50	-	205,373.14	327,020.00	121,646.86	63%		
Net Income		(3,889.70)	(5,588.50)	(15,448.72)	34,405.42	24,411.76	8,585.41	(3,083.58)	(3,543.98)	(69,024.47)	(2,799.72)	4,258.76	-	(30,174.93)	(141,241.37)				
Monthly Bank Balance (month end)		1,259,603.54	1,251,111.60	1,250,390.20	1,310,766.72	1,364,839.72	1,335,719.65	1,297,459.05	1,299,528.07	1,291,421.68	1,292,353.10	1,226,298.96							

Cuyama Basin Water District - YTD Budget Variance Report (As of 12/13/2022)

CATEGORY	DESCRIPTION	2022 Budget	Actual (YTD)	Budget Variance
Income				
	2021 District Acreage Assessment	\$175,620	\$167,377	-\$8,243
	Interest Earnings - Savings/Money Market/Etc.	\$0	\$3,237	\$3,237
	Miscellaneous Member Payments	\$10,159	\$4,584	-\$5,574
	Total Income	\$185,778.63	\$175,198.21	-\$10,580.42
Expense				
	Manager - General District	\$35,000	25,679.10	-\$9,321
	Accounting & Auditing Services	\$5,620	4,120.00	-\$1,500
	Bank Service Charges	\$0	-	\$0
	Insurance	\$7,000	7,058.00	\$58
	Legal Services	\$50,000	15,847.21	-\$34,153
	Manager - SGMA Activities	\$50,000	24,587.50	-\$25,413
	Data Collection	\$20,000	-	-\$20,000
	Technical Studies	\$0	-	\$0
	Groundwater Sustainability Plan (GSP) Development	\$0	-	\$0
	Groundwater Sustainability Plan (GSP) Implementation	\$151,400	128,081.33	-\$23,319
	Miscellaneous Expenses	\$8,000	-	-\$8,000
	Total Expenses	\$327,020.00	\$205,373.14	-\$121,646.86
	Net Income	-\$141,241.37	-\$30,174.93	\$111,066.44

Cuyama Basin Water District
Accounts Payable - Ready for Approval
December 2022

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
1199	11/3/2022 12/6/2022	Young-Wooldridge	2003562 - Valley Repub	
			3400 Legal	-\$1,479.50
TOTAL				-\$1,479.50
1200	11/10/2022	BHK - Barbich Hooper Ki	2003562 - Valley Repub	
			3100 Accounting & Au	-\$3,500.00
TOTAL				-\$3,500.00
1201	11/20/2022	Provost & Pritchard Cons	2003562 - Valley Repub	
			3000 Manager - Gener	-\$3,307.72
			4000 Manager - SGMA	-\$3,423.50
TOTAL				-\$6,731.22



1199

A LIMITED LIABILITY PARTNERSHIP • EST. 1939
1800 30TH STREET, FOURTH FLOOR
BAKERSFIELD . CA. 93301

HTTP://WWW.YOUNGWOOLDRIDGE.COM
EMAIL: ACCOUNTING@YOUNGWOOLDRIDGE.COM
PHONE: (661) 327-9661
FACSIMILE: (661) 327-1087

PRIVILEGED AND CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATIONS

CONFIDENTIAL

CUYAMA BASIN WATER DISTRICT
MATT KLINCHUCH, PC
MANAGER- ASSESSOR-COLLECTOR
1800 30TH STREET, SUITE 280
BAKERSFIELD, CA 93301

October 31, 2022

Client ID 20308 SKK

Statement for period through October 31, 2022**Summary by Matter**

Matter	Description	Prior Balance	Payments & Adjustments	Current Charges	Total Due
4	BOARD MEETINGS AND MATTERS (INCL. BROWN ACT)	\$1,799.50	-\$1,799.50	\$649.00	\$649.00
22	ELECTION MATTERS	\$198.50	-\$198.50	\$44.00	\$44.00
47	ORGANIZATION - DETACH/ANNEX	\$0.00	\$0.00	\$590.00	\$590.00
100	COSTS	\$177.08	-\$177.08	\$5.00	\$5.00
PRIOR STATEMENT BALANCE					\$2,175.08
TOTAL PAYMENTS AND ADJUSTMENTS					-\$2,175.08
CURRENT CHARGES					\$1,288.00
PAY THIS AMOUNT					\$1,288.00

