

VENTURA COUNCIL OF GOVERNMENTS

FINANCIAL STATEMENTS

June 30, 2022

VENTURA COUNCIL OF GOVERNMENTS
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ventura Council of Governments
Moorpark, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Ventura Council of Governments (the Council) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Council'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 governmental activities and the major fund of Ventura Council of Governments (the Council) as of and for the fiscal year ended June 30, 2022, and the respective changes in financial position for the fiscal year 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 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 Ventura Council of Governments 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 Ventura Council of Governments' 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 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 Ventura Council of Governments' 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 Ventura Council of Governments' 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 management's discussion and analysis and the budgetary 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.

Report on Summarized Comparative Information

The financial statements of the Ventura Council of Governments as of and for the fiscal year ended June 30, 2021, were audited by a predecessor auditor. An unmodified opinion was issued June 17, 2022 by the predecessor auditor. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the Ventura Council of Governments' 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 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 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 Council's internal control over financial reporting and compliance.

Moss, Remy & Haugheim LLP

Santa Maria, California
June 23, 2023

Management's Discussion and Analysis

As management of the Ventura Council of Governments (Council), we offer readers of VCOG's financial statements this narrative overview and analysis of VCOG's financial activities for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to VCOG's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of VCOG's finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how VCOG's net position changed during the fiscal year. All changes in net position are reported as soon as 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 same statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements may be found on pages 7 & 8.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. VCOG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. VCOG consists of a single governmental fund. The fund financial statements may be found on pages 9 & 10.

Notes to the Basic Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

The total net position of VCOG was \$119,515 at June 30, 2022 (as noted in Table 1 below). In comparison, the total net position of VCOG at June 30, 2021 was \$109,001. VCOG's net position at June 30, 2022 was unrestricted, meaning there are no external restrictions placed on the future use of the organization's net position.

Ventura Council of Governments Net Position at June 30, 2022

	Governmental Activities		Percent
	2022	2021	Change
Assets			
Current assets	\$ 119,515	\$ 116,998	2.2%
Liabilities			
Current liabilities		7,997	-100.0%
Net Position			
Unrestricted	119,515	109,001	9.6%
Total net position	\$ 119,515	\$ 109,001	9.6%

The total net position for VCOG increased by \$10,514, or 9.6%, during fiscal year 2021-2022. This means the revenues exceeded expenses, on a full accrual basis, by \$10,514 for the year. Revenues increased by 112.8% and expenses increased by 104.6% in fiscal year 2021-22. These were due to the receipt of the REAP 1.0 Grant from the Southern California Association of Governments and because VCOG obtained an additional \$2,500 sponsor for the Annual Dinner.

Changes in Net Position for the Fiscal Ended June 30 2022

	Governmental Activities		Percent
	2022	2021	Change
Revenues			
Program revenues			
Dues assessments	\$ 64,992	\$ 64,992	0.0%
Operating grants and contributions	135,699	29,241	364.1%
General revenues			
Investment income	14	76	-81.6%
Total revenues	200,705	94,309	112.8%
Expenses			
General government	190,191	92,969	104.6%
Change in net position	10,514	1,340	684.6%
Net position - beginning of year	109,001	107,661	
Net position - end of year	\$ 119,515	\$ 109,001	9.6%

Financial Analysis of the General Operating Fund

VCOG maintains a single government fund called the General Fund. As of June 30, 2022, total assets, liabilities, revenues, and expenditures of the General Fund are the same as total assets, liabilities, revenues, and expenses as shown on the government-wide financial statements.

VCOG's revenues for fiscal year 2021-2022 came from membership dues, grant income (REAP Project), and investment income. There were no changes in the dues structure from fiscal year 2020-21 to fiscal year 2021-22.

General Operating Fund Budgetary Highlights

The VCOG Council adopted a formal budget for the fiscal year ended June 30, 2022 on May 13, 2021. Grant Income of \$135,699 was received from The Regional Early Action Program (REAP), a sub-regional partnership with the Southern California Association of Governments designed to stimulate the production of new, affordable housing units in Ventura County. The REAP Grant awarded in September 2020 totaled \$432,000 for a two-year program which has been extended through February 29, 2024.

Contacting VCOG Management

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the VCOG Executive Director, 33 East High Street, Suite 200, Moorpark, CA 93021, P.O. Box 157, Moorpark, California 93020.

