



SACRAMENTO GROUNDWATER AUTHORITY
MEETING OF THE BOARD OF DIRECTORS

Thursday, December 12, 2024
at 9:00 a.m.

2295 Gateway Oaks, Suite 100
Sacramento, CA 95833
(916) 967-7692

The Board will discuss all items on this agenda, and may take action on any of those items, including information items and continued items. The Board may also discuss other items that do not appear on this agenda but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.

IMPORTANT NOTICE REGARDING VIRTUAL PUBLIC PARTICIPATION:

The Sacramento Groundwater Authority currently provides in person as well as virtual public participation via the Zoom link below until further notice. The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker.

Join Zoom Meeting

<https://us06web.zoom.us/j/86234537375>

Meeting ID: 862 3453 7375 Passcode: 955951

Dial by your location

+1 669 444 9171 US or +1 669 900 6833 US (San Jose)

If we experience technical difficulties and the Zoom link drops and you are no longer able to connect to the Board meeting, please dial 1-877-654-0338 – Guest Code 198

Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection on SGA's website. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact jpeifer@rwah2o.org. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

AGENDA

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT: Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.

3. CONSENT CALENDAR:

All items listed under the Consent Calendar are considered and acted upon by one motion. Anyone may request an item be removed for separate consideration.

3.1 Approve the draft meeting minutes of October 10, 2024 SGA Board Meeting

Action: Approve Consent Calendar items as presented

4. FISCAL YEAR 2023/2024 AUDIT REPORT

Presenters: Ingrid Shepline, Richardson & Company, LLP

Action: Approve the Fiscal Year 2023/2024 SGA Financial Audit Report

5. ELECTION OF 2025 SGA OFFICERS

Presenter: Paul Selsky, Chair

Action: Elect 2025 SGA Chair and Vice Chair

6. INFORMATION: WATER BANK SGA AD HOC GROUP UPDATE

Presenter: Trevor Joseph, Manager of Technical Services

7. INFORMATION: NASB GROUNDWATER CONDITIONS - CURRENT STATUS OF WATER LEVEL DATA

Presenter: Trevor Joseph, Manager of Technical Services

8. INFORMATION: SGMA GRANT UPDATE

Presenter: Raiyna Villasenor, Senior Project Manager

9. INFORMATION: SGA 2025 LOOK AHEAD

Presenter: Trevor Joseph, Manager of Technical Services

10. EXECUTIVE DIRECTOR'S REPORT

11. DIRECTORS' COMMENTS

ADJOURNMENT

Next SGA Board of Director's Meetings:

February 13, 2025 9:00 a.m. at the RWA/SGA office, 2295 Gateway Oaks, Suite 100, Sacramento, CA 95833. The location is subject to change.

Notification will be emailed when the SGA electronic packet is complete and posted on the SGA website at <https://www.sgah2o.org/meetings/board-meetings/>

Posted on: December 5, 2024



Ashley Flores, CMC, Secretary

2024 SGA BOARD MEMBERS

Organization	Representative/Alternate	Appointing Authority	Term Ends
California American Water	S. Audie Foster Terry Coleman (Alternate)	Sacramento City Council	August 2028
Carmichael Water District	Paul Selsky Chair Jeff Nelson (Alternate)	Sacramento County	August 2026
Citrus Heights Water District	Caryl Sheehan Raymond Riehle (Alternate)	Citrus Heights City Council	February 2028
City of Folsom	Marcus Yasutake YK Chalamcherla (Alternate) Todd Eising (Alternate)	Folsom City Council	Jan 2027
City of Sacramento	Lisa Kaplan Shoun Thao (Alternate) Brett Ewart (Alternate)	Sacramento City Council	April 2028 (Annual Review)
County of Sacramento	Chris Hunley Vice Chair Kerry Schmitz (Alternate) Matt Satow (Alternate)	Sacramento County	July 17, 2026
Del Paso Manor Water District	Robert Matteoli Gwynne Pratt (Alternate)	Sacramento City Council	August 2028
Fair Oaks Water District	Randy Marx Christian Petersen (Alternate)	Sacramento County	August 2026
Golden State Water Company	Paul Schubert Sean Twilla (Alternate)	Sacramento City Council	August 2028
Natomas Central MWC	Matt Lauppe Brett Gray (Alternate)	Sacramento City Council	August 2028
Orange Vale Water Company	John Wingerter Craig Davis (Alternate)	Sacramento County	August 2026
Rio Linda/Elverta CWD	Mary Harris Anthony Cline (Alternate)	Sacramento County	August 2026
Sacramento Suburban Water District	Jay Boatwright Robert Wichert (Alternate) Kevin Thomas (Alternate)	Sacramento City Council	July 2026 <i>(Updated 4/4/23)</i>
San Juan Water District	Ted Costa Dan Rich (Alternate)	Sacramento County	August 2026
Agriculture	Mike DeWit Nathan Doyel (Alternate)	Sacramento County	August 2026
Self-Supplied Industry	Clint Luedtke Del Paso Country Club	Sacramento City Council	August 2028

Topic: Public Comment
Type: New Business
Item For: Information/Discussion
Purpose: Routine

SUBMITTED BY:	Ashley Flores, CMC Secretary	PRESENTER:	Jim Peifer Executive Director
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EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the Sacramento Groundwater Authority Board of Directors to recognize or hear from visitors that may be attending the meeting or to allow members of the public to address the Board of Directors on matters that are not on the agenda.

As noted on the agenda, members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

Public agencies are required by law to provide an opportunity for the public to address the SGA Board of Directors matters that are not on the agenda.

3.0 CONSENT CALENDAR

Topic: Meeting Minutes
Type: Consent Calendar
Item For: Action; Motion to Approve
Purpose: [SGA Policy 200.1, Chapter 3.15](#)

SUBMITTED BY:	Ashley Flores, CMC Secretary	PRESENTER:	Jim Peifer Executive Director
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EXECUTIVE SUMMARY

This is an action item for the Sacramento Groundwater Authority Board of Directors to review and consider approving the draft minutes of the regular Sacramento Groundwater Authority Board of Directors Meeting of October 10, 2024.

STAFF RECOMMENDED ACTION

A motion to approve the draft minutes, as presented or amended.

BACKGROUND

The draft minutes of the above referenced meetings are included with this Agenda. The minutes reflect the SGA Policy 200.1, § 3.15 to document specific details on items discussed at the meetings.

The Executive Director may list on the agenda a "consent calendar", which will consist of routine matters on which there is generally no opposition or need for discussion. Examples of consent calendar items might include approval of minutes, financial reports and routine resolutions. Any matter may be removed from the consent calendar and placed on the regular calendar at the request of any member of the Board. The entire consent calendar may be approved by a single motion made, seconded and approved by the Board.

FINDING/CONCLUSION

Staff believes the draft of the presented minutes correctly reflect the information shared and actions taken by the Board of Directors.

ATTACHMENTS

Attachment 1- Draft meeting minutes of the Sacramento Groundwater Authority Board of Directors Meeting of October 10, 2024

Attachment 1

Draft meeting minutes of the Sacramento Groundwater Authority

Board of Directors Meeting of October 10, 2024



SACRAMENTO GROUNDWATER AUTHORITY

**Board Meeting
Draft Minutes
October 10, 2024**

1. CALL TO ORDER

Chair Selsky called the regular meeting of the SGA Board of Directors to order on October 10, 2024 at 9:03 a.m. at the RWA conference room located at 2295 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833.

A quorum was established of 10 participating members. Individuals in attendance are listed below:

Board Members

Paul Selsky, Carmichael Water District, Chair
Marcus Yasutake, City of Folsom
Brett Ewart, City of Sacramento
Kerry Schmitz, County of Sacramento
Gwynne Pratt, Del Paso Manor Water District
Randy Marx, Fair Oaks Water District
Mary Garrison Harris, Rio Linda/Elverta CWD
Jay Boatwright, Sacramento Suburban Water District
Ted Costa, San Juan Water District
Clint Luedtke, Self-Supplied Industry, Del Paso Country Club

Staff Members

Jim Peifer, Trevor Joseph, Tom Hoffart, Ryan Ojakian, Ashley Flores and Chris Sanders, legal counsel

Others in Attendance

Todd Eising, City of Folsom; Chris Shepard, Orange Vale Water Company; Christy Kennedy, Woodard & Curran; Jim Blanke, Woodard & Curran; Jeanna Long, Woodard & Curran; Kevin Thomas, Sacramento Suburban Water District; Craig Locke, Sacramento Suburban Water District; Cathy Lee, Carmichael Water District; John Wingerter, Orange Vale Water Company; Greg Zlotnick, San Juan Water District; Paul Helliker, San Juan Water District; and Tony Barela, San Juan Water District

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

3.1 Approve the draft meeting minutes of August 8, 2024 SGA Board meeting.

3.2 Approve SGA Policy 400.1 (Investment Policy), no revisions made.

A motion was made to approve the Consent Calendar.

Motion/Second/Carried Director Ewart moved with a second by Director Pratt

Paul Selsky, Carmichael Water District, Chair; Marcus Yasutake, City of Folsom; Brett Ewart, City of Sacramento; Kerry Schmitz, County of Sacramento; Gwynne Pratt, Del Paso Manor Water District; Randy Marx, Fair Oaks Water District; Mary Garrison Harris, Rio Linda/Elverta CWD; Jay Boatwright, Sacramento Suburban Water District; Ted Costa, San Juan Water District; and Clint Luedtke, Self-Supplied Industry, Del Paso Country Club. Voted yes.

Ayes- 10
Noes- 0
Abstained- 0
Absent- 6

4. PROFESSIONAL SERVICES AGREEMENT WITH WOODARD & CURRAN

This is an action item for the Board of Directors to approve a Professional Services Agreement in the amount not to exceed \$352,881 with Woodard & Curran for consulting services to support Sustainable Groundwater Management Act (SGMA) implementation and other groundwater management activities.

A motion was made to approve a Professional Services Agreement in the amount not to exceed \$352,881 with Woodard & Curran for professional services to support the Sustainable Groundwater Management Act (SGMA) implementation and other groundwater management activities.

Motion/Second/Carried: Director Costa moved with a second by Director Boatwright

Paul Selsky, Carmichael Water District, Chair; Marcus Yasutake, City of Folsom; Brett Ewart, City of Sacramento; Kerry Schmitz, County of Sacramento; Gwynne Pratt, Del Paso Manor Water District; Randy Marx, Fair Oaks Water District; Mary Garrison Harris, Rio Linda/Elverta CWD; Jay Boatwright, Sacramento Suburban Water District; Ted Costa, San Juan Water District; and Clint Luedtke, Self-Supplied Industry, Del Paso Country Club. Voted yes.

Ayes- 10
Noes- 0
Abstained- 0
Absent- 6

**5. FALL WATER LEVEL DATA COLLECTION AND SUPPORT 2026/2027
GROUNDWATER SUSTAINABILITY PLAN 5-YEAR UPDATE**

This was an action item presented by Trevor Joseph for the Sacramento Groundwater Authority Board of Directors to consider and approve Task Orders 24-03 and 24-04 with GEI Consulting, Inc. for professional services supporting implementation of the Sustainable Groundwater Management Act (SGMA) and supporting regulatory activities. This additional work will support ongoing efforts on the Groundwater Sustainability Plan (GSP) implementation (Attachment 1- TO 24-03) and aid Woodard & Curran and SGA staff with the preparation of GSP 5-year assessment and GSP update.

A motion was made to Approve Task Orders with GEI Consulting, Inc. for the following:

- 1) Task Order 24-03 in the amount of \$14,300 implementation of the SGMA; and**
- 2) Task Order 24-04 in the amount of \$17,100 for supporting regulatory activities.**

Motion/Second/Carried: Director Costa moved with a second by Director Boatwright

Paul Selsky, Carmichael Water District, Chair; Marcus Yasutake, City of Folsom; Brett Ewart, City of Sacramento; Kerry Schmitz, County of Sacramento; Gwynne Pratt, Del Paso Manor Water District; Randy Marx, Fair Oaks Water District; Mary Garrison Harris, Rio Linda/Elverta CWD; Jay Boatwright, Sacramento Suburban Water District; Ted Costa, San Juan Water District; and Clint Luedtke, Self-Supplied Industry, Del Paso Country Club. Voted yes.

Ayes- 10

Noes- 0

Abstained- 0

Absent- 6

6. SGA ENGAGEMENT WITH SACRAMENTO REGIONAL WATER BANK

This is an information/discussion item for the Board of Directors to receive an update by Trevor Joseph, Manager of Technical Services on Sacramento Groundwater Authority Engagement with Sacramento Regional Water Bank. An ad hoc committee, assembled by Chair Selsky has formed to engage with Regional Water Authority staff on the topic of previously banked water for potential recognition as a starting water balance under the Sacramento Regional Water Bank development project.

The topic of potential recognition of previously banked water documented as part of SGA's Water Accounting Framework and potentially other conjunctive use banking activities in the North and South America Subbasins. A potential previously banked water could be transferred to the Water Bank Water Accounting System as a Sacramento Regional Water Bank starting balance prior to implementation. RWA staff working on behalf of Water Bank participating agencies is seeking support on criteria

and a potential volume of water that would be transferred from the SGA's Water Accounting Framework to the Water Bank Water Accounting System. The SGA ad hoc committee met on September 13, 2024, to begin the process of defining acceptable criteria and a possible volume of water for the SGA Board of Directors to consider at a future meeting.

No action taken this item was for information/discussion only.