Any Payments Received After 10/31/22 Will Appear on Your Next Statement

Visa, MasterCard and Discover accepted

A FINANCE CHARGE OF 1.5% WILL BE ADDED TO YOUR BALANCE 30 DAYS AFTER STATEMENT DATE



THE LAW OFFICES OF

A LIMITED LIABILITY PARTNERSHIP • EST. 1939
 1800 30TH STREET, FOURTH FLOOR
 BAKERSFIELD . CA. 93301

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PRIVILEGED AND CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATIONS

CONFIDENTIAL

CUYAMA BASIN WATER DISTRICT
 MATT KLINCHUCH, PC
 MANAGER- ASSESSOR-COLLECTOR
 1800 30TH STREET, SUITE 280
 BAKERSFIELD, CA 93301

November 30, 2022

Client ID 20308 SKK

Statement for period through November 30, 2022**Summary by Matter**

Matter	Description	Prior Balance	Payments & Adjustments	Current Charges	Total Due
4	BOARD MEETINGS AND MATTERS (INCL. BROWN ACT)	\$649.00	\$0.00	\$0.00	\$649.00
22	ELECTION MATTERS	\$44.00	\$0.00	\$44.00	\$88.00
47	ORGANIZATION - DETACH/ANNEX	\$590.00	\$0.00	\$147.50	\$737.50
100	COSTS	\$5.00	\$0.00	\$0.00	\$5.00
PRIOR STATEMENT BALANCE					\$1,288.00
CURRENT CHARGES					\$191.50
PAY THIS AMOUNT					\$1,479.50

Any Payments Received After 11/30/22 Will Appear on Your Next Statement

Visa, MasterCard and Discover accepted

A FINANCE CHARGE OF 1.5% WILL BE ADDED TO YOUR BALANCE 30 DAYS AFTER STATEMENT DATE



1200

Cuyama Basin Water District
Matt Klinchuch
1800 30th Street, Suite 280
Bakersfield, CA 93301

Invoice Date. 10/31/2022
Invoice No. 144251
Client No. B08786.00

Please Detach And Return Upper Portion With Remittance For Proper Credit To Your Account

B08786.00 Cuyama Basin Water District
Invoice No. 144251 10/31/2022

Audit services rendered through October 2022, including:

Progress billing for planning procedures related to the December 31, 2021 year audit engagement including review of prior year files, review of interim information and preparation and updating of basic client information documentation.

Analysis and review of information obtained, performance of specific audit procedures and preparation of necessary adjusting journal entries in connection with current year audit engagement.

Current Amount Due \$ 3,500.00

Delinquent Amounts will accrue interest at 1% per month (12% per annum)

BARBICH HOOPER KING DILL HOFFMAN
P.O. BOX 11171 | BAKERSFIELD, CA 93389

1201

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Clovis, CA 93611
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Fax (559) 449-2715

EST. 1968
**PROVOST &
PRITCHARD**
CONSULTING GROUP
An Employee Owned Company

Cuyama Basin Water District
1800 30th Street, Suite 200
Bakersfield, CA 93301

November 29, 2022
Project: No: 02620-22-001
Invoice No: 96769

Project Name: 2022 CBWD-Manager

Client Project #:

Activities included the following activities:

MAN: Website updates with meeting materials. Director vacancy coordination and meetings. FY2021 Audit coordination. Prepare and attend Oct 26 CBWD Board meeting. Reimbursables (mileage).

SGMA: GSA assistance on Well survey reminder and SGMA mapping coordination. Oct 18 Tech Forum. Prepare and attend Oct 26 CBWD Board meeting.

