OJAI BASIN
GROUNDWATER MANAGEMENT AGENCY

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2025 AND 2024

HARSHWAL® & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
TABLE OF CONTENTS
SEPTEMBER 30, 2025 AND 2024

	Page(s)
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Basic Financial Statements	12
Compliance Section	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	18
Schedule of Findings and Responses	20
Summary Schedule of Prior Year Audit Findings	21

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ojai Basin Groundwater Management Agency
Ojai, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Ojai Basin Groundwater Management Agency (the "Agency"), as of and for the years ended September 30, 2025 and 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of September 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 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 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 and *Government 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 and *Government 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 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 budget comparison information on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2026, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Harshwal & Company LLP

San Diego, California
April 27, 2026

GOVERNING BOARD OF DIRECTORS

Name	Position
Richard Hajas	President of the Board
Michael Weaver	Board Member
Jim Finch	Board Member
Andrew Whitman	Board Member
Bob Daddi	Board Member

AGENCY PERSONNEL

Julia Aranda	General Manager
Cece VanDerMeer	Administrative Assistant
Tara R. Ransom	Database Administrator

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of Ojai Basin Groundwater Management Agency (the "Agency") provides an introduction to the financial statements of the Agency for the fiscal years ended September 30, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

In fiscal year 2025, total assets increased by $275,277 or 62.51% due to increase in cash and cash equivalents. In comparison, total assets increased by $153,266 or 53.39% during fiscal year 2024.

In fiscal year 2025, total liabilities decreased $23,389 or 57.68% due to decreased accounts payable. In comparison, the prior year total liabilities increased $20,078 or 98.09% significantly due to increased accounts payable for professional services procured for continued development of the GSP.

In fiscal year 2025, net position increased by $298,666 or 74.70% over prior year. The change was due to increased extraction revenue. In comparison, the Agency's net position increased by $133,188 or 49.96% during fiscal year 2024.

During fiscal years 2025 total operating revenues increased approximately $176,209 or 46.09% and during 2024, total operating revenues increased approximately $114,770 or 42.90%. The increase both years was due to increased extraction amounts reported by well operators.

In fiscal year 2025, total operating expenses increased by $10,788 or 4.33% due to increase in payroll expenses. In comparison, total expenses increased by $10,293 or 4.31% during fiscal year 2024 due to increase in professional services pertaining to the GSP project.

Basic Financial Statements

This biennial report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies. The notes that follow the financial statements provide additional information essential to a full understanding of the data provided in the financial statements. The Statements of Net Position presents information on the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

While the Statements of Net Position provides information about the nature and number of resources and obligations at year-end, the Statements of Revenues, Expenses, and Changes in Net Position presents the results of the Agency's operations over the course of the fiscal year and information as to how the net position changed during the year. This statement can be used as an indicator of the extent to which the Agency has successfully recovered its costs through extraction fees and other charges.

All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as delayed collection of extraction fees.

The Statements of Cash Flows presents changes in cash resulting from operational, capital financing, and investing activities. This statement summarizes the annual flow of cash receipts, cash payments, and net changes in cash, and excludes noncash transactions such as depreciation of assets.

The following is a condensed Statements of Net Position summarizing assets, liabilities, and net position for the years ended September 30, 2025, 2024, and 2023.

Statement of Net Position

	2025	2024	2023
ASSETS			
Current assets	$ 622,648	$ 343,882	$ 187,077
Noncurrent assets	92,977	96,466	100,005
Total assets	715,625	440,348	287,082
LIABILITIES			
Current liabilities	17,158	40,547	20,469
Total liabilities	17,158	40,547	20,469
NET POSITION	698,467	399,801	266,613
Total liabilities and net position	$ 715,625	$ 440,348	$ 287,082

In fiscal year 2025, net position increased by $298,666 or 74.70% over prior year and increased by $133,188 or 49.96% during fiscal year 2024. In fiscal year 2025, total assets increased by $275,277 or 62.51% and total assets increased by $153,266 or 53.39% during fiscal year 2024.

The following condensed information reflects the actual revenues and expenses for the years ended September 30, 2025, 2024, and 2023 and the change in net position.