7. DEPARTMENT OF WATER RESOURCES INTERCONNECTED SURFACE WATER GUIDANCE DOCUMENT BRIEFING

This is an information/discussion item for the Board of Directors to receive a presentation by Trevor Joseph, Manager of Technical Services on the recently released Department of Water Resources Interconnected Surface Water Guidance Document.

On September 20, 2024, the Department of Water Resources released two guidance documents on the subject of interconnected surface water. These guidance documents are specifically defined to Groundwater Sustainability Agencies, stakeholders, and other interested parties address challenging Sustainable Groundwater Management Act requirements related to this topic. Department of Water Resources released its long-awaited draft papers on interconnected surface water depletion, opening a 45-day comment period.

No action taken this item was for information/discussion only.

8. APPOINTMENT OF NOMINATIONS COMMITTEE FOR 2025 SGA OFFICERS

This was an action item presented by Trevor Joseph for the Sacramento Groundwater Authority Board of Directors to consider and approve Task Orders 24-03 and 24-04 with GEI Consulting, Inc. for professional services supporting implementation of the Sustainable Groundwater Management Act (SGMA) and supporting regulatory activities. This additional work will support ongoing efforts on the Groundwater Sustainability Plan (GSP) implementation (Attachment 1- TO 24-03) and aid Woodard & Curran and SGA staff with the preparation of GSP 5-year assessment and GSP update.

Chair Selsky appointed the following Directors to the Nominations Committee for 2025 SGA Officers:

Marcus Yasutake, City of Folsom
Gwynne Pratt, Del Paso Manor Water District
Mary Garrison Harris, Rio Linda/Elverta CWD

9. EXECUTIVE DIRECTOR'S REPORT

Executive Director Peifer reported that the Holiday party will be at the Delta King on

December 12, 2024.

10. DIRECTORS' COMMENTS

Director Yasutake reported that the City of Folsom is conducting a recruitment for City Manager. Recruitment closes on October 27th.

ADJOURNMENT

With no further business to come before the Board, Chair Selsky adjourned the meeting at 10:13 a.m.

By:

Paul Selsky, SGA Chair

Attest:

Ashley Flores, CMC, Clerk of the Board

Agenda Item 4

Topic: Fiscal Year 2023/2024 Audit Report
Type: New Business
Item For: Action/Discussion
Purpose: Annual Audit Requirement

SUBMITTED BY:	Tom Hoffart Finance & Administrative Services Manager	PRESENTER:	Tom Hoffart Finance & Administrative Services Manager
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EXECUTIVE SUMMARY

Review the fiscal year 2023/24 Independent Auditor's Report, Financial Statements, Internal Control and Compliance Report, and Governance Letter with the SGA's independent auditor, Richardson and Company, LLP.

STAFF RECOMMENDATION:

Approve the Fiscal Year 2023/2024 SGA Financial Audit Report.

BACKGROUND

Presentation of the draft Fiscal Year 2023/2024 Audit Report to be made by Ingrid Sheipline of Richardson & Company, LLP.

ATTACHMENTS

Attachment 1- SGA Agenda 2024

Attachment 2- SGA Audit of Financial Statements FY2023/2024

Attachment 3- SGA Governance Letter 2024

Attachment 1

SGA FY 2023-2024 Audit Report

SACRAMENTO GROUNDWATER AUTHORITY

AUDIT PRESENTATION AGENDA

December 12, 2024

Presentation by Richardson & Company, LLP of the Audited Financial Statements, including the following communications required by Generally Accepted Auditing Standards:

Reports issued

- Auditor's opinion on financial statements
- Internal Control and Compliance Report
- Governance (required communications) letter

Independent Auditor's Report

- Unmodified (clean) opinion

Discussion of financial statements

- Statement of Net Position (page 13)

 - Net position of \$1,139,245 available for future use

- Statement of Revenues, Expenditures (page 14)

 - Increased member assessments

 - Increased grant revenues—New SGMA grant received

 - Decreased employee benefit expenses due to lower pension liability adjustment

- Note 4—Designations of net position (page 21)

 - Operating fund and other items totaling \$583,337

- Notes 5—Pension plan (pages 20 to 26)

 - Pension liability of \$150,644, based on 2023 CalPERS valuation—to significant changes in actuarial assumptions

- Budget to Actual Comparison (page 30)

 - Revenues and expenses were less than budgeted

 - Delays in projects, lower SGMA and GSP project expenditures

Report on Internal Control and Compliance (pages 34 to 35)

- No internal control weaknesses noted

- Complied with applicable laws and regulations material to the financial statements

Governance letter

- Risk identified during planning—required by audit standards

- Management judgments and accounting estimates

- No audit adjustments noted

- No differences noted that were not adjusted

- No difficulties in performing the audit and no unusual accounting practices

**SACRAMENTO GROUNDWATER
AUTHORITY**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2024 AND 2023

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SACRAMENTO GROUNDWATER AUTHORITY

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Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sacramento Groundwater Authority
Sacramento, California

Opinions

We have audited the accompanying financial statements of the governmental activities and special revenue fund of the Sacramento Groundwater Authority (the Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 special revenue fund of the Authority as of June 30, 2024 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 Authority, 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 Authority'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 Authority'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 Authority'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, budgetary comparison information, Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions to the Pension Plan as listed in the accompanying table of contents, 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 November 27, 2024 on our consideration of the Authority’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 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 Authority’s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Authority’s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richardson & Company, LLP

November 27, 2024

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

The Sacramento Groundwater Authority (SGA) is a joint powers authority created to collectively manage, protect, and sustain the Sacramento region's north area groundwater resources, which includes all of Sacramento County north of the American River. The mission is to manage these water resources consistent with the Sacramento Water Forum Agreement for the benefit of water users within the Sacramento basin and to coordinate with other water management entities and activities throughout the region. The following discussion and analysis of the SGA financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2024, and 2023. This discussion analysis should be read in conjunction with the financial statements and can be found on pages 13 to 29 of this report.

Description of Basic Financial Statements

SGA maintains its accounting records in accordance with generally accepted accounting principles for a special revenue fund type of the governmental fund group as prescribed by the Government Accounting Standards Board. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. SGA's revenues are legally restricted under a joint powers agreement provided for under the California Government Code. The accounts of SGA are organized on the basis of fund accounting. 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.

The Governmental Accounting Standards Board (GASB) requires reporting fund balances in classifications that comprise a hierarchy based primarily on the extent to which SGA is bound to honor constraints on the specific purposes for which those funds can be spent. The categories of the SGA's fund balances include non-spendable and restricted funds. Non-spendable fund balance represents amounts such as prepaid expenses that are not available for expenditure because they are not expected to be converted to cash. Since SGA's revenues are legally restricted for the purpose of managing the Sacramento groundwater basin, any unused revenues would be classified as a restricted fund balance.

The basic financial statements include governmental fund balance sheet/statements of net position and the statement of revenues, expenditures, and changes in fund balance/statements of activities. Additionally, the schedule of revenues, expenditures, and changes in fund balance – budget to actual are included as required supplementary information on pages 30 and 31 of this report.

SGA as a single governmental joint power authority (JPA) presents their fund financial statements with their government wide statements on the Statement of Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether SGA's financial position is improving or deteriorating.

The schedules of revenues, expenditures, and changes in fund balance/statements of activities report all of SGA's revenues and expenditures/expenses during the periods ended June 30, 2024 and 2023. This statement reflects the operating activity as both a special revenue fund and also converts to a statement of activity. All changes in net position are reported as soon as the underlying event is measurable and available. Expenditures/expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., amounts due to vendors) for both the fund balance and net position. Revenues are reported when available (i.e., grant awards) for fund balance and reported when earned in the net position statement.

The statements of revenues, expenditures, and changes in fund balance – budget to actual illustrate the actual results compared to the legally adopted budget on a fund basis. The fund basis does not include depreciation expense and unavailable revenue but can include capital asset purchases as expenditures. These budget to actual fund balance statements can be found on pages 30 to 31.

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the financial statements. The notes to the financial statements can be found on pages 15 to 29 of this report.

Condensed Statements of Net Position

For the fiscal years ended June 30, the following condensed comparative Statements of Net Position using a net position basis are presented:

	2024	2023	Change	2022	Change
Current Assets	\$ 1,692,177	\$ 1,272,374	\$ 419,803	\$ 1,079,744	\$ 192,630
Net Pension Asset	-	-	-	150,928	(150,928)
Capital Assets, net	2,553	4,596	(2,043)	6,639	(2,043)
Deferred Outflows - Pension	190,304	244,302	(53,998)	228,796	15,506
Total Assets and Deferred Outflows	1,885,034	1,521,272	363,762	1,466,107	55,165
Current Liabilities	485,092	253,671	231,421	98,053	155,618
Non-Current Liabilities	150,644	105,072	45,572	-	105,072
Total Liabilities	635,736	358,743	276,993	98,053	260,690
Deferred Inflows - Pension	13,464	18,688	(5,224)	34,705	(16,017)
Net Position:					
Invested in capital assets	2,553	4,596	(2,043)	6,639	(2,043)
Restricted	1,233,281	1,139,245	94,036	1,326,710	(187,465)
Total Net Position	\$ 1,235,834	\$ 1,143,841	\$ 91,993	\$ 1,333,349	\$ (189,508)

Fiscal year 2024 compared to Fiscal year 2023

Current assets consist of cash and investments, grants receivable, interest receivable and prepaid items. Current assets increased from the previous year primarily due to grants receivable related to the North American Subbasin Sustainable Groundwater Management Act grant (SGMA Grant) received from the California Department of Water Resources (DWR) in the amount of \$376,847.

Current liabilities have also increased from the previous year by \$231,421 and include amounts due to vendors and the Regional Water Authority (RWA), and unearned revenue from North American Subbasin Groundwater Sustainability Agency's (GSAs) for the implementation of the North American Subbasin Groundwater Sustainability Plan (GSP Implementation). The increase is substantially a result of increases in vendor payables related to the SGMA grant and GSP Implementation, and an increase in unearned revenue related to the GSP Implementation, representing the excess of amounts collected from member over the expenditures incurred. RWA is a related party that provides administrative and management services for SGA. Several members of SGA are also members of RWA. The current liabilities include a \$115,522 payable to RWA for these services.

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

The non-current liabilities and related deferred inflows and outflows are related to SGA's CalPERS pension plan. Changes from the prior year are based on an actuary valuation that includes a significant number of factors including market conditions, payroll data, as well as many more data points. SGA's net pension liability increased \$45,572 from the previous year. See Note 5 for additional information about SGA's pension plan with CalPERS.

The restricted net position may be used to meet SGA's ongoing obligations to member agencies and creditors. The increase reflects the difference between revenues and expenditures during the fiscal year.

For fiscal year 2024, \$335,757 of restricted net position has been designated for a general operating fund to mitigate current and future risks due to revenue shortfalls and unanticipated expenses. See Note 4 of notes to basic financial statements for the designation balances.

Fiscal year 2023 compared to Fiscal year 2022

Current assets consist of cash and investments, grants receivable, interest receivable and prepaid items. Current assets increased from the previous year due to an increase in cash and investments by \$192,630, mainly due to the collection of GSP Implementation funds, increase in member fees from increased groundwater usage and improved LAIF interest performance.

Current liabilities have also increased from the previous year by \$155,618 and include amounts due to vendors and a payable to the RWA. The increase is substantially a result from the increase in vendor payables related to the GSP Implementation. RWA is a related party that manages the projects and work for SGA. Several members of SGA are also members of RWA. The current liabilities include \$74,122 for administrative service costs incurred towards the end of the fiscal year due to RWA.

The non-current liabilities and related deferred inflows and outflows are related to SGA's CalPERS pension plan. Changes from the prior year are based on an actuary valuation that includes a significant number of factors including market conditions, payroll data, as well as many more data points. SGA's net pension liability was \$105,072 in fiscal year 2023 compared to SGA having a net pension asset of \$150,928 in fiscal year 2022. See Note 5 for additional information about SGA's pension plan with CalPERS.

The restricted net position may be used to meet SGA's ongoing obligations to member agencies and creditors. The decrease reflects the difference between revenues and expenditures during the fiscal year.

For fiscal year 2023, \$483,684 of restricted net position has been designated for a general operating fund to mitigate current and future risks due to revenue shortfalls and unanticipated expenses. See Note 4 of notes to basic financial statements for the designation balances by type.

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Condensed Schedule of Revenues, Expenses, and Changes in Net Position

For the fiscal years ended June 30, the following condensed Statements of Activities are presented:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>	<u>June 30, 2022</u>	<u>Change</u>
Program Revenue:					
Assessment Income	\$ 907,079	\$ 892,615	\$ 14,464	\$ 854,312	\$ 38,303
SGMA Grant Income	376,847	-	376,847	121,755	(121,755)
SGMA Partner Fees	-	-	-	38,123	(38,123)
GSP Implementation Partner Fees	9,923	90,782	(80,859)	52,024	38,758
Total Program Revenue	<u>1,293,849</u>	<u>983,397</u>	<u>310,452</u>	<u>1,066,214</u>	<u>(82,817)</u>
General Revenue - Interest and Other Income	<u>65,186</u>	<u>29,988</u>	<u>35,198</u>	<u>3,910</u>	<u>26,078</u>
Total Revenue	<u>1,359,035</u>	<u>1,013,385</u>	<u>345,650</u>	<u>1,070,124</u>	<u>(56,739)</u>
Program Expenses	1,012,427	1,080,453	(68,026)	284,427	796,026
SGMA Grant Expenses	225,978	-	225,978	132,043	(132,043)
GSP Implementation Expenses	<u>28,637</u>	<u>122,440</u>	<u>(93,803)</u>	<u>73,664</u>	<u>48,776</u>
Total Expenses	<u>1,267,042</u>	<u>1,202,893</u>	<u>64,149</u>	<u>490,134</u>	<u>712,759</u>
Increase (decrease) in Net Position	91,993	(189,508)	281,501	579,990	(769,498)
Net Position July 1	<u>1,143,841</u>	<u>1,333,349</u>	<u>(189,508)</u>	<u>753,359</u>	<u>579,990</u>
Net Position June 30	<u>\$ 1,235,834</u>	<u>\$ 1,143,841</u>	<u>\$ 91,993</u>	<u>\$ 1,333,349</u>	<u>\$ (189,508)</u>

Fiscal year 2024 compared to Fiscal year 2023

As planned, assessment fees totaled \$907,079 and are \$14,464 higher than in the previous year representing a 1.6% increase in fee revenue due to changes in member's five-year average acre-feet of groundwater pumped and retail connections within SGA boundaries, upon which the fee is based. SGA assessment fees are based upon two components: a groundwater fee and a base fee. In fiscal year 2024, the groundwater fee remained the same from the previous year at \$7.10 per five-year average acre-feet of groundwater pumped. The base fee remained the same from the previous year with the minimum fee of \$12,196 per member, plus a variable base fee was \$1.58 per retail connection over 6,000.