VENTURA COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
June 30, 2022 (With Comparative Totals for June 30, 2021)

	Governmental Activities	
	2022	2021
ASSETS		
Cash and investments	\$ 104,073	\$ 106,160
Accounts receivable	15,442	10,838
Total assets	119,515	116,998
LIABILITIES		
Accounts payable		1,997
Unearned income		6,000
Total liabilities		7,997
NET POSITION		
Unrestricted	119,515	109,001
Total net position	\$ 119,515	\$ 109,001

The notes to basic financial statements are an integral part of this statement.

VENTURA COUNCIL OF GOVERNMENTS**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2022 (With Comparative Totals for the Fiscal Year Ended June 30, 2021)

		Program Revenues	Governmental Activities	
			2022	2021
	Expenses	Operating Contributions and Grants	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
General government	\$ 190,191	\$ 135,699	\$ (54,492)	\$ (63,728)
Total governmental activities	<u>\$ 190,191</u>	<u>\$ 135,699</u>	<u>\$ (54,492)</u>	<u>(63,728)</u>
General Revenues:				
Dues assessments			64,992	64,992
Use of money and property			<u>14</u>	<u>76</u>
Total general revenues			<u>65,006</u>	<u>65,068</u>
Change in net position			10,514	1,340
Net position, beginning of fiscal year			<u>109,001</u>	<u>107,661</u>
Net position, end of fiscal year			<u>\$ 119,515</u>	<u>\$ 109,001</u>

The notes to basic financial statements are an integral part of this statement.

VENTURA COUNCIL OF GOVERNMENTS
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2022 (With Comparative Totals for June 30, 2021)

	General Fund	
	2022	2021
ASSETS		
Cash and investments	\$ 104,073	\$ 106,160
Accounts receivable	15,442	10,838
Total assets	<u>\$ 119,515</u>	<u>\$ 116,998</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ -	\$ 1,997
Unearned income		6,000
Total liabilities		<u>7,997</u>
Fund Balance:		
Committed		67,000
Unassigned	119,515	42,001
Total fund balance	<u>119,515</u>	<u>109,001</u>
Total liabilities and fund balance	<u>\$ 119,515</u>	<u>\$ 116,998</u>

The notes to basic financial statements are an integral part of this statement.

VENTURA COUNCIL OF GOVERNMENTS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND**For the Fiscal Year Ended June 30, 2022 (With Comparative Totals for the Fiscal Year Ended June 30, 2021)

	General Fund	
	2022	2021
Revenues:		
Dues assessments	\$ 64,992	\$ 64,992
Operating grants and contributions	135,699	29,241
Investment income	14	76
	<hr/>	<hr/>
Total revenues	200,705	94,309
	<hr/>	<hr/>
Expenditures:		
Professional services	51,496	58,520
Operations	1,529	1,117
Travel and meetings	10,341	56
REAP project costs	124,354	31,407
Other	2,471	1,869
	<hr/>	<hr/>
Total expenditures	190,191	92,969
	<hr/>	<hr/>
Net change in fund balance	10,514	1,340
Fund balance at the beginning of the year:	109,001	107,661
	<hr/>	<hr/>
Fund balance at the end of the year:	<u>\$ 119,515</u>	<u>\$ 109,001</u>

The notes to basic financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Ventura Council of Governments (Council) was established by a voluntary joint powers agreement on December 1, 1992 representing the 10 cities within Ventura County as well as the County. This Joint Powers Agency was established under Organization of Title 1, Division 7, Chapter 5 of the California Government Code Section 6503.5. The purpose of the Council is to facilitate cooperative sub-regional and regional planning, coordination, and technical assistance on issues of mutual concern.

There are many other governmental agencies, including the County of Ventura and the Ventura County Transportation Commission, providing services within the area served by the Council. These other governmental agencies have independently elected governing boards and consequently are not under the direction of the Council. Financial information for these agencies is not included in the accompanying financial statements.

The Council complies with U.S. Generally Accepted Accounting Principles and all relevant Governmental Accounting Standards Board pronouncements. These technical pronouncements establish criteria for determining the Council's activities and functions that are included in the financial statements of a governmental unit. The general ledger and budgetary projections are maintained by the Council.

B. Reporting Entity

The reporting entity is the Ventura Council of Governments. There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80, and No. 90.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Council. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Basis of Presentation

Government-wide financial statements:

The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The Council does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Fund financial statements:

Fund financial statements report detailed information about the Council. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Council, “available” means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the Council receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when is first permitted; matching requirements, in which the Council must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Council on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the Council’s policy to use restricted resources first then unrestricted resources as they are needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Accounting

The accounts of the Council are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The Council's 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. The Council's accounts are organized into one major fund, as follows:

The *General Fund* is the general operating fund of the Council. It is used to account for all financial resources of the general government.