Professional Services from October 1, 2022 to October 31, 2022

Phase: MAN Manager

Labor

	Hours	Rate	Amount	
Senior Engineer	16.50	167.00	2,755.50	
Senior GIS Specialist	.30	160.00	48.00	
Associate GIS Specialist	3.30	106.00	349.80	
External Affairs Specialist	.40	105.00	42.00	
Totals	20.50		3,195.30	
Total Labor				3,195.30

Reimbursable Expenses

Travel & Mileage			89.85	
Other Direct Reimb Expenses			22.57	
Total Reimbursables			112.42	112.42

Total this Phase: \$3,307.72

Phase: SGMA SGMA

Labor

	Hours	Rate	Amount	
Senior Engineer	20.50	167.00	3,423.50	
Totals	20.50		3,423.50	
Total Labor				3,423.50

Total this Phase: \$3,423.50

Total this Invoice \$6,731.22

UNIQUE_ID		Assessed Amount	Payment Received	Amount Paid
CBWD	1	58.21	4/5/2022	58.21
CBWD	2	4,443.83	9/30/2022	4,443.83
CBWD	3	2,233.54		
CBWD	4	27,683.46	4/20/2022	27,683.46
CBWD	5	6.65		
CBWD	6	35.20	5/26/2022	35.20
CBWD	7	5.31		
CBWD	8	16.90	4/6/2022	16.90
CBWD	9	640.25	4/19/2022	640.25
CBWD	10	6.02		
CBWD	11	10.84		
CBWD	12	24,274.90	5/15/2022	24,274.90
CBWD	13	32,718.10	5/15/2022	32,718.10
CBWD	14	412.02	6/10/2022	412.02
CBWD	15	195.03	4/12/2022	195.03
CBWD	16	35.20		
CBWD	17	15,314.97	5/26/2022	15,314.97
CBWD	18	9.00		
CBWD	19	306.95		
CBWD	21	34.57	5/2/2022	34.57
CBWD	23	9.14		
CBWD	24	37.23		
CBWD	25	186.23	4/7/2022	186.23
CBWD	26	54.00		
CBWD	28	433.94		
CBWD	29	153.68	5/2/2022	153.68
CBWD	30	277.36	5/23/2022	277.36
CBWD	31	11.49		
CBWD	32	17.60	4/8/2022	17.60
CBWD	33	8.80		
CBWD	34	9,684.75	4/20/2022	9,684.75
CBWD	35	19.47		
CBWD	36	2.10		
CBWD	37	123.20	4/11/2022	123.20
CBWD	38	37.25		
CBWD	39	4.81	4/24/2022	4.81
CBWD	40	6.97		
CBWD	41	17.60		
CBWD	42	281.60		
CBWD	43	1.06		
CBWD	44	9.00		
CBWD	45	17.42	5/23/2022	17.42
CBWD	47	900.62		
CBWD	49	47.73	4/8/2022	47.73
CBWD	50	17.60	4/6/2022	17.60

 Assessment Less than \$15

2022 Assessment Payment Summary
Through (12/13/2022)

UNIQUE_ID		Assessed Amount	Payment Received	Amount Paid
CBWD	51	31.53		
CBWD	52	325.55		
CBWD	53	16.57		
CBWD	54	35.20	4/5/2022	35.20
CBWD	55	246.40		
CBWD	55	70.40		
CBWD	56	14.81	10/20/2022	14.81
CBWD	57	97.34		
CBWD	58	35.20		
CBWD	60	52.04	4/20/2022	52.04
CBWD	63	17.60	8/22/2022	17.60
CBWD	64	18.38	7/25/2022	18.38
CBWD	65	35.20	4/11/2022	35.20
CBWD	66	1,202.99	4/11/2022	1,202.99
CBWD	67	32.49		
CBWD	68	105.60	5/23/2022	105.60
CBWD	69	131.56	5/26/2022	131.56
CBWD	70	2.66		
CBWD	71	4.85		
CBWD	72	3.64		
CBWD	73	3.36		
CBWD	74	1,448.98	8/24/2022	1,448.98
CBWD	75	6.23		
CBWD	76	602.44	8/22/2022	602.44
CBWD	77	135.37	4/13/2022	135.37
CBWD	78	2,414.38	4/19/2022	2,414.38
CBWD	79	40.83	5/5/2022	40.83
CBWD	80	22.64	4/20/2022	22.64
CBWD	81	359.46	4/14/2022	359.46
CBWD	82	11.00		
CBWD	83	17.48	4/10/2022	17.48
CBWD	84	4,027.07	5/2/2022	4,027.07
CBWD	85	52.80	9/22/2022	52.80
CBWD	86	6.73		
CBWD	87	4.40		
CBWD	88	33.54		
CBWD	90	0.89		
CBWD	91	33.53		
CBWD	92	43.91		
CBWD	93	230.60		
CBWD	94	9.00		
CBWD	95	67.69		
CBWD	97	6,096.66	4/8/2022	6,096.66
CBWD	98	11,393.04	4/20/2022	11,393.04
CBWD	99	2,682.79	11/7/2022	2,682.79