During fiscal year 2024, SGA received the SGMA Grant from DWR and recognized grant income of \$376,847, compared to fiscal year 2023 when SGA did not recognize any grant income, due to grant funding not yet in place.

In fiscal year 2024, the GSP Implementation revenue decreased by \$80,859 primarily due to SGA receiving the SGMA Grant that covered most of these expenditures.

General revenue representing interest and other income is higher than the prior year mainly due to an increase in Local Agency Investment Fund (LAIF) investment yield.

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Program expenses decreased \$68,026, primarily due to pension expense decreasing by \$153,754 offset by normal increases due to inflation. Pension expense decreased due to the change in the CalPERS actuarial valuation.

SGA grant expenses increased due to receiving the SGMA Grant during fiscal year 2024, due to work on the grant-funded project not starting until fiscal year 2024.

The GSP Implementation expenses reflect the amount of consultant's work utilized to advance the Groundwater Sustainability Plan. For 2024, the SGMA Grant absorbed many of these expenses, resulting in a decrease in GSP Implementation expense.

Fiscal year 2023 compared to Fiscal year 2022

As planned, assessment fees totaled \$892,615 and are \$38,303 higher than in the previous year representing a 4.5% increase in fee revenue due to changes in member's five-year average acre-feet of groundwater pumped and retail connections within SGA boundaries. SGA assessment fees are based upon two components: a groundwater fee and a base fee. In fiscal year 2023, the groundwater fee remained the same from the previous year at \$7.10 per five-year average acre-feet of groundwater pumped. The base fee remained the same from the previous year with the minimum fee of \$12,196 per member, plus a variable base fee was \$1.58 per retail connection over 6,000.

During fiscal year 2023, SGA did not earn any grant income from DWR as there were no remaining grant funds.

In fiscal year 2023, the GSP Implementation began. Stemming from DWR's acceptance and approval of the GSP, the GSAs will implement the plan with various projects and management actions. By execution of a Memorandum of Agreement, each of the GSAs have agreed to an initial funding plan over the next five years which is subject to change. The total amount of the MOA is \$1,149,300 with an option for a 20% contingency. The five GSAs include SGA, the Reclamation District 1001 GSA, the South Sutter Water District GSA, the Sutter County GSA, and the West Placer GSA.

General revenue representing interest and other income is higher than the prior year mainly due to an increase in Local Agency Investment Fund (LAIF) investment balances.

Program expenses increased \$796,026, primarily due to pension expense of \$300,651 in fiscal year 2023 and a pension credit of \$307,526 in fiscal year 2022 for a net increase in pension expense of \$608,177. Net pension expense increased due to the change in the CalPERS actuarial valuation.

SGA did not have any grant expenses as the grant was completed in fiscal year 2022.

The GSP Implementation expenses reflect the amount of consultant's work utilized to advance the GSP. For 2023, the expenses were lower than the collected income which is expected given the kick-off date of the GSP Implementation project and the retirement of RWA's Manager of Technical Services who served as the Project Manager.

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Capital Assets

Capital asset investments includes furniture, equipment, and leasehold improvements and as of June 30, 2024, net capital assets have decreased due to recognizing depreciation expense.

	Balance June 30, 2024	Balance June 30, 2023
Furniture	\$ -	\$ 4,590
Equipment	10,214	13,843
Leasehold Improvements	<u>-</u>	<u>14,786</u>
Gross Capital Assets	10,214	33,219
Less accumulated depreciation and amortization	<u>(7,661)</u>	<u>(28,623)</u>
Capital Assets, net	<u>\$ 2,553</u>	<u>\$ 4,596</u>

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Special Revenue Fund Condensed Budgetary Analysis

For the fiscal year ended June 30, 2024, the following condensed Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual is presented:

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)	% Change
Program Revenues				
Assessment Income	\$ 907,079	\$ 907,079	\$ -	-
SGMA Grant Income	453,929	244,373	(209,556)	(46%)
GSP Implementation Partner Fees	-	9,923	9,923	-
Total Program Revenues	1,361,008	1,161,375	(199,633)	(15%)
General Revenue - Interest and Other Income	22,000	65,186	43,186	196%
Total Revenues	1,383,008	1,226,561	(156,447)	(11%)
Expenditures				
Administrative	762,247	710,070	52,177	7%
Office	106,800	117,945	(11,145)	(10%)
Professional Fees	128,400	88,023	40,377	31%
SGMA Grant Expenditures	453,929	225,978	227,951	50%
GSP Implementation Expenditures	148,171	28,637	119,534	81%
Total Expenditures	1,599,547	1,170,653	428,894	27%
Expenditures (Over) Under Revenues	(216,539)	55,908	272,447	126%
Fund Balance, July 1, 2023	1,018,703	1,018,703	-	-
Fund Balance, June 30, 2024	\$ 802,164	\$ 1,074,611	\$ 272,447	34%

SGA begins preparing the budget around February of the preceding fiscal year and finalizes and adopts the budget before the beginning of the new fiscal year. Overall, SGA's ending fund balance was \$272,447 or 34% higher than the expected budget. Significant budget versus actual variances are as follows.

SGMA Grant Income

SGA received the SGMA Grant in the current fiscal year and the income was unexpected and not budgeted. However, during the fiscal year, SGA approved a budget amendment related to this grant. The actual income amounts were significantly lower than the budget amendment amount due to the grant starting slower than anticipated.

General Revenue – Interest and Other Income

Interest and other income was significantly higher than budgeted primarily due to an unforeseen increase in the interest rate received from the Local Agency Investment Fund.

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Professional Fees

Overall professional fees came in significantly lower than budgeted by \$40,377 due to less than anticipated legal and consulting expenses.

SGMA Grant Expenditures

SGA received the SGMA Grant in the current fiscal year and the expenditures were unexpected and not budgeted. However, during the fiscal year, SGA approved a budget amendment related to this grant. The actual expenditure amounts were significantly lower than the budget amendment amount due to the grant starting slower than anticipated.

GSP Implementation Expenditures

The GSP Implementation Expenditures were lower than anticipated primarily due to SGMA Grant absorbing a significant amount of the related expenditures.

Economic factors and assumptions for fiscal year June 30, 2025

SGA assessment fees continue to be based upon two components: a groundwater fee and a base fee formula. SGA adopted a fee increase of 9% for the groundwater fee and 3% for the base fee for fiscal year 2025. Based on changes in the five-year average acre-feet of groundwater pumped and number of retail water connections within SGA boundaries, the overall SGA assessment fee increase for fiscal year 2025 is \$26,157 or 2.88%. The fee increase was primarily based upon covering any cash flow shortfalls related to the SGMA Grant and increased administrative expenses.

Major budget assumptions used in adopting the June 30, 2025 budget include:

- 1) SGA will continue to pay 50% of the shared administrative and management services costs incurred by RWA to run both organizations under the RWA and SGA agreement.
- 2) In addition to 50% of shared administrative and management services costs, SGA will share in the salary and benefit costs for 3.4 full time employees of RWA's. This includes 50% of the Executive Director, Manager of Technical Services, Finance & Administrative Services Manager and Executive Assistant, and 20% of the Project Research Assistant and Manager of Government Affairs.
- 3) Staff salaries reflect a possible 4% increase for COLA and merit increases for eligible employees.
- 4) Benefit costs include projected increases for Pension, OPEB, Health and Worker's Compensation Insurance.
- 5) An additional payment to CalPERS is budgeted in fiscal year 2025 for the CalPERS pension plan. Amount based on the CalPERS actuary unfunded accrued liability.
- 6) Professional fees include public relations, human resources, auditing, actuarial, and legal.
- 7) Program revenues/expenses is projected to provide net revenues of \$162,087 for staff time reimbursement.
- 8) The operating fund plus undesignated cash is projected to be approximately 4.0 months for fiscal year 2025, which is within policy thresholds.

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

- 9) Overall expenses are expected to exceed fees by \$12,333. It is projected that SGA will have an available cash balance that will cover this deficit.

Requests for Information

This financial report is designed to provide a general overview of SGA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance and Administrative Services Manager, Regional Water Authority, 2295 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833.

SACRAMENTO GROUNDWATER AUTHORITY

GOVERNMENTAL FUND BALANCE SHEET / STATEMENTS OF NET POSITION JUNE 30, 2024 AND 2023

	June 30, 2024		June 30, 2023	
	Special Revenue Fund	Adjustments (Note 6)	Statement of Net Position	Statement of Net Position
ASSETS				
Current Assets				
Cash and Investments	\$ 1,299,530	\$ -	\$ 1,299,530	\$ 1,251,894
Grants Receivable	376,847	-	376,847	-
Interest Receivable	14,445	-	14,445	9,360
Prepaid Items	1,355	-	1,355	11,120
Total Current Assets	1,692,177	-	1,692,177	1,272,374
Non-Current Assets				
Capital Assets, net	-	2,553	2,553	4,596
Total Non-Current Assets	-	2,553	2,553	4,596
Total Assets	1,692,177	2,553	1,694,730	1,276,970
Deferred Outflows - Pension	-	190,304	190,304	244,302
Total Assets and Deferred Outflows	\$ 1,692,177		1,885,034	1,521,272
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 120,284	-	120,284	11,037
Payable to Regional Water Authority	115,522	-	115,522	96,462
Unearned Revenue	249,286	-	249,286	146,172
Total Current Liabilities	485,092	-	485,092	253,671
Non-Current Liabilities				
Net Pension Liability	-	150,644	150,644	105,072
Total Liabilities	-	150,644	635,736	358,743
Deferred Inflows				
Pension	-	13,464	13,464	18,688
Unavailable Revenue	132,474	(132,474)	-	-
Total Deferred Inflows	132,474	(119,010)	13,464	18,688
FUND BALANCES				
Non-spendable	1,355	(1,355)	-	-
Restricted	1,073,256	(1,073,256)	-	-
Total Fund Balance	1,074,611	(1,074,611)	-	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,692,177		1,885,034	1,521,272
NET POSITION				
Invested in Capital Assets		2,553	2,553	4,596
Restricted		1,233,281	1,233,281	1,139,245
Net Position		\$ 1,235,834	\$ 1,235,834	\$ 1,143,841

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

SACRAMENTO GROUNDWATER AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/ STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024			June 30, 2023
	Special Revenue Fund	Adjustments (Note 6)	Statement of Activities	Statement of Activities
REVENUES				
Program Revenue:				
Assessment Income	\$ 907,079	\$ -	\$ 907,079	\$ 892,615
SGMA Grant Income	244,373	132,474	376,847	-
GSP Implementation Partner Fees	9,923	-	9,923	90,782
Total Program Revenue	1,161,375	132,474	1,293,849	983,397
General Revenue - Interest and Other Income	65,186	-	65,186	29,988
Total Revenue	1,226,561	132,474	1,359,035	1,013,385
EXPENDITURES/EXPENSES				
Shared and Direct Expenditures/Expenses:				
Wages and Salaries	514,080	-	514,080	490,611
Employee Taxes and Benefits	185,109	94,346	279,455	421,442
Travel and Training	10,881	-	10,881	17,094
Administrative	710,070	94,346	804,416	929,147
Rent	17,944	-	17,944	17,787
Insurance	24,772	-	24,772	21,626
Computer, Internet and Telephone	20,785	-	20,785	25,180
Dues and Subscriptions	4,451	-	4,451	3,370
Printing, Supplies, Postage and Equipment	5,740	-	5,740	6,564
Meetings and Events	34,703	-	34,703	1,616
Other	9,550	-	9,550	5,388
Office	117,945	-	117,945	81,531
Audit	14,450	-	14,450	15,400
Legal	29,784	-	29,784	10,606
Consultants	41,487	-	41,487	39,703
Banking, Payroll and Reporting Fees	2,302	-	2,302	2,023
Professional Fees	88,023	-	88,023	67,732
Depreciation and Amortization	-	2,043	2,043	2,043
Total Program Expenditures/Expenses	916,038	96,389	1,012,427	1,080,453
SGMA Grant Expenditures/Expenses	225,978	-	225,978	-
GSP Implementation Expenditures/Expenses	28,637	-	28,637	122,440
Total Expenditures/Expenses	1,170,653	96,389	1,267,042	1,202,893
EXCESS OF REVENUES OVER PROGRAM EXPENDITURES				
	55,908			
INCREASE (DECREASE) IN NET POSITION				
		36,085	91,993	(189,508)
FUND BALANCES/NET POSITION				
Beginning Balance, July 1	1,018,703	125,138	1,143,841	1,333,349
Fund Balance/Net Position, June 30	\$ 1,074,611	\$ 161,223	\$ 1,235,834	\$ 1,143,841

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

SACRAMENTO GROUNDWATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of reporting entity – Sacramento Groundwater Authority (SGA) was formed under a Joint Exercise of Powers Agreement (JPA) on July 1, 1998 to collectively manage the Sacramento region’s North Area Groundwater Basin, which includes all of Sacramento County north of the American River. SGA was created for the purposes of protecting, preserving, and enhancing the groundwater resources in the North Area Basin for current and future beneficial uses of all water users in SGA’s boundaries.