Statement of Revenue and Expenses

	2025	2024	2023
Operating revenue:			
Extraction fees and other revenues	$ 558,532	$ 382,323	$ 267,553
Operating expense:			
Professional fees	187,769	195,262	170,241
Payroll expenses	44,838	28,563	31,758
Other expenses	27,325	25,319	36,852
Total operating expenses	259,932	249,144	238,851
Nonoperating revenue:			
Interest income	66	9	3
Change in net position	$ 298,666	$ 133,188	$ 28,705

The Agency’s total revenues increased year-over-year due to increased water extraction usage reported by well operators. Professional fees was decreased in FY 2025 and increased in FY 2024 due to the GSP project phase.

Capital Assets

Net capital assets decreased from $99,105 in FY 2023 to $95,566 in FY 2024, primarily due to depreciation expense of $3,539 with no capital additions. In FY 2025, net capital assets further declined to $92,027 due to depreciation expenses of $3,539 with no new capital additions. The Authority did not report any acquisitions or disposals during the period. Overall, the decline in capital assets reflects normal depreciation of existing infrastructure assets.

Budget-to-Actual Analysis

The Board of Directors adopts an annual budget each year. Performance is monitored throughout the year, comparing actual performance results to the budget. The following is a summary of actual results in comparison to the budget for the years ended September 30, 2025 and 2024.

Year ended September 30, 2025:

	Actual	Budget	% Change Favorable / (Unfavorable)
Operating revenues:			
Extraction fees and other revenue	$ 558,532	$ 434,000	29%
Operating expenses:			
Professional fees	187,769	214,700	13%
Payroll expenses	44,838	48,000	7%
Other expenses	27,325	39,500	31%
Total operating expenses	259,932	302,200	14%
Nonoperating revenue:			
Interest income	66	5	1220%
Change in net position	$ 298,666	$ 131,805	127%

Year ended September 30, 2024:

	Actual	Budget	% Change Favorable / (Unfavorable)
Operating revenues:			
Extraction fees and other revenue	$ 382,323	$ 272,020	41%
Operating expenses:			
Professional fees	195,262	175,100	(12)%
Payroll expenses	28,563	25,000	(14)%
Other expenses	25,319	49,000	48%
Total operating expenses	249,144	249,100	0%
Nonoperating revenue:			
Interest income	9	5	80%
Change in net position	$ 133,188	$ 22,925	481%

Conditions Affecting Current Financial Position

Operating revenues are highly dependent on groundwater extractions in the basin, which in turn, are dependent on the climate (precipitation or drought, for example). Management is unaware of any other facts, decisions, or conditions which could have a significant effect on the Agency's current financial position or results of operations.

Requests for Information

This financial report is designed to provide a general overview of the Agency's financial operations and financial condition. Questions concerning any information in this report or requests for additional financial information should be addressed to:

General Manager
Ojai Basin Groundwater Management Agency
P.O. Box 1779
Ojai, California 93024.

BASIC FINANCIAL STATEMENTS

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 433,018	$ 171,413
Accounts receivable, net	189,630	172,469
Total current assets	622,648	343,882
Noncurrent assets		
Deposits	950	900
Capital assets, net	92,027	95,566
Total noncurrent assets	92,977	96,466
Total Assets	715,625	440,348
LIABILITIES AND NET POSITION		
LIABILITIES		
Current liabilities		
Accounts payable	16,021	29,428
Deposits payable	-	9,444
Payroll liabilities	1,137	1,675
Total current liabilities	17,158	40,547
Total liabilities	17,158	40,547
NET POSITION		
Net investment in capital assets	92,027	95,566
Unrestricted	606,440	304,235
Total net position	698,467	399,801
Total liabilities and net position	$ 715,625	$ 440,348

The accompanying notes are an integral part of these financial statements.

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Extraction charges	$ 113,983	$ 102,943
Extraction charges-GSP	382,528	232,703
Fee and permit charges	59,023	43,418
Other revenue	2,998	3,259
Total operating revenues	558,532	382,323
OPERATING EXPENSES		
Payroll expenses	44,838	28,563
Professional expenses	187,769	195,262
Rent	11,117	11,067
Insurance	4,088	3,738
Office expenses	8,098	6,273
Bad debts expenses	-	37
Depreciation	3,539	3,539
Other expense	483	665
Total operating expenses	259,932	249,144
Operating income/(loss)	298,600	133,179
NONOPERATING REVENUES (EXPENSES)		
Interest income	66	9
Total nonoperating revenues (expenses)	66	9
Change in net position	298,666	133,188
Net position, beginning of year	399,801	266,613
Net position, end of year	$ 698,467	$ 399,801

The accompanying notes are an integral part of these financial statements.