2022 Assessment Payment Summary
Through (12/13/2022)

UNIQUE_ID		Assessed Amount	Payment Received	Amount Paid
CBWD	100	8.93		
CBWD	101	332.47		
CBWD	102	7.78		
CBWD	103	127.81	4/10/2022	127.81
CBWD	104	480.57	4/6/2022	480.57
CBWD	105	2.52		
CBWD	106	12.66		
CBWD	107	158.40	4/5/2022	158.40
CBWD	108	52.80	4/5/2022	52.80
CBWD	109	32.64	4/8/2022	32.64
CBWD	110	8.99		
CBWD	111	2,038.47	9/23/2022	2,038.47
CBWD	112	396.91	9/23/2022	396.91
CBWD	113	123.27		
CBWD	115	6.67		
CBWD	116	17.60		
CBWD	117	2.41	4/25/2022	2.41
CBWD	118	10.78		
CBWD	119	17.60		
CBWD	120	31.91	5/12/2022	31.91
CBWD	121	64.63		
CBWD	122	4.40		
CBWD	123	17.41		
CBWD	124	20.37		
CBWD	125	17.87	4/15/2022	17.87
CBWD	126	335.45		
CBWD	127	1.00		
CBWD	128	328.25	4/8/2022	328.25
CBWD	129	126.22	4/8/2022	126.22
CBWD	130	8.80		
CBWD	131	18.00	4/5/2022	18.00
CBWD	132	35.00		
CBWD	133	70.88	4/12/2022	70.88
CBWD	134	834.63	9/30/2022	834.63
CBWD	135	17.60	4/5/2022	17.60
CBWD	136	111.35	4/5/2022	111.35
CBWD	137	12.77		
CBWD	138	599.00	4/11/2022	599.00
CBWD	139	44.00		
CBWD	140	10.37		
CBWD	141	1.66		
CBWD	142	196.17	4/5/2022	196.17
CBWD	143	137.59	6/24/2022	137.59
CBWD	144	69.52	4/5/2022	69.52
CBWD	145	17.60	4/25/2022	17.60

2022 Assessment Payment Summary
Through (12/13/2022)

UNIQUE_ID		Assessed Amount	Payment Received	Amount Paid
CBWD	146	89.16	5/26/2022	90.00
CBWD	147	4,351.75	4/21/2022	4,351.75
CBWD	148	3,888.59	5/24/2022	3,888.59
CBWD	149	87.21	4/20/2022	87.21
CBWD	150	44.96	4/7/2022	44.96
CBWD	151	35.03	7/15/2022	35.03
CBWD	152	2.69	4/8/2022	2.69
CBWD	153	318.80	10/10/2022	318.80
CBWD	154	17.60	4/13/2022	17.60
CBWD	155	2,024.23	10/3/2022	2,024.23
CBWD	156	5.07		
CBWD	157	24.20	4/5/2022	24.20
CBWD	158	13.29		
CBWD	159	35.20	4/25/2022	35.20
CBWD	160	17.60		
CBWD	161	1,185.71	4/14/2022	1,185.71
CBWD	162	8.44		
CBWD	163	3.96		
CBWD	164	1.18		
CBWD	165	4.40		
CBWD	166	225.46		
CBWD	167	476.82		
CBWD	168	8.81		
CBWD	169	1,608.22	4/27/2022	1,608.22
CBWD	171	493.15	4/8/2022	493.15
CBWD	172	37.65	4/19/2022	37.65
CBWD	173	787.34		
CBWD	174	149.35		
CBWD	175	8.95		

Dollars Received 167,376.73
95%
Payments Received 80
68%

2022 Assessment Payment Summary
Through (12/13/2022)

UNIQUE_ID		Assessed Amount	Payment Received	Amount Paid
CBWD	3	2,233.54		
CBWD	28	433.94		
CBWD	47	900.62		
CBWD	167	476.82		
CBWD	173	787.34		

4,832.26

3% Total Budget

Cuyama Basin Water District

Financial Statements

December 31, 2021 and 2020

Draft

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Independent Auditors' Report

Board of Directors
Cuyama Basin Water District
Bakersfield, California

Opinions

We have audited the accompanying financial statements of the Cuyama Basin Water District as of and for the years ended December 31, 2021 and 2020, and the related notes to the 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 Cuyama Basin Water District as of December 31, 2021 and 2020, and the respective 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Cuyama Basin Water District 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 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 Cuyama Basin Water District'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 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Cuyama Basin Water District 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 Cuyama Basin Water District'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.