G. Budgets and Budgetary Accounting

In accordance with the California Government Code and other statutory provisions, on or before June 30 for each fiscal year, the Council must prepare and submit a budget to the County Auditor. The annual budget is adopted for the general fund. The Council budget is prepared on a modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. Annually, the Board of Directors conducts a public hearing for the discussion of a proposed budget. At the conclusion of the hearings, the Board adopts the final fiscal budget. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriation) is maintained at the object level. Any changes in the annual budget must be within the revenues and reserves estimated by the Council or the revenue estimates must be changed by a vote of the Board.

H. Cash and Investments

The Council maintains cash and cash equivalents in accordance with its investment policy. The investment policy complies with, or is more restrictive than, applicable state statutes. The cash of the Council is deposited in a non-interest bearing checking account and an interest-bearing bank account.

I. Receivables

Receivables are recorded in the Council's Statement of Net Position and in the Governmental Fund Balance Sheet net of any allowance for uncollectible. All receivables are deemed to be collectible at June 30, 2022, and, as such, the Council has no allowance for uncollectible accounts for these receivables.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items.

K. Unearned Revenue

Unearned revenue is money received by an individual or company for a service or product that has yet to be provided or delivered.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, 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/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid expenditures) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the Council's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the Council intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Council.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Council considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

N. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

O. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 91 "Conduit Debt Obligations"

The provisions of this statement are effective
for fiscal years beginning after December 15, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Future Accounting Pronouncements (Continued)

Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

NOTE 2 - CASH AND INVESTMENTS

On June 30, 2022, the Council had the following cash on hand:

Cash held by banks	\$ <u>104,073</u>
Total cash	\$ <u>104,073</u>

Cash is presented on the accompanying basic financial statements, as follows:

Cash, statement of net position	\$ <u>104,073</u>
Total cash	\$ <u>104,073</u>

The Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Council does not have any investments valued under levels 1, 2 or 3 as of June 30, 2022.

VENTURA COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by the Council's Investment Policy

The table below identifies the investment types that are authorized for the Council by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	None	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75,000,000

Concentration of Credit Risk

The investment policy of the Council contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments (other than external investment pools) in any one issuer that represent 5% or more of total Council investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of 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 Council's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Council's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022, none of the Council's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE 3 – COMMITMENTS, CONTINGENCIES, AND RELATED PARTY

Litigation

According to the Council's management and attorney, no contingent liabilities or lawsuits are pending of any financial consequence as of June 30, 2022.

VENTURA COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 – COMMITMENTS, CONTINGENCIES, AND RELATED PARTY (Continued)

State and Local Allowances, Awards, and Grants

The Council occasionally receives grant monies as reimbursements for specific costs incurred in certain projects it administers that may be subject to review and audit by the reimbursing agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material. REAP funding of \$126,349 was received or accrued and \$124,352 was spent in the fiscal year ended June 30, 2022.

Related Party

The Council has no employees. The Council contracts with its current Executive Director. During the fiscal year ended June 30, 2022, the Council paid a total of \$53,875 for Executive Director support services to perform management and administrative services including \$10,031 related to REAP Project Oversight. The expenditures for the Council are included in professional services in the fund financial statements. All transactions relating to the General Manager services are reviewed and approved for payment by the Board of Directors.

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REQUIRED SUPPLEMENTARY INFORMATION SECTION

VENTURA COUNCIL OF GOVERNMENTS**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Dues assessments	\$ 64,992	\$ 64,992	\$ 64,992	\$ -
Operating grants and contributions	365,800	424,000	135,699	(288,301)
Investment income	15	10	14	4
Total revenues	430,807	489,002	200,705	(288,297)
Expenditures:				
Professional services	57,350	53,350	51,496	1,854
Operations	3,000	2,650	1,529	1,121
Travel and meetings	13,657	14,502	10,341	4,161
REAP project costs	354,700	416,300	124,354	291,946
Other	2,100	2,200	2,471	(271)
Total expenditures	430,807	489,002	190,191	298,811
Net change in fund balance			10,514	10,514
Fund balance at the beginning of the year	109,001	109,001	109,001	
Fund balance at the end of the year	<u>\$ 109,001</u>	<u>\$ 109,001</u>	<u>\$ 119,515</u>	<u>\$ 10,514</u>