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Receipts from well owners/operators	$ 541,321	$ 337,130
Payments for payroll expenses	(45,376)	(28,446)
Payments for operating expenses	(234,406)	(197,081)
Net cash provided by operating activities	261,539	111,603
Cash flows from investing activities		
Interest income	66	9
Net cash provided by investing activities	66	9
Net change in cash and cash equivalents	261,605	111,612
Cash and cash equivalents, beginning of year	171,413	59,801
Cash and cash equivalents, end of year	$ 433,018	$ 171,413

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES

Operating income	$ 298,600	$ 133,179
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation	3,539	3,539
Change in operating assets and liabilities:		
Accounts receivable	(17,161)	(45,193)
Deposits	(50)	-
Accounts payable	(13,407)	10,517
Deposits payable	(9,444)	9,444
Payroll liabilities	(538)	117
Net cash provided by operating activities	$ 261,539	$ 111,603

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Ojai Basin Groundwater Management Agency (the "Agency"), a special district of the State of California, was formed in 1991 pursuant to the Ojai Basin Groundwater Management Agency Act (Senate Bill 534). The Agency is responsible for managing the supply and demand and preserving the quantity and quality of groundwater in the Ojai basin for the protection and common benefit of all water users of the basin.

The Agency is governed by a five-member Board of Directors. The Board of Directors are appointed by their respective organizations; one from each to represent the City of Ojai, Casitas Municipal Water District, Ojai Water Conservation District, Communities Facilities District, and one chosen to represent three mutual water companies. The Board is charged with exercising the powers of the agency which include, for example: decision-making, designation of management, approval of contracts, development of rates and fees and the Agency's policies.

Basis of Accounting and Measurement Focus

The accounting methods and procedures adopted by the Agency conform to U.S. generally accepted accounting principles as applied to governmental enterprise funds. Accordingly, the financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments" as it specifically relates to enterprise funds.

The Agency reports its activities as an enterprise fund, which means that it operates in a manner similar to a private business enterprise, where the intent of the Agency is that costs of monitoring water conditions on a continuing basis be financed or recovered primarily through extraction charges, capital grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses, such as extraction fees and rent expense, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. Professional services, office supplies, and depreciation are also considered operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency's primary source of revenue is groundwater extraction charges. Extraction charges are billed quarterly, in arrears, which means that charges for water extracted during the final quarter of each fiscal year are billed during the subsequent billing cycle. As such, the majority of accounts receivable reported on the Statements of Net Position is the accrual of the fourth quarter extraction fees received after year-end. Extraction rates are established by the Board on an as-needed basis, after notice and hearing, and are subject to the terms stipulated in governing document Senate Bill 534.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency is a limited-purpose government engaged solely in business-type activities: accordingly, activities are reported as an enterprise fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The Agency's cash is in a single financial institution and at year-end was covered by Federal depository insurance. The Agency defines cash equivalents as highly liquid investments with original maturities of three months or less at the time of purchase. The Agency does not have any cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes both billed and unbilled extraction fees charged to well operators in the Ojai basin. An allowance for doubtful accounts is provided for uncollectible accounts based on the Agency's bad debt experience and on management's estimate. The Agency charges doubtful accounts arising from receivables to bad debt expense when it is probable that the accounts will be uncollectible. As of September 30, 2025 and 2024, the Agency's allowance for doubtful accounts was $7,415 and $7,415, respectively.

Capital Assets

All property, plant, and equipment acquired and/or constructed are capitalized at historical cost. Depreciation is recorded on a straight-line basis over the estimated useful life. As of the date of this report, a formal capitalization policy has not been established.