SGA is governed by a board comprised of a representative from each of the 14 governmental water suppliers and representatives of self-supplied groundwater and agricultural users. The representatives are appointed by the JPA signatories and serve four-year terms.

Types of funds – SGA accounts for its financial position and results of operations in accordance with generally accepted accounting principles for governmental units. Accordingly, SGA uses governmental funds. SGA does not have any proprietary or fiduciary funds.

Basis of Accounting:

SGA accounts for its financial activities as a Special Revenue Fund because its revenue sources are legally restricted for specified purposes.

Fund financial statements – The Special Revenue fund is accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, financing sources are recognized when they become available and measurable. Expenditures and other financing uses are recognized as the related fund liabilities are incurred.

Governmental-wide financial statements – The statements of net position and the statements of activities display information about SGA. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred. This presentation differs from the manner in which the governmental fund financial statements are prepared. Therefore, Note 6 details the adjustments with brief explanations to identify the major differences between the fund financial statements and the governmental-wide financial statements.

Net position is the difference between assets, deferred outflows, liabilities and deferred inflows on the governmental-wide financial statements. Net position invested in capital assets is furniture and equipment, net of accumulated depreciation. Since SGA assessment fee revenue is restricted for the specific purpose of managing the Sacramento Groundwater Basin, all remaining net position is classified as restricted.

The accounting treatment for grant award revenue depends on whether it is reported in the government-wide or fund financial statements. In the fund financial statements, these grant award revenues will only be recognized when available during the fiscal year. Until such time, the grant award revenues are reflected as a receivable and as unavailable revenue. In the government-wide statements, grant award revenue is recognized when it is earned.

SACRAMENTO GROUNDWATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

SGA is considered a special-purpose government and has elected to combine the fund financial statements and the government-wide statements and show the reconciliation from the fund financial statements to the government-wide statements in an adjustment column.

Cash and Investments – SGA participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities.

Net Pension Liability and Related Balances – For purposes of measuring the net pension asset/liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees’ Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value by CalPERS and not reported by SGA. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications (www.calpers.ca.gov). Reported results pertain to liability and asset information within the following defined timeframes:

For the year ended June 30, 2024

Valuation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

For the year ended June 30, 2023

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

Deferred outflows of resources is a consumption of net position by SGA that is applicable to a future period and deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statements of net position, but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate according to GASB Statement No. 68 Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 (GASB 68). See Note 5 for further details related to the pension deferred outflows and inflows.

Revenue recognition – The major sources of revenue for SGA are assessments and grants. Each of the 14-member water districts, cities and service districts pay annual assessments to SGA. These assessments are based upon two components: a groundwater fee and a base administrative fee formula. The groundwater fee component is based upon a historical five-year running average of acre-feet of water pumped and was set at \$7.10 per acre foot for the years ended June 30, 2024 and 2023.

The base administrative fee was calculated based upon the number of connections and was set at a minimum of \$12,196 for the first 6,000 connections and \$1.58 for each connection after 6,000 for both the years ended June 30, 2024 and 2023.

SACRAMENTO GROUNDWATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Unavailable Revenue – In the fund financial statements, grant awards earned but not yet available are recorded as unavailable revenue under the modified accrual basis of accounting. SGA considers all revenues reported in the special revenue fund to be available if the revenues are collected within 90 days after year-end.

Related party – Since SGA does not employ staff, SGA is managed by the Regional Water Authority (RWA). RWA was created in 1990 under its own Joint Exercise of Powers Agreement. Many of the members of SGA are also members of the RWA. Under an Administrative Services Agreement, SGA and RWA are each responsible for all common costs incurred to operate the joint office unless modified by specific agreements or by the annual budget adoption process.

Beginning on July 1, 2016, CalPERS required SGA to establish a separate pension plan for the work done by RWA employees on behalf of SGA. SGA began its own CalPERS pension plan and started making its own payments for the pension plan even though RWA is the staff employer who administers SGA activities and projects. SGA inherited allocated unfunded liabilities and investment assets from RWA. SGA's allocation results in a net pension asset/liability for SGA. The net pension asset/liability and the related deferred inflows and outflows reflected in the June 30, 2024 and 2023 financial statements are based on a CalPERS determined proportionate share. See Note 5 for additional pension plan disclosures.

During the fiscal years ended June 30, 2024 and 2023, SGA incurred shared expenses of \$806,038 and \$746,470, respectively, reflecting SGA's 50% share of all common joint office costs, including administrative personnel expenses. At June 30, 2024 and 2023, SGA owed RWA \$115,522 and \$96,462, respectively, for these administrative related costs.

Fund Balances

SGA has the following two categories of fund balance:

Non-spendable fund balance – These balances cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The prepaid items recorded in SGA's balance sheet are not in a spendable form as they are not expected to be converted to cash.

Restricted fund balance – These balances are externally imposed by grantors, contributors, or laws or regulations of other governments or imposed by law. Since SGA's revenues are legally restricted through the Joint Powers Authority Agreement for the purpose of managing the Sacramento groundwater basin, any revenues not classified as non-spendable would be considered a restricted fund balance. Consequently, SGA would not have any unassigned fund balances.

The Board of Directors can vote to approve assigning or committing specific fund balances. See Note 4 for additional information regarding fund balance.

Capital assets – The accounting treatment over capital assets depends on whether they are reported in the government-wide or fund financial statements. In the government-wide statements, capital assets are capitalized and consist of furniture, equipment and leasehold improvements capitalized at cost. Depreciation is computed and recorded by the straight-line method over the estimated useful life of five years. In the fund financial statements, capital asset acquisitions are reported as capital outlay expenditures. Depreciation is not provided for in the fund financial statement.

SACRAMENTO GROUNDWATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Capital assets, consisting of furniture, equipment and leasehold improvements in excess of \$2,500 per unit with useful lives of more than one year, are stated at historical cost and are capitalized in the government-wide financial statements. Routine repairs and maintenance are charged to operating expenses in the year the expense is incurred. Leasehold improvements are amortized over the remaining life of the lease.

Budget – SGA’s governing board must approve a budget prior to July 1st and has satisfied this requirement. Any significant revisions to the budget would be approved by SGA’s governing board.

Use of estimates in financial statements – In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash and investments in the statement of net position consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Deposits with Financial Institutions	\$ 50,866	\$ 103,217
Investments with LAIF	<u>1,248,664</u>	<u>1,148,677</u>
Total Cash and Investments	<u>\$ 1,299,530</u>	<u>\$ 1,251,894</u>

Investments Authorized by SGA’s Investment Policy

SGA’s investment policy authorizes investments in the local government investment pool administered by the State of California (LAIF). The investment policy does not contain any specific provisions intended to limit SGA’s exposure to interest rate risk, credit risk and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment’s sensitivity to the changes in market interest rates increases as the length of maturity increases. At June 30, 2024 and 2023, the average maturity of the investments contained in the LAIF investment pool was approximately 217 and 260 days, respectively.

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Concentration of Credit Risk

LAIF has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments. SGA has 96% and 92% of its cash invested in LAIF at June 30, 2024 and 2023, respectively.

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 possession of an outside party. The California Government Code and SGA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the California Government Code section 53652 which 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.

Custodial credit risk does not apply to a local government's indirect investment in securities using mutual funds or government investment pools such as LAIF. At June 30, 2024 and 2023, SGA's bank balance was \$64,407 and \$103,496, respectively. The FDIC's basic insurance limit is \$250,000 per depositor.

Investment in State Investment Pool

SGA is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by state statute. The fair value of the investment in this pool is reported in the accompanying financial statements at amounts based upon SGA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio in relation to the amortized cost of that portfolio. The available withdrawal balance is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The LAIF balance is a part of the California Pooled Money Investment Account (PMIA) and includes the Surplus Money Investment Fund and the General Fund. The total fair value of all public agencies invested in PMIA at June 30, 2024 and 2023 was \$179,046,993,600 and \$177,045,532,802, respectively. For information on the types of investments made by LAIF, refer to the State of California Treasurer's separately issued investment reports. Copies of these investment reports may be obtained by calling (916) 653-3001, by writing to LAIF, 915 Capitol Mall, Room 106, Sacramento, CA 95814, or by logging on to the treasurer's website at www.treasurer.ca.gov/pmia-laif/reports/monthly.asp.

SACRAMENTO GROUNDWATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

3. CAPITAL ASSETS

A summary of capital assets are as follows:

	Balance		Increases		Decreases		Balance
	June 30, 2023		Increases		Decreases		June 30, 2024
Furniture	\$ 4,590		\$ -		\$ (4,590)		\$ -
Equipment	13,843		-		(3,629)		10,214
Leasehold Improvements	14,786		-		(14,786)		-
Total	33,219		-		(23,005)		10,214
Less accumulated depreciation	(28,623)		(2,043)		23,005		(7,661)
Capital Assets, Net	\$ 4,596		\$ (2,043)		\$ -		\$ 2,553

	Balance		Increases		Decreases		Balance
	June 30, 2022		Increases		Decreases		June 30, 2023
Furniture	\$ 4,590		\$ -		\$ -		\$ 4,590
Equipment	13,843		-		-		13,843
Leasehold Improvements	14,786		-		-		14,786
Total	33,219		-		-		33,219
Less accumulated depreciation	(26,580)		(2,043)		-		(28,623)
Capital Assets, Net	\$ 6,639		\$ (2,043)		\$ -		\$ 4,596

4. FUND BALANCE AND NET POSITION

Fund Balance

Since SGA's fee revenues are restricted for the specific purpose of managing the Sacramento Groundwater Basin under the joint powers agreement, any fund balance not previously allocated to non-spendable will be classified as restricted for that purpose.

Net Position

SGA's net position consists of restricted net position and invested in net position. Since SGA's fee revenues are restricted for the specific purpose of managing the Sacramento Groundwater Basin under the joint powers agreement, any net position not previously allocated to investments in capital assets are considered restricted.

Board Designations

The Board approves an operating fund target balance during the budget process, designated to be used

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

for working capital needs, budget contingencies, and grant opportunities. The operating fund balance target is equivalent to four to six months of operating expenses. The current year June 30 year-end target balance is modified and approved as part of the adoption of the following fiscal year's budget and reflects six months of operating expenses.

The Board of Directors approved designations for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Operating Fund	\$ 335,757	\$ 483,684
Update/Modeling GSP	<u>247,580</u>	<u>192,240</u>
	<u>\$ 583,337</u>	<u>\$ 675,924</u>

5. RETIREMENT PLAN

Plan Description

SGA participates in a public agency cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by CalPERS. SGA was granted its own PERS pension plan beginning July 1, 2016 for the work done by RWA employees on behalf of SGA. Since SGA has less than 100 active members as of the years ended June 30, 2023 and 2022 (measurement dates), qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool (Miscellaneous Pool). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute. The Miscellaneous Pool is closed to new employees unless the new employee is considered a classic member as defined by the California Public Employees' Pension Reform Act (PEPRA).

Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. For the Miscellaneous Pool, eligible members must be at least 50 and have a minimum of five years of CalPERS-credited service. Under the PEPRA plan, members after January 1, 2013 must be at least 52.

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers are

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. SGA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The required contribution rates were as follows:

	Employer		Employee	
	Classic	PEPRA	Classic	PEPRA
June 30, 2024	12.63%	8.00%	7.00%	8.25%
June 30, 2023	11.06%	7.76%	7.00%	7.25%

Employer contributions rates may change if plan contracts are amended. For the years ended June 30, 2024 and 2023, the employer required contributions to the plan were \$52,551 and \$49,474, respectively. Additionally, SGA made non-required employer pension contributions of \$26,700 for the year ended June 30, 2023, further reducing its unfunded liability. No additional contribution was made for the year ended June 30, 2024.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

SGA's net pension asset/liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2023 and 2022 for the years ended June 30, 2024 and 2023, respectively. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2022 and 2021 rolled forward to June 30, 2023 and 2022, respectively, using standard update procedures. For the years ended June 30, SGA's proportionate share of the Plan's NPL are as follows:

	2024	2023
Net Pension Liability	\$ 150,644	\$ 105,072

Using SGA's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the SGA by the actuary for the June 30, 2023 and 2022 measurement date. The following tables show SGA's employer allocation factors for the Plan as of the measurement dates for June 30:

2024:	Plan
Proportion - June 30, 2024	0.0030126%
Proportion - June 30, 2023	0.0022455%
Change - increase	0.0007671%

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

2023:	<u>Plan</u>
Proportion - June 30, 2023	0.0022455%
Proportion - June 30, 2022	<u>(0.0079486%)</u>
Change - increase	<u><u>0.0101941%</u></u>

For the measurement periods ended June 30, 2023 and 2022 (the measurement dates), SGA incurred pension expense of \$146,897 and \$300,651, respectively.