BARBICH HOOPER KING
DILL HOFFMAN
Accountancy Corporation

Bakersfield, California
December 5, 2022

Cuyama Basin Water District

Management's Discussion and Analysis

As management of the Cuyama Basin Water District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance for the years ended December 31, 2021 and 2020. Please read it in conjunction with the District's financial statements, which follow this section.

Financial and Operating Highlights

The primary tasks of the District in the 2021 Fiscal Year, the fifth year of operations, were:

- To fund the District's annual operations.
- To fund activities associated with implementation activities associated with the Groundwater Sustainability Plan (GSP) submitted in early 2021 by the Cuyama Basin Groundwater Sustainability Agency (CBGSA) to comply with the SGMA legislation.

As of December 31, 2021 the District had made significant progress in accomplishing these goals.

Overview of the Financial Statements

This annual financial report includes the management's discussion and analysis, the independent auditors' report, and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statements of Net Position include all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

All of the revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements can be used to determine whether the District has successfully recovered all of its costs through its user fees and other charges, and to determine its profitability and its creditworthiness.

The final required financial statements are the Statements of Cash Flows. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, financing, and investing activities, and provides answers to questions such as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

The Statements of Net Position, and the Statements of Revenues, Expenses and Changes in Net Position report information about the District's activities during the year. These two statements report the net position of the District and the changes in it.

Cuyama Basin Water District

Management's Discussion and Analysis

Table A presents a summary of the District's statements of net position.

Table A
Condensed Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
ASSETS				
Current assets	<u>\$ 1,266,532</u>	<u>\$ 990,105</u>	<u>\$ 276,427</u>	27.9%
LIABILITIES AND NET POSITION				
Current liabilities	\$ 13,201	\$ 22,727	\$ (9,526)	(41.9%)
NET POSITION				
Unrestricted	<u>1,253,331</u>	<u>967,378</u>	<u>285,953</u>	29.6%
	<u>\$ 1,266,532</u>	<u>\$ 990,105</u>	<u>\$ 276,427</u>	27.9%

The increase in current assets of \$276,427, or 27.9%, at December 31, 2021 is largely due to an increase in cash on hand at year end following reimbursement by the CBGSA early in the year.

The decrease in current liabilities of \$9,526, or 41.9%, at December 31, 2021 is due a decrease in payments to EKI Environmental & Water in the current year for service fees.

The increase in unrestricted balance of \$285,953 or 29.6% at December 31, 2021 is due to a positive increase in revenues over expenses in the current year.

Cuyama Basin Water District

Management's Discussion and Analysis

While the Statements of Net Position show the change in financial position of the District, the Statements of Revenues, Expenses and Changes in Net Position provide answers as to the nature and source of these changes.

Table B presents a summary of the District's statements of revenues, expenses and changes in net position.

Table B
Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	2021	2020	Dollar Change	Percentage Change
Operating revenues	\$ 176,035	\$ 217,747	\$ (41,712)	(19.2%)
Operating expenses	(201,056)	(161,650)	39,406	24.4%
Operating income	<u>(25,021)</u>	<u>56,097</u>	<u>(81,118)</u>	(144.6%)
Nonoperating income	<u>310,974</u>	<u>-</u>	<u>310,974</u>	100.0%
Change in net position	285,953	56,097	229,856	409.7%
Net position, at beginning of year	<u>967,378</u>	<u>911,281</u>	<u>56,097</u>	6.2%
Net position, at end of year	<u><u>\$ 1,253,331</u></u>	<u><u>\$ 967,378</u></u>	<u><u>\$ 285,953</u></u>	29.6%

The decrease in operating revenues of \$38,978, or 17.9%, during the year ended December 31, 2021 is attributed to decreased land-based assessments for the 2021 year associated with the Proposition 218 maximum allowable budget passed in 2017 Proposition 218 election.