Net Position

The Agency is required to report the difference between assets and liabilities as net position. Net position is classified in the following categories:

- Investment in capital assets – This category consists of capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets. As of September 30, 2025 and 2024, the Agency did not have any capital-related debt.
- Restricted – This category consists of net assets that have external constraints placed on them by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions of constitutional law or enabling legislation. As of September 30, 2025 and 2024, the Agency did not have restricted net position.
- Unrestricted – This category consists of net assets that do not meet the definition of "restricted" or "investment in capital assets".

Compensated Absences

The Agency's staff are employed on a part-time basis and do not receive compensated absences; therefore, no liability for compensated absences exists.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statements of Net Position will sometimes report separate sections for deferred outflows or inflows of resources, respectively. These separate financial statement elements represent either a consumption or acquisition of net position that applies to future periods and will not be recognized as an outflow or inflow of resources until that time. The Agency has no items that qualify for reporting in this category.

Income Taxes

The Agency's income is exempt from taxation under the provisions of the Internal Revenue Code and related California provisions; accordingly, no income tax provision is required.

Current Accounting Pronouncements

The Agency has adopted all current statements of the Governmental Accounting Standards Board (GASB) that are applicable. As of September 30, 2025, the Agency implemented the following new standards issued by GASB:

GASB has issued Statement No. 100, Accounting Changes and Error Corrections –an amendment of GASB Statement No. 62, effective for fiscal years beginning after June 15, 2023. This Statement amends GASB Statement No. 62 to enhance accounting and financial reporting requirements for accounting changes and error corrections. There was no effect of this standard to financials.

GASB has issued Statement No. 101, Compensated Absences, effective for fiscal years beginning after December 15, 2023. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance. There was no effect of this standard to financials.

Future Changes in Accounting Standards

GASB has issued Statement No. 102, Certain Risk Disclosures, effective for fiscal years beginning after June 15, 2024. This Statement’s objective is to provide users of governmental financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

GASB has issued Statement No. 103, Financial Reporting Model Improvements, effective for fiscal years beginning after June 15, 2025. This Statement’s objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government’s accountability. Additionally, the statements also address certain application issues.

GASB has issued Statement No. 104, New Capital Asset Disclosures, effective for fiscal years beginning after June 15, 2025, which requires capital assets held for sale, intangible assets, lease assets, and subscription assets to be broken out separately in note disclosure.

GASB has issued Statement No. 105, Subsequent Events, which establishes accounting and financial reporting standards for events that occur after the financial statement date but before the statements are issued. This statement requires governments to evaluate subsequent events to determine whether they should be recognized in the financial statements or disclosed in the notes. GASB statement no. 105 is effective for fiscal years beginning after June 15, 2026.

The Agency will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 - CASH AND CASH EQUIVALENTS

The carrying amount of cash in banks was $433,018 and $171,413 as of September 30, 2025 and 2024, respectively. Corresponding bank balances were $443,965 and $179,049 as of September 30, 2025 and 2024, respectively. The net difference represents outstanding checks, deposits-in-transit, and/or other reconciling items between the financial institution's balance and the Agency's balance for each year.

The Agency does not have a policy for custodial credit risk for deposits. Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and $193,965 remains uninsured for FY 2025; for FY 2024, all balances were fully insured.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable, net of allowance for doubtful accounts as of September 30, consisted of the following:

	2025	2024
Accounts receivable	$ 197,082	$ 179,921
Less: Allowance for doubtful accounts	(7,452)	(7,452)
Accounts receivable, net	$ 189,630	$ 172,469

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2025, was as follows:

	October 01, 2024	Additions	September 30, 2025
Depreciable assets			
Infrastructure	$ 106,183	$ -	$ 106,183
Total depreciable assets	106,183	-	106,183
Less: accumulated depreciation	(10,617)	(3,539)	(14,156)
Total capital assets, net	$ 95,566	$ (3,539)	$ 92,027

Capital assets activity for the year ended September 30, 2024, was as follows:

	October 01, 2023	Additions	September 30, 2024
Depreciable assets:			
Infrastructure	$ 106,183	$ -	$ 106,183
Total depreciable assets	106,183	-	106,183
Less: accumulated depreciation	(7,078)	(3,539)	(10,617)
Total capital assets, net	$ 99,105	$ (3,539)	$ 95,566

NOTE 5 - RISK MANAGEMENT

The Agency is exposed to potential losses from claims arising from its business operations. The Agency maintains insurance coverage through an independent carrier with limits of $1,000,000 per occurrence. There have been no reductions in insurance coverage from coverage in the prior year.