At June 30, the deferred outflows of resources related to pensions from the following sources are:

	<u>Deferred Outflows of Resources</u>	
	<u>2024</u>	<u>2023</u>
Contributions after measurement date	\$ 52,551	\$ 76,174
Difference between actual and expected experience	7,696	2,110
Changes in assumptions	9,095	10,767
Net difference between projected and actual earnings on plan investments	24,391	19,246
Adjustments due to differences in proportions	<u>96,571</u>	<u>136,005</u>
	<u><u>\$ 190,304</u></u>	<u><u>\$ 244,302</u></u>

The \$52,551 and \$76,174 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date are recognized as a reduction of the NPL for the years ending June 30, 2025 and 2024, respectively.

At June 30, the deferred inflow of resources related to pensions from the following sources are:

	<u>Deferred Inflows of Resources</u>	
	<u>2024</u>	<u>2023</u>
Difference between actual and expected experience	\$ 1,194	\$ 1,413
Differences between employer contributions and the employer's proportionate share of contributions	<u>12,270</u>	<u>17,275</u>
	<u><u>\$ 13,464</u></u>	<u><u>\$ 18,688</u></u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in future pension expense as follows at June 30:

2024:

Measurement Period Ended <u>June 30:</u>	Deferred Outflows/ (Inflows) of <u>Resources</u>
2025	\$ 61,741
2026	39,873
2027	21,975
2028	700

2023:

Measurement Period Ended <u>June 30:</u>	Deferred Outflows/ (Inflows) of <u>Resources</u>
2024	\$ 54,890
2025	51,793
2026	30,985
2027	11,772

Actuarial Assumptions

For the measurement periods ended June 30, 2023 and 2022 (the measurement dates), the TPL was determined by rolling forward the June 30, 2022 and 2021 TPL, respectively. The June 30, 2023 and 2022 TPL were based on the following actuarial methods and assumptions:

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

For the measurement period ending June 30:	2023	2022
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership data for all Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies	Derived using CalPERS' Membership data for all Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Changes in Assumptions

No benefit or assumption changes were made for the measurement period ended June 30, 2023. For the measurement period ended June 30, 2022, changes in actuarial assumptions consisted of decreases in the discount rate, the inflation rate and the post retirement benefit and changes in the mortality rate table.

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2023 and 2022 (the measurement date) was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The expected real rates of return by asset class for the measurement periods ended June 30, 2023 and 2022 are as follows:

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Asset Class	June 30, 2023	
	Assumed Asset	Real Return
	Allocation	Years 1-10(a)(b)
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

Asset Class	June 30, 2022	
	Assumed Asset	Real Return
	Allocation	Years 1-10(a)(b)
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

Sensitivity of the Proportional Share of the NPL to Changes in the Discount Rate

The following presents SGA’s Proportional Share of the NPL of the Plan, calculated using the discount rates of 6.90% for the measurement periods ended June 30, 2023 and 2022, as well as what the Authority’s Proportional Share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

2023:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Proportionate Share of Plan’s NPL	\$ 434,235	\$ 150,644	\$ (82,777)

2022:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Proportionate Share of Plan’s NPL	\$ 338,407	\$ 105,072	\$ (86,906)

Payable to the Pension Plan – SGA had \$1,059 and \$967 in outstanding payables to the pension plan at June 30, 2024 and 2023, respectively.

6. RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES

The governmental fund balance sheet for June 30, 2024 is converted to the statement of net position by recording several financial transactions. SGA records \$2,553 in capital assets, net of accumulated depreciation. As a result of GASB 68, SGA records \$190,304 in deferred outflows related to pensions, \$150,644 in net pension liability, and \$13,464 in deferred inflows for unamortized pension adjustments. Additionally, deferred inflows decreased by \$132,474 related to unavailable grant revenues, reflecting Sustainable Groundwater Management Act (SGMA) grant revenue earned during the year ending June 30, 2024, but not yet collected within the 90 day availability period.

For the year ended June 30, 2024, the statement of revenues, expenditures, and changes in fund balances is converted to the statement of activities by recording several financial transactions. Grant revenues increased by \$132,474 to reflect grant revenue earned based upon grant activity incurred. SGA records depreciation expense of \$2,043. Pension expense increased by \$94,346 to reflect amortization of deferred outflows and inflows and adjustments to the net pension liability related to the pension plan.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

7. INSURANCE

SGA participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general liability, public officials' liability, property damage, and fidelity insurance. ACWA/JPIA provides insurance through the pool up to a certain level.

SGA pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate ACWA/JPIA.

SGA's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General, Auto and Public Officials			
Errors & Omissions Liability	\$ 5,000,000	\$ 50,000,000	None
Cyber Liability	-	5,000,000	None
Property Coverage	10,000,000	490,000,000	\$1,000 - \$100,000 ⁽¹⁾
Fidelity Insurance	100,000	-	1,000

(1) Earthquake deductible varies

Claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Copies of the ACWA/JPIA's annual financial reports and other pertinent data may be obtained from their website at www.acwajpia.org, their office at 2100 Professional Drive, Roseville, CA 95661 or by calling (800) 231-5742.

8. COMMITMENTS AND CONTINGENCIES

Resulting from the Department of Water Resources' (DWR) 2017 Proposition 1 Sustainable Groundwater Planning Grant, the North American Subbasin Groundwater Sustainability Agencies (GSAs) have entered into a Memorandum of Agreement (MOA) for the implementation of its Groundwater Sustainability Plan (GSP Implementation), which will include management of the subbasin along with projects and management actions. The GSAs have designated SGA as the lead agency with DWR and as the GSAs Coordinator. The role of the coordinator includes ensuring that all required submittals to the State are provided in a timely fashion, that the GSAs meet and coordinate on a regular basis for successful GSP Implementation and coordinate activities and findings with adjacent subbasins. SGA has been an ongoing groundwater management agency with permanent staffing since 1998, so it is well positioned to serve in this role. The GSAs have designated the West Placer GSA as the GSAs Administrator. The administrator will serve an important coordination and documentation role for the GSAs as well as to ensure that effective outreach continues during GSP Implementation. Each GSA is committed to actively serving on the GSA Committee and will provide either in-kind staffing or consulting support services for the GSP Implementation.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

The GSAs have agreed to a cost schedule of shared common expenses over the first five years of GSP Implementation totaling \$1,149,300 which will be divided into equal annual payments to each GSA based upon their correlating percentage unique to its area. SGA is responsible for total payments of \$415,855 from June 30, 2022 to June 30, 2026. Note that this amount is subject to change and these expenses do not include the in-kind time that each GSA will contribute, or other expenses related to groundwater management that each GSA may perform. In addition to the annual payments the GSP Implementation MOA includes a contingency amount of 20 percent.

During the fiscal year ending June 30, 2024, the North American Subbasin was awarded a SGMA grant from DWR in the amount of \$3,560,500 that SGA is managing. In support of the grant, the GSA's agreed to contribute the 20 percent contingency amount from the GSP Implementation MOA for three out of five years totaling \$137,916, of which SGA is responsible for \$49,903. Discussions are ongoing related to contributing an additional year of contingency.

Given the implementation plan and the fact that the SGMA grant will support some activities related to the GSP Implementation, it is expected that payments collected will be in excess of expenses. As a result, unearned revenue related to the GSP Implementation was \$249,286 and \$146,172 at June 30, 2024 and 2023, respectively.

9. SUBSEQUENT EVENTS

On October 25, 2024, SGA entered into an agreement in the amount not to exceed \$352,881 with Woodard and Curran for professional services to support Sustainable Groundwater Management Act implementation and other groundwater management activities.

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REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Program Revenues:			
Assessment Income	\$ 907,079	\$ 907,079	\$ -
SGMA Grant Income	453,929	244,373	(209,556)
GSP Implementation Partner Fees	-	9,923	9,923
Total Program Revenues	1,361,008	1,161,375	(199,633)
General Revenue - Interest and Other Income	22,000	65,186	43,186
Total Revenues	1,383,008	1,226,561	(156,447)
PROGRAM AND GRANT EXPENDITURES			
Shared and Direct Expenditures:			
Wages and Salaries	541,490	514,080	27,410
Employee Taxes and Benefits	201,257	185,109	16,148
Travel and Training	19,500	10,881	8,619
Administrative	762,247	710,070	52,177
Rent	15,000	17,944	(2,944)
Insurance	24,000	24,772	(772)
Computer, Internet and Telephone	23,500	20,785	2,715
Dues and Subscriptions	6,800	4,451	2,349
Printing, Supplies, Postage and Equipment	24,500	5,740	18,760
Meetings and Events	3,000	34,703	(31,703)
Other	10,000	9,550	450
Office	106,800	117,945	(11,145)
Audit	16,800	14,450	2,350
Legal	50,000	29,784	20,216
Consultants	58,900	41,487	17,413
Banking, Payroll and Reporting Fees	2,700	2,302	398
Professional Fees	128,400	88,023	40,377
Total Program Expenditures	997,447	916,038	81,409
SGMA Grant Expenditures	453,929	225,978	227,951
GSP Project Expenditures	148,171	28,637	119,534
Total Expenditures	1,599,547	1,170,653	428,894
DEFICIENCY - EXCESS PROGRAM			
EXPENDITURES OVER REVENUES	(216,539)	55,908	272,447
Fund Balance, July 1, 2023	1,018,703	1,018,703	-
Fund Balance, June 30, 2024	\$ 802,164	\$ 1,074,611	\$ 272,447

SACRAMENTO GROUNDWATER AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Program Revenues:			
Assessment Income	\$ 892,615	\$ 892,615	\$ -
GSP Implementation Partner Fees	146,689	90,782	(55,907)
Total Program Revenues	1,039,304	983,397	(55,907)
General Revenue - Interest and Other Income	3,500	29,988	26,488
Total Revenues	1,042,804	1,013,385	(29,419)
PROGRAM AND GRANT EXPENDITURES			
Shared and Direct Expenditures:			
Wages and Salaries	509,837	490,611	19,226
Employee Taxes and Benefits	211,293	196,965	14,328
Travel and Training	18,000	17,094	906
Administrative	739,130	704,670	34,460
Rent	17,787	17,787	-
Insurance	16,750	21,626	(4,876)
Computer, Internet and Telephone	20,900	25,180	(4,280)
Dues and Subscriptions	6,600	3,370	3,230
Printing, Supplies, Postage and Equipment	15,800	6,564	9,236
Meetings and Events	1,500	1,616	(116)
Other	10,000	5,388	4,612
Office	89,337	81,531	7,806
Audit	14,700	15,400	(700)
Legal	50,000	10,606	39,394
Consultants	68,700	39,703	28,997
Banking, Payroll and Reporting Fees	2,500	2,023	477
Professional Fees	135,900	67,732	68,168
Total Program Expenditures	964,367	853,933	110,434
GSP Project Expenditures	182,300	122,440	59,860
Total Expenditures	1,146,667	976,373	170,294
DEFICIENCY - EXCESS PROGRAM			
EXPENDITURES OVER REVENUES	(103,863)	37,012	140,875
Fund Balance, July 1, 2023	981,691	981,691	-
Fund Balance, June 30, 2024	\$ 877,828	\$ 1,018,703	\$ 140,875

SACRAMENTO GROUNDWATER AUTHORITY

REQUIRED SUPPLEMENTARY DISCLOSURES PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST TEN YEARS

	Measurement Date							
	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.003013%	0.002245%	-0.007949%	0.001873%	0.001578%	0.002251%	0.002957%	0.003076%
Proportionate share of the net pension (asset)/liability	\$ 150,644	\$ 105,072	\$ (150,928)	\$ 79,009	\$ 63,208	\$ 84,845	\$ 116,581	\$ 106,839
Covered - employee payroll	\$ 454,491	\$ 320,760	\$ 306,879	\$ 302,959	\$ 285,636	\$ 289,758	\$ 263,178	\$ 266,850
Proportionate share of the net pension liability as a percentage of covered payroll	33.15%	32.76%	(49.18%)	26.08%	22.13%	29.28%	44.30%	40.04%
Plan fiduciary net position as a percentage of the total pension liability	77.97%	78.19%	88.29%	75.10%	75.26%	75.26%	73.31%	75.87%
SGA fiduciary net position as a percentage of the SGA pension asset/liability	94.94%	93.86%	109.75%	94.39%	94.82%	92.10%	90.24%	89.09%

Notes to Schedule:

For the measurement period ended June 30, 2023, there were no assumption or benefit changes.

For the measurement period ended June 30, 2022, the discount rate decreased from 7.15% to 6.90%, the inflation rate decreased from 2.50% to 2.30%, the post retirement benefit decreased and the mortality rate table changed. There were no benefit changes.

For the measurement periods ended June 30, 2021, 2020, 2019, 2016, there were no assumption or benefit changes.

For the measurement period ended June 30, 2018, the inflation rate decreased from 2.75% to 2.50%. There were no benefit changes.

For the measurement period ended June 30, 2017, the discount rate decreased from 7.65% to 7.15%. There were no benefit changes.

Historical information is only required for the years in which GASB 68 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.