The increase in operating expenses of \$42,140, or 26.1%, during the year ended December 31, 2021 is primarily attributed to increases in contract labor, review fees, and legal fees.

Cuyama Basin Water District

Management's Discussion and Analysis

Budgetary Comparison

The District prepares and adopts a budget annually, however, it is tied to a Proposition 218 election that set maximums in each year. The Proposition 218 is used as a guideline for the regulation of expenses and generally serves as the basis from which assessments are determined and approved.

Table C
Budget Versus Actual Comparison
For the Year Ended December 31, 2021

	<i>2021 Actual</i>	<i>2021 Budget</i>	<i>Dollar Change</i>	<i>Percentage Change</i>
Operating revenues	\$ 176,035	\$ 176,250	\$ (215)	(0.1%)
Operating expenses	(201,056)	(327,550)	(126,494)	(38.6%)
Other income	310,974	-	310,974	100.0%
Change in net position	<u>\$ 285,953</u>	<u>\$ (151,300)</u>		

Budget

For the 2021 Fiscal Year, the District established a deficit budget following prior years that saw expenses less than anticipated. With new groundwater pumping charges being established by the CBGSA, the desire was to reduce the financial burden on District landowners where possible. The District also saw a one-time reimbursement from the CBGSA for expenses incurred starting the CBGSA.

Capital Assets

During the years ended December 31, 2021 and 2020, the District did not purchase or receive capital assets.

Debt Service Requirements

No debt was issued or outstanding during the years ended December 31, 2021 and 2020.

Contacting the District's Management

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Matt Klinchuch, General Manager of Cuyama Basin Water District, 1800 30th Street, Suite 280, Bakersfield, California 93301.

Cuyama Basin Water District

*Statements of Net Position
December 31, 2021 and 2020*

<i>ASSETS</i>	<i>2021</i>	<i>2020</i>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 1,259,586	\$ 961,819
Accounts receivable, landowners, net of allowance	6,946	28,286
	<u>\$ 1,266,532</u>	<u>\$ 990,105</u>
 <i>LIABILITIES AND NET POSITION</i>		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	\$ 13,201	\$ 22,727
 <i>Net Position</i>		
Unrestricted	<u>1,253,331</u>	<u>967,378</u>
	<u>\$ 1,266,532</u>	<u>\$ 990,105</u>

See Notes to Financial Statements.

Cuyama Basin Water District

*Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
Revenues:		
Assessments to landowners	<u>\$ 176,035</u>	<u>\$ 217,747</u>
Operating expenses:		
Technical studies	93,386	78,591
Legal and accounting	35,354	17,339
General and administrative	<u>72,316</u>	<u>65,720</u>
	<u>201,056</u>	<u>161,650</u>
Operating income (loss)	<u>(25,021)</u>	<u>56,097</u>
Nonoperating income:		
Other income	<u>310,974</u>	<u>-</u>
Change in net position	285,953	56,097
Net position, beginning of year	<u>967,378</u>	<u>911,281</u>
Net position, end of year	<u><u>\$ 1,253,331</u></u>	<u><u>\$ 967,378</u></u>

See Notes to Financial Statements.

Cuyama Basin Water District

***Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020***

	<u>2021</u>	<u>2020</u>
<i>Cash flows from operating activities:</i>		
Cash receipts from assessments	\$ 197,375	\$ 251,724
Cash receipts from others	310,974	-
Cash payments to suppliers for goods and services	<u>(210,582)</u>	<u>(224,842)</u>
Net cash provided by operating activities	<u>297,767</u>	<u>26,882</u>
<i>Net increase in cash and cash equivalents</i>	297,767	26,882
<i>Cash and cash equivalents at beginning of year</i>	<u>961,819</u>	<u>934,937</u>
<i>Cash and cash equivalents at end of year</i>	<u><u>\$ 1,259,586</u></u>	<u><u>\$ 961,819</u></u>
<i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>		
Operating income (loss)	\$ (25,021)	\$ 56,097
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>		
Other income	310,974	-
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	21,340	33,977
Accounts payable	<u>(9,526)</u>	<u>(63,192)</u>
Net cash provided by operating activities	<u><u>\$ 297,767</u></u>	<u><u>\$ 26,882</u></u>

See Notes to Financial Statements.