NOTE 6 - SUSTAINABLE GROUNDWATER MANAGEMENT ACT

The Sustainable Groundwater Management Act (SGMA) was approved by the State of California in 2017 to provide a framework to help protect groundwater resources. Under the requirements of the law, the Agency is required to develop and adopt a groundwater sustainability plan (GSP). The Agency's GSP was approved by the California Department of Water Resources in October 2023. The Agency continues to work on compliance with the SGMA and has engaged outside consultants to assist in that endeavor.

NOTE 7 – CONCENTRATIONS

Major Customers

The Agency has one major customer, Casitas Municipal Water District, whose water extraction charges represent a significant portion of total operating revenue. Revenue from this well operator represented approximately 37.42% and 36.61% of total operating revenue during the years ended September 30, 2025 and 2024, respectively.

NOTE 8 - RELATED PARTIES

During the years ended September 30, 2025 and 2024, the Agency collected extraction fees from one of the Agency's Board of Directors, Jim Finch. The extraction rates and fees paid by the members of the Board of Directors are the same extraction rates and fees paid by all customers of the Agency.

NOTE 9 – LEASES

The Agency entered into a month-to-month, short-term lease for commercial office space in May 2018. Rent has remained fixed at $800 per month, or $9,600 per year, since inception of the lease. The Agency also leases storage space under a separate agreement, with total payments of $1,467 for the year ended June 30, 2024, and $1,517 for the year ended June 30, 2025.

NOTE 10 - COMMITMENTS & CONTINGENCIES

Litigation

In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties.

Ventura River Watershed Adjudication

The Agency is not a party to ongoing litigation in which parties claim rights to take and beneficially use waters of the Ventura River Watershed, but the Agency has been following the litigation as a matter of interest. The Agency does not fall within this class of persons and was not named as a party to the lawsuit. Nevertheless, the Agency is a management entity with statutory responsibility for ensuring the health and sustainability of the Ojai Valley Groundwater Basin ("Ojai Basin"), which serves as a critically important hydrologic component of the larger Ventura River Watershed. The Agency thus has an interest in the final outcome of the adjudication process, which invariably will result in a final court judgment and physical solution governing the rights and duties of parties which rely on the Ojai Basin for water supply. Moreover, the Agency may have a direct role to play as a management entity with responsibilities assigned to it by the court under the final judgment and physical solution. As such, the Agency has been monitoring the litigation and may decide to voluntarily intervene in the litigation and join as a party in the future, if it appears its involvement may be necessary or beneficial.

NOTE 10 - COMMITMENTS & CONTINGENCIES (CONT'D)

Asset Retirement Obligations

A groundwater monitoring well, with an expected useful service life of approximately 30 years, was constructed during 2021 to expand monitoring of water conditions in the Ojai basin. The County of Ventura Well Permit No. GWP-08557 requires destruction of the well upon completion of the monitoring program. The County's requirement to deconstruct the well triggers recognition of an asset retirement obligation. An asset retirement obligation (ARO) is a legally enforceable liability associated with the future retirement of a tangible capital asset. The process to deconstruct the well and restore the land requires the Agency to obtain a separate well destruction permit, remove the concrete lid encasement, withdraw the PVC, and refill the hole with soil. The Agency has determined that the estimated cost to deconstruct the well and restore the land to its original condition is insignificant and has elected not to recognize an ARO liability and corresponding deferred outflow of resources.

NOTE 11 - SUBSEQUENT EVENTS

The management of the Agency has evaluated subsequent events through April 27, 2026, the date at which the financial statements were available for issuance. Management concluded that no material subsequent events have occurred since September 30, 2025, which would require recognition or disclosure in the financial statements.

COMPLIANCE SECTION

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Ojai Basin Groundwater Management Agency
Ojai, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Ojai Basin Groundwater Management Agency (the "Agency") as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshwal & Company LLP

San Diego, California
April 27, 2026

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings reported in the current years.

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

There were no findings reported in the prior years.