SACRAMENTO GROUNDWATER AUTHORITY

REQUIRED SUPPLEMENTARY DISCLOSURE PENSION

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN LAST TEN YEARS

	Fiscal Year							
	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Contractually required contribution (actuarially determined)	\$ 52,551	\$ 49,474	\$ 39,077	\$ 36,316	\$ 32,003	\$ 27,571	\$ 27,004	\$ 23,831
Contributions in relation to the actuarially determined contributions	52,551	76,174	65,777	63,016	46,503	76,921	53,904	50,731
Contribution excess	\$ -	\$ (26,700)	\$ (26,700)	\$ (26,700)	\$ (14,500)	\$ (49,350)	\$ (26,900)	\$ (26,900)
Covered - employee payroll	\$ 487,110	\$ 454,491	\$ 320,760	\$ 306,879	\$ 302,959	\$ 285,636	\$ 289,758	\$ 263,178
Contributions as a percentage of covered - employee payroll	10.79%	16.76%	20.51%	20.53%	15.35%	26.93%	18.60%	19.28%
Contributions valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contributions measurement date:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method				Entry age normal				
Amortization Method				Level percentage of payroll, closed				
Remaining Amortization Period				Varies, not more than 30 years				
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Investment Rate of Return	6.80%	7.00%	7.00%	7.25%	7.25%	7.375%	7.50%	7.50%
Inflation	2.30%	2.50%	2.50%	2.625%	2.625%	2.75%	2.75%	2.75%
Payroll Growth	2.80%	2.75%	2.75%	2.875%	2.875%	3.00%	3.00%	3.00%
Salary Increases				Varies by entry age and service				
Mortality				Most recent CalPERS Experience Study				

Historical information is only required for the years in which GASB 68 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.

OTHER REPORT

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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
Sacramento Groundwater Authority
Sacramento, 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 governmental activities and special revenue fund of the Sacramento Groundwater Authority (the Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 27, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

Board of Directors
Sacramento Groundwater Authority

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 result of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

November 27, 2024



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

GOVERNANCE LETTER

To the Board of Directors
Sacramento Groundwater Authority
Sacramento, California

We have audited the financial statements of the Sacramento Groundwater Authority (the Authority) for the year ended June 30, 2024, and have issued our report thereon dated November 27, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 23, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards*

As stated in our engagement letter dated September 23, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Authority. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We noted no internal control matters during our audit.

We are required by the audit standards to identify potential risks of material misstatement during the audit process. We have identified the following significant risks of material misstatement as part of our audit planning: Management override of internal control and revenue recognition. These are the areas that the audit standards require at a minimum to be identified as significant risks.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated September 23, 2024.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2023/24. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: depreciable lives and method used to depreciate capital assets, and the accruals for pension benefits. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The accrual for the unfunded pension liability was determined by an actuarial valuation performed by CalPERS, which is performed annually.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

Pension Liability: Information on the Authority's pension plans, including the Authority's share of the unfunded pension liability, is shown in Note 5. The Authority's share of the unfunded pension liability at June 30, 2023, the most recent measurement date, was \$150,644 which is reflected as a liability in the Authority's financial statements as of June 30, 2024. As a result of the changes in the net pension liability and related deferred inflows and outflows, the Authority's pension expense is \$146,897.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We had no adjustments as a result of our audit.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing

matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2024.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management discussion and analysis, schedule of the proportionate share of the net pension liability, and schedule of revenue, expenditures and changes in fund balance- budget to actual, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

November 27, 2024

Agenda Item 5

Topic: Election of 2025 SGA Officers
Type: New Business
Item For: Action
Purpose: Policy 200.1 (Rules of Procedure governing the Sacramento Groundwater Authority)

SUBMITTED BY:	James Peifer Executive Director	PRESENTER:	Paul Selsky Chair
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EXECUTIVE SUMMARY

This is an action item for the Sacramento Groundwater Authority Board of Directors to elect the Chair and Vice Chair for 2025.

STAFF RECOMMENDATION:

Elect 2025 SGA Chair and Vice Chair.

BACKGROUND

The SGA Board elects a chair and vice-chair annually at its December meeting. The Chair appointed Director Yasutake (City of Folsom); Director Pratt (Del Paso Manor Water District); and Director Harris-Garrison (Rio Linda/Elverta CWD) as the 2024 SGA Officer Nomination Committee.

Policy 200.1, Section 3.06, (a) states:

*The Board of Directors shall elect a Chair and a Vice Chair, and may elect such other officers as the Board shall find appropriate. The Chair shall preside over meetings of the Board, and in the Chair's absence, the Vice Chair shall preside. Board officers shall serve for a term of one (1) calendar year unless sooner terminated at the pleasure of the Board. If, for any reason, an officer is appointed after the commencement of a calendar year, the term of office shall expire at the end of the calendar year. **Elections for Chair and Vice Chair shall be conducted not later than the last regularly scheduled meeting which precedes the calendar year for which the appointments are made.** Nothing in these rules shall preclude an officer from serving more than one term, if so appointed pursuant to these Rules.*

The appointed Nomination Ad-hoc Committee has made the following nominations for the 2025 SGA Chair and Vice Chair:

SGA Chair – Chris Hunley, County of Sacramento

SGA Vice-Chair – Jay Boatwright, Sacramento Suburban Water District

Agenda Item 6

Topic: Sacramento Regional Water Bank – SGA Ad Hoc Group Update
Type: New Business
Item For: Information
Purpose: General

SUBMITTED BY:	Trevor Joseph, Manager of Technical Services	PRESENTER:	Trevor Joseph, Manager of Technical Services
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EXECUTIVE SUMMARY

This is an information item for the Board of Directors to receive a brief update on the SGA Ad Hoc group’s activities aiding in the implementation of the Sacramento Regional Water Bank (Water Bank) project.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

This information item is a standing report to provide an opportunity to report on any updates from the SGA Ad Hoc group’s activities aiding in the implementation of the Sacramento Regional Water Bank (Water Bank) project. The SGA Ad Hoc group was formed in fall 2024 and is responsible for aiding in the development of the Water Bank, specifically addressing the subject of the Water Bank starting balance while protecting the sustainability of groundwater in the North American Subbasin and supporting SGA’s interests.

Agenda Item 7

Topic: North American Subbasin Groundwater Conditions – Current Status of Water Level Data
Type: Old Business
Item For: Information
Purpose: General – Status Update

SUBMITTED BY:	Trevor Joseph, Manager of Technical Services	PRESENTER:	Trevor Joseph, Manager of Technical Services
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EXECUTIVE SUMMARY

This is an information item for the Board of Directors to receive a brief update on groundwater conditions in the North American Subbasin.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

This is an information item for the Board of Directors to receive a brief update on groundwater conditions in the North American Subbasin. Groundwater conditions, provided through illustration of current water level data will be important as agencies work with SGA to complete ongoing requirements of the Sustainable Groundwater Management Act and contemplate additional conjunctive water management actions in the subbasin including Groundwater Substitution Transfers.

Agenda Item 8

Topic: Sustainable Groundwater Management Act Grant Update
Type: Old Business
Item For: Information

SUBMITTED BY: Raiyna Villasenor,
Senior Project Manager

PRESENTER: Raiyna Villasenor,
Senior Project Manager

EXECUTIVE SUMMARY

This is an information item for the Board of Directors to receive a brief update on status of SGA's Sustainable Groundwater Management Act (SGMA) grant with the Department of Water Resources (DWR).

STAFF RECOMMENDED ACTION

This is an informational item only.

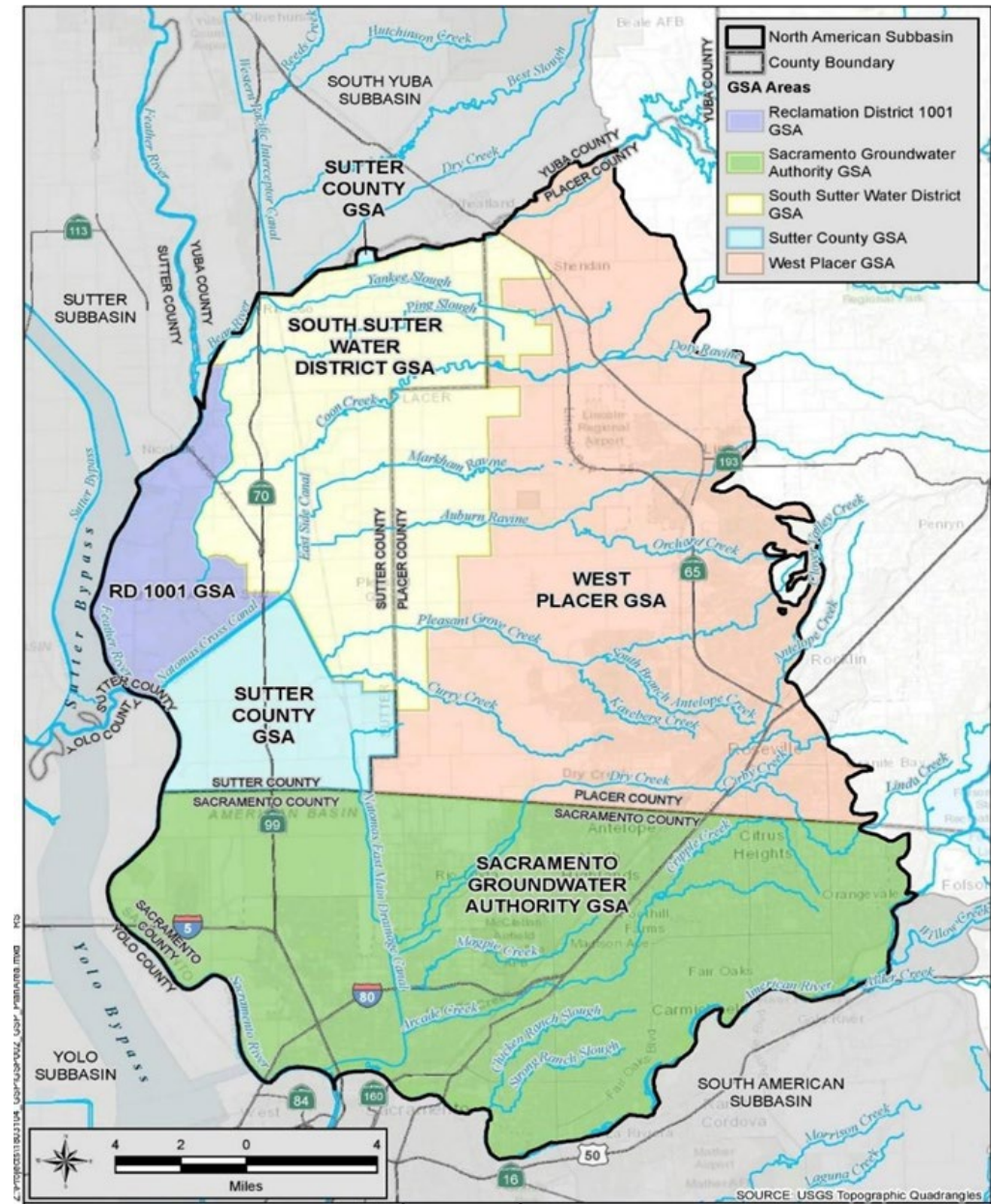
BACKGROUND

This is an informational item for the Board of Directors to receive a brief update on status of SGA's Sustainable Groundwater Management Act (SGMA) grant with the Department of Water Resources (DWR). Ongoing work to implement the components of the grant are critical to SGA and other North American Subbasin (NASb) Groundwater Sustainability Agencies (GSAs) efforts to meet the ongoing requirements of the SGMA.