Cuyama Basin Water District

Notes to Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

The reporting entity:

As a result of extended drought in California and diminishing surface water supplies, the State of California began proposing and developing comprehensive groundwater legislation to better manage groundwater. The California State Legislature passed and the Governor signed the “Sustainable Groundwater Management Act” (“SGMA”) on September 16, 2014, which became effective January 1, 2015.

The Cuyama Basin Water District (the District) is a California water district formed pursuant to Division 13 of the California Water Code for the primary purpose of operating on behalf of agricultural interests for compliance with SGMA. The District landowners approved the formation of the District on February 28, 2017, and began operations effective March 13, 2017. The District encompasses an area of approximately 83,000 acres within the Santa Barbara, San Luis Obispo, and Ventura Counties, and is located in the Cuyama Valley. The District does not have a contracted surface water supply from State or Federal sources.

The District joined a joint power agency (JPA) effective June 6, 2017. The JPA, the Cuyama Basin Groundwater Sustainability Agency (CBGSA), serves as the groundwater sustainability agency for the Cuyama Valley Groundwater Basin as required by the SGMA. Under the CBGSA, a groundwater sustainability plan (GSP) will be implemented as required to achieve a sustainable yield of the Cuyama Valley Groundwater Basin.

Management and Board of Directors:

The District is governed by a Board of Directors, which elects a President and Vice-President, whose terms are established by the Board of Directors from time to time as necessary.

Basis of accounting and financial reporting:

The accompanying financial statements have been prepared on the accrual basis of accounting, in conformity with the uniform system of accounts prescribed for water districts by the Controller of the State of California. Revenues are recognized when earned and expenses are recognized when incurred regardless of the timing of cash payments or receipts.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

When the District has both unrestricted and restricted resources available for District purposes, it is the District’s practice to first expend restricted resources, subsequently utilizing unrestricted resources as needed. During the years ended December 31, 2021 and 2020, there were no restricted resources.

Notes to Financial Statements

The District utilizes a net position presentation in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position*. Net position is categorized as invested in capital assets, net of related debt, restricted components of net position, and unrestricted components of net position. These categories are defined as follows:

Net investment in capital assets- This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and the deferred outflow of advanced refunding of bonds, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted components of net position - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted components of net position - This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position

Fund accounting:

The District is accounted for as an enterprise fund. Enterprise funds are set up to account for the acquisition and operation of government facilities and services that are intended to be primarily (over 50%) self-supported by user charges. Enterprise funds are required when any one of the three criteria are met: the activity of the fund is financed by debt secured by a pledge of fee revenue, laws require collection fees adequate to recover costs, or pricing policies are established to produce fees that recover costs.

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 expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

For purposes of reporting cash flows, the District considers cash equivalents to be all highly liquid debt instruments purchased with an original maturity of three months or less. At December 31, 2021 and 2020, cash and cash equivalents include amounts deposited with banks.

Notes to Financial Statements

Cash flows:

GASB Statement No. 9, *Reporting of Cash Flows for Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, states for purposes of preparing the statements of cash flows, all transactions not classified as capital and related financing activities or investing activities are classified as operating activities.

Accounts receivable:

The District considers accounts receivable to be fully collectable. Charges to landowners that are uncollected after six months are considered delinquent. Consistent with established policy and the Water Code, the District can initiate collection assessments through the landowners' respective property tax bills through the county assessor's office. There were delinquent accounts of \$5,489 and \$4,210 as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, there were recoveries of delinquent accounts of \$29,959 and \$30,188, respectively.

Concentration of credit risk:

Credit is extended, in the form of accounts receivable, to the landowners who are located within the District's boundaries.

Revenue recognition:

Income is derived from the levy of base service charges as determined by the election and approval of Proposition 218 by landowners in 2017. Revenue is recognized when base service charges are assessed.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash accounts with financial institutions	<u>\$ 1,259,586</u>	<u>\$ 961,819</u>

Custodial credit risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District'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 provisions 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 deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At December 31, 2021 and 2020, the District had no risk associated with custodial assets.