Agenda Item 8.0 North American Subbasin (NASb) DWR SGM Grant Round II Update

Presented by: Raiyna Villasenor, Senior Project Manager

December 12, 2024



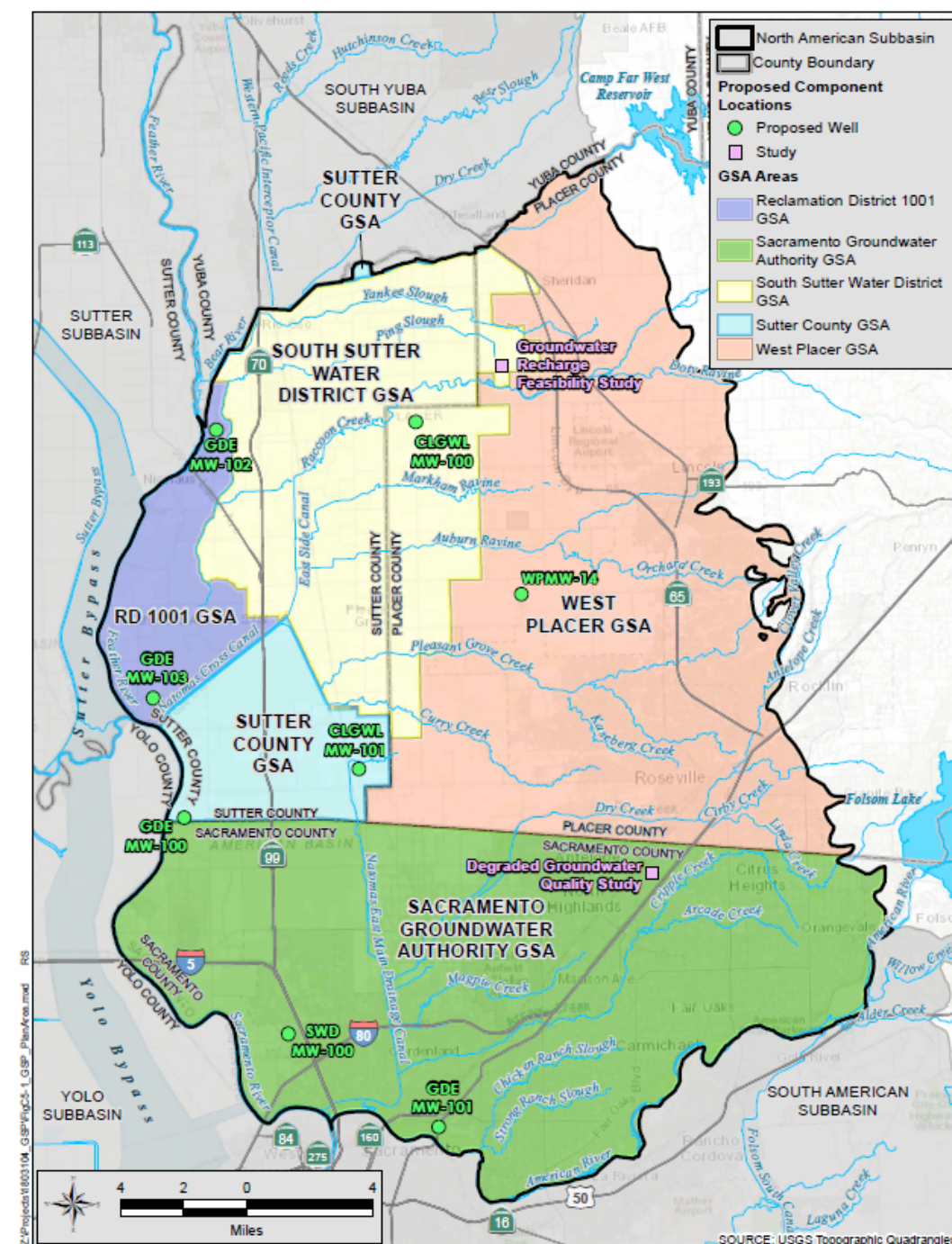
DWR SGM Grant Overview

- DWR administered the Sustainable Groundwater Management (SGM) Grant Program
- Round 1 Awards (\$150 million for Critically Overdrafted Basins, ~\$7.6 million per basin)
Round 2 Solicitation Opened: October 4, 2022 Deadline: December 16, 2022
 - High, Medium, & Critically Overdrafted basins eligible, approx. \$231 million avail.
 - Grant awards: Minimum – \$1 million per basin; Maximum– \$20 million per basin
 - Only one application per basin/subbasin
- **Round 2 Draft Funding Recommendations Announced May 19, 2023**
 - DWR received 82 applications requestion over \$780 million
 - Recommended 31 applications receive a total award of \$187.3M
 - Public comment period ended June 9, 2023
 - Final award announced September 13, 2023
- **DWR awarded NASb the full requested grant amount of \$3,560,500 for Advancing NASb Sustainable Groundwater Management**

NASb Grant Project Components

Advancing NASb SGM Components - Status

1. Grant Administration (\$293K) – *Ongoing*
2. Groundwater Recharge Feasibility Study (\$437K) – *In progress*
3. Groundwater Quality Degradation Study (\$242K) – *In progress*
4. Groundwater Monitoring Wells Construction (\$600K) – *In progress*
 - GDE (4) - *three of the four sites confirmed*
 - Lowering of Levels (1)
 - SW Depletion (1)
5. Groundwater Monitoring Well/Emergency Supply Well (\$376K) – *In progress*
 - Domestic and Emergency Supply (1)
6. GSP Update and Annual Reporting (\$838K) – *In progress*
7. CoSANA Model Upgrade and Enhancements (\$776K) – *In progress*



Exact locations of proposed components may vary



Thank you!

Agenda Item 9

Topic: SGA 2025 Look Ahead
Type: New Business
Item For: Information
Purpose: General

SUBMITTED BY:	Trevor Joseph, Manager of Technical Services	PRESENTER:	Trevor Joseph, Manager of Technical Services
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EXECUTIVE SUMMARY

This is an information item for the Board of Directors to receive a brief update on SGA’s planned activities, projects, and actions for 2025.

STAFF RECOMMENDED ACTION

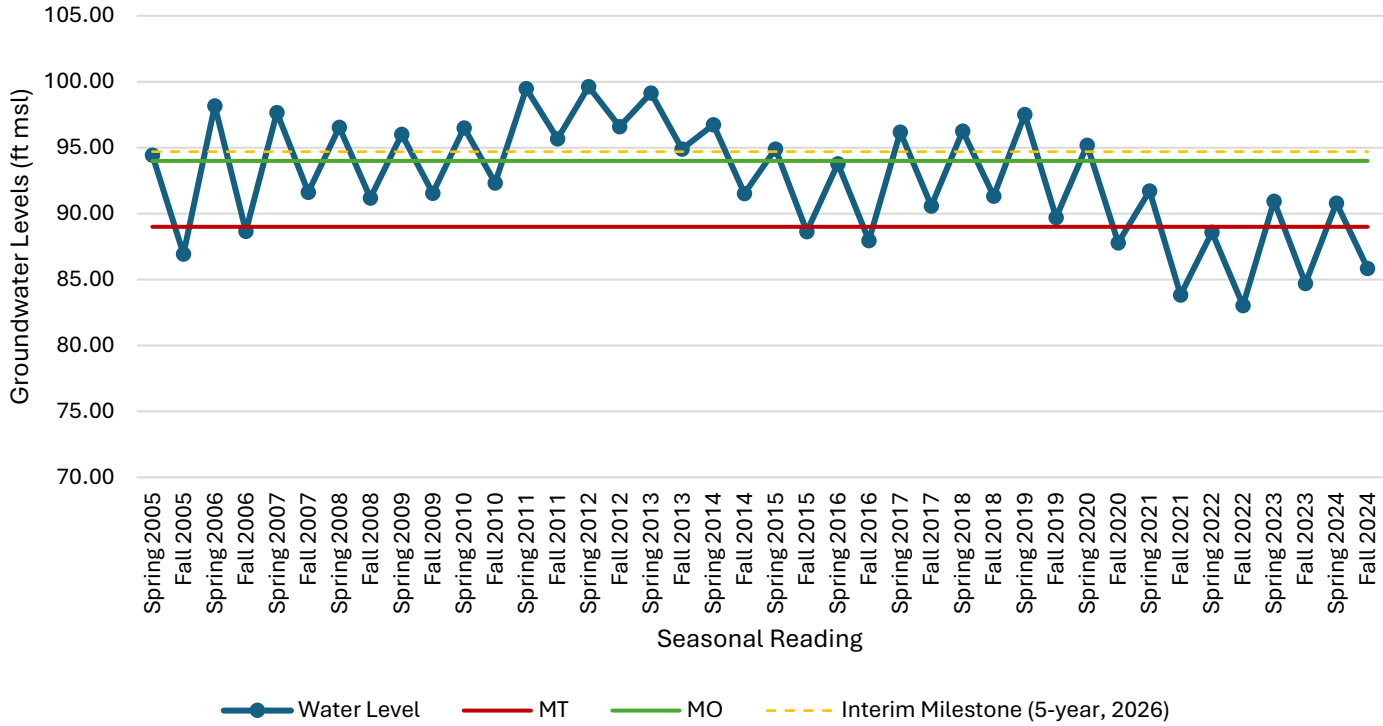
None. This item is for information/discussion only.

BACKGROUND

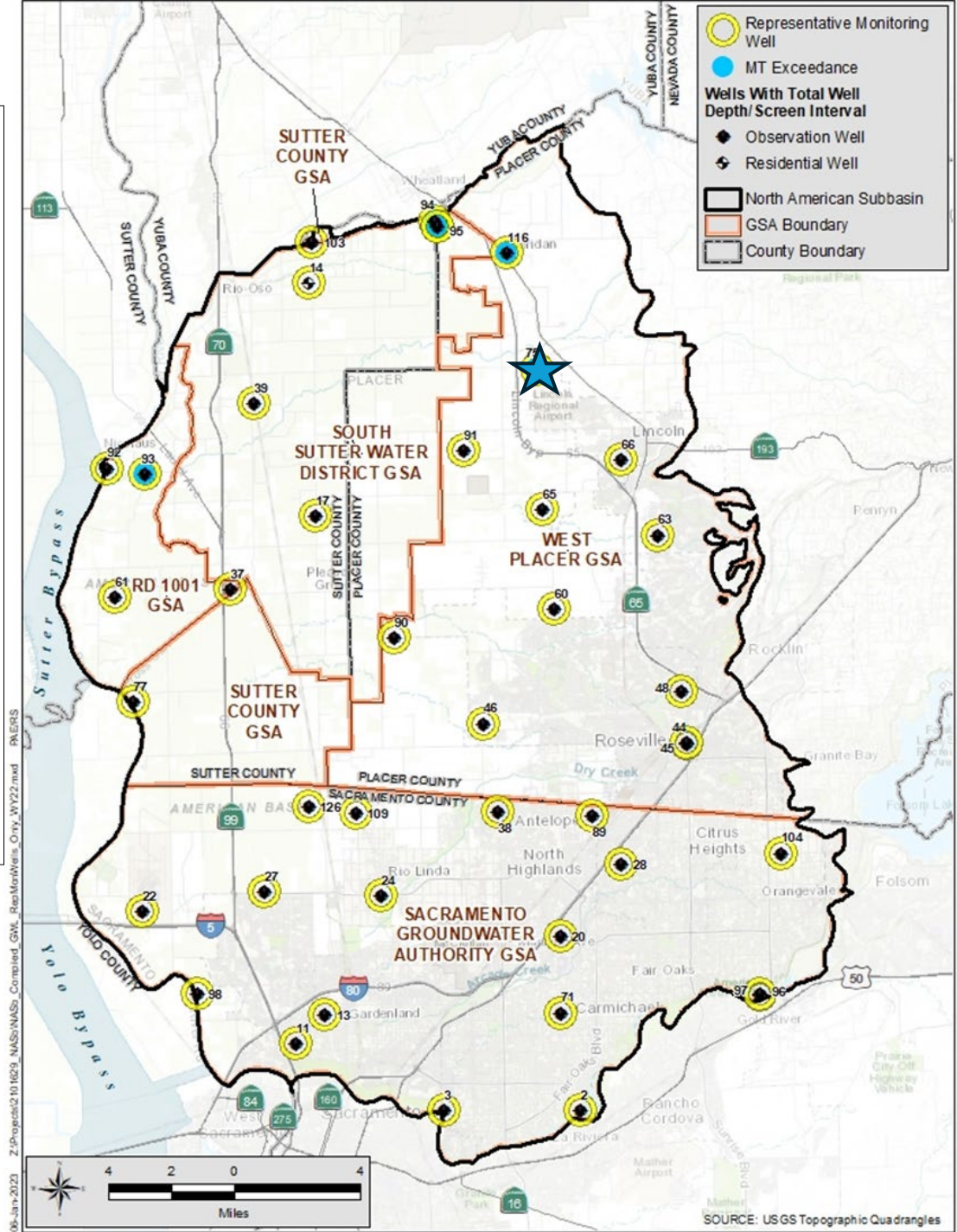
This is an information item for the Board of Directors to receive a brief update on SGA’s planned activities, projects, and actions for 2025. SGA staff work on multiple activities, projects, and actions to advance SGA’s goals and objectives including implementation of Sustainable Groundwater Management Act requirements. Additional workload requirements are planned and anticipated during calendar year 2025 and should be discussed in the context of existing SGA staff obligations.

RMS Well MW 2-3

MW 2-3
GSP Well #75



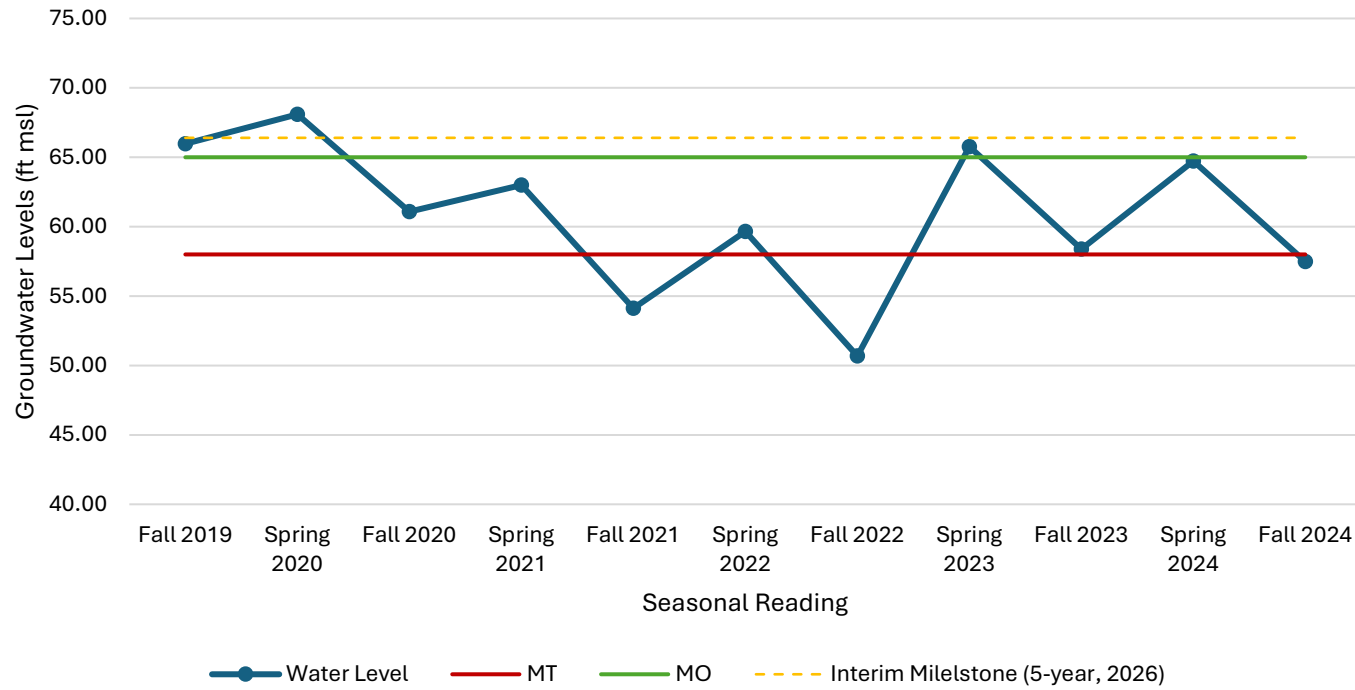
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
89	94	84	83.04	84.72	85.86	-4.28	-3.14



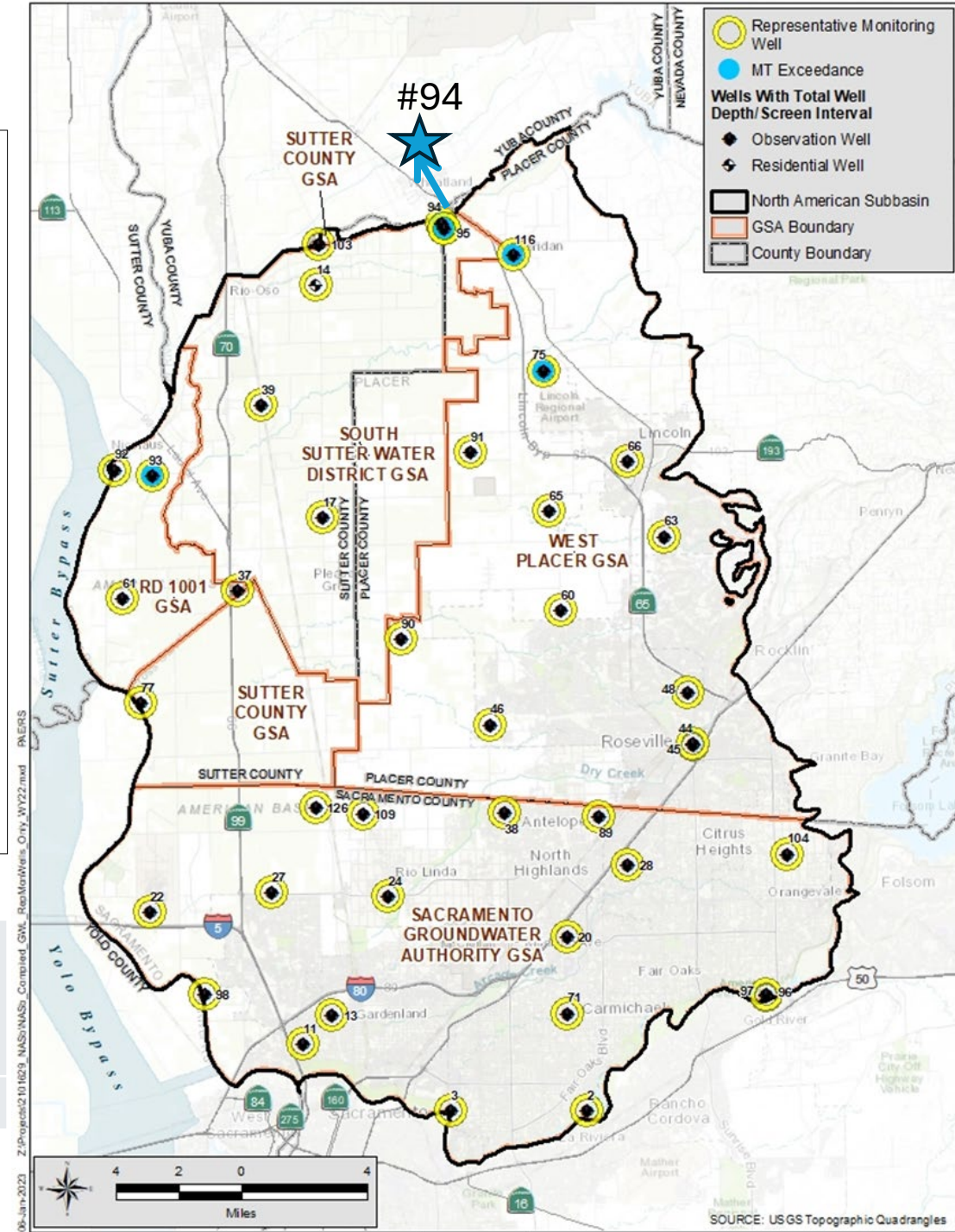
SOURCE: USGS Topographic Quadangles

RMS Well RDMW-103

RDMW-103
GSP Well #94

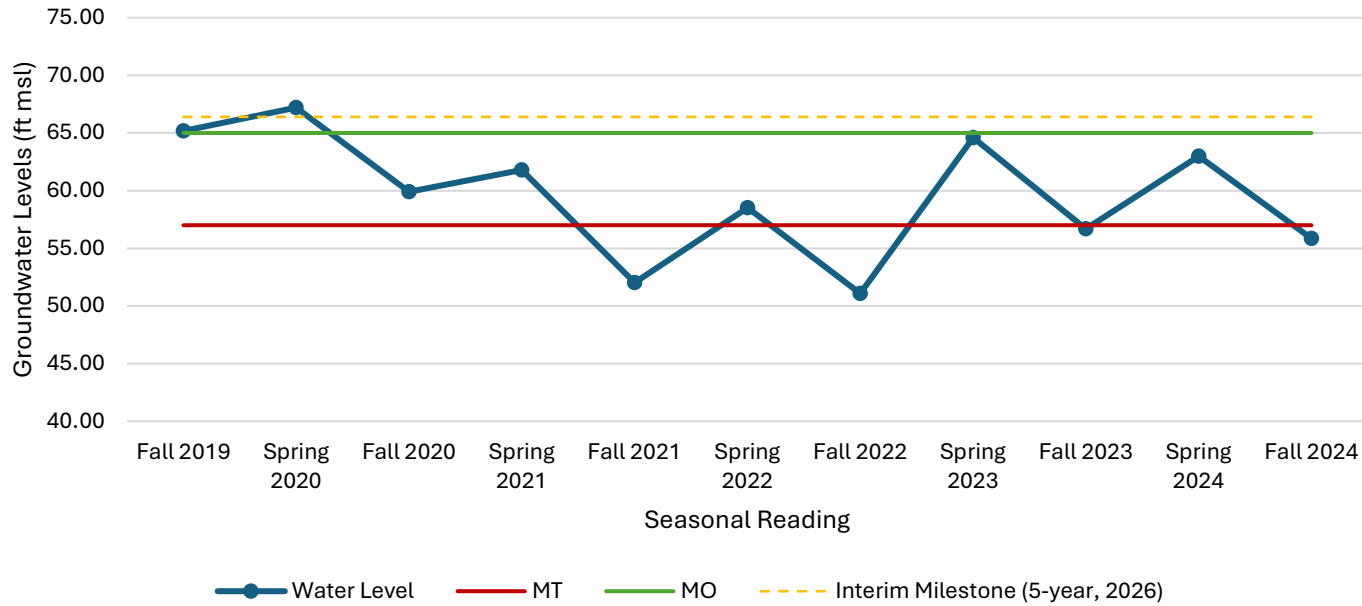


Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
58	65	54	50.68	58.37	57.48	0.37	0.52

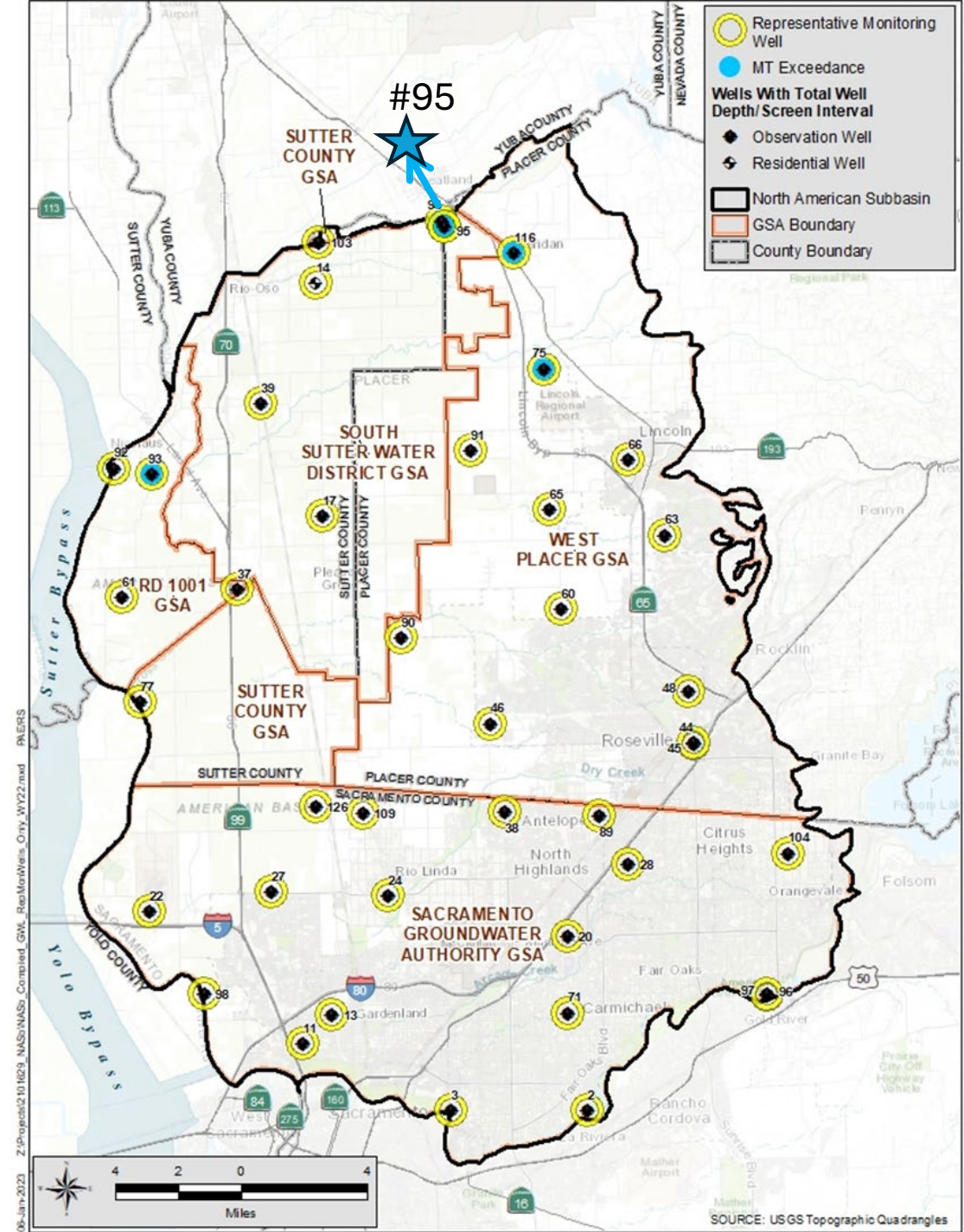


RMS Well RDMW-104

RDMW-104
GSP Well #95



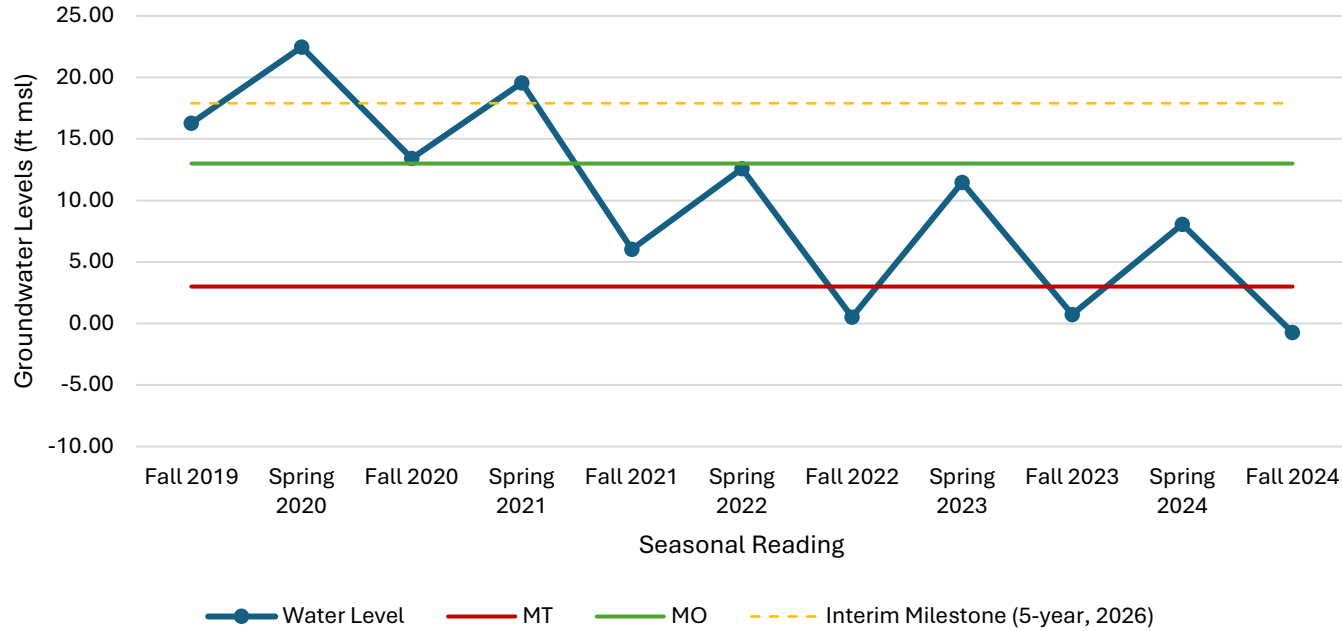
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
57	65	52	51.08	56.68	55.85	-0.32	-1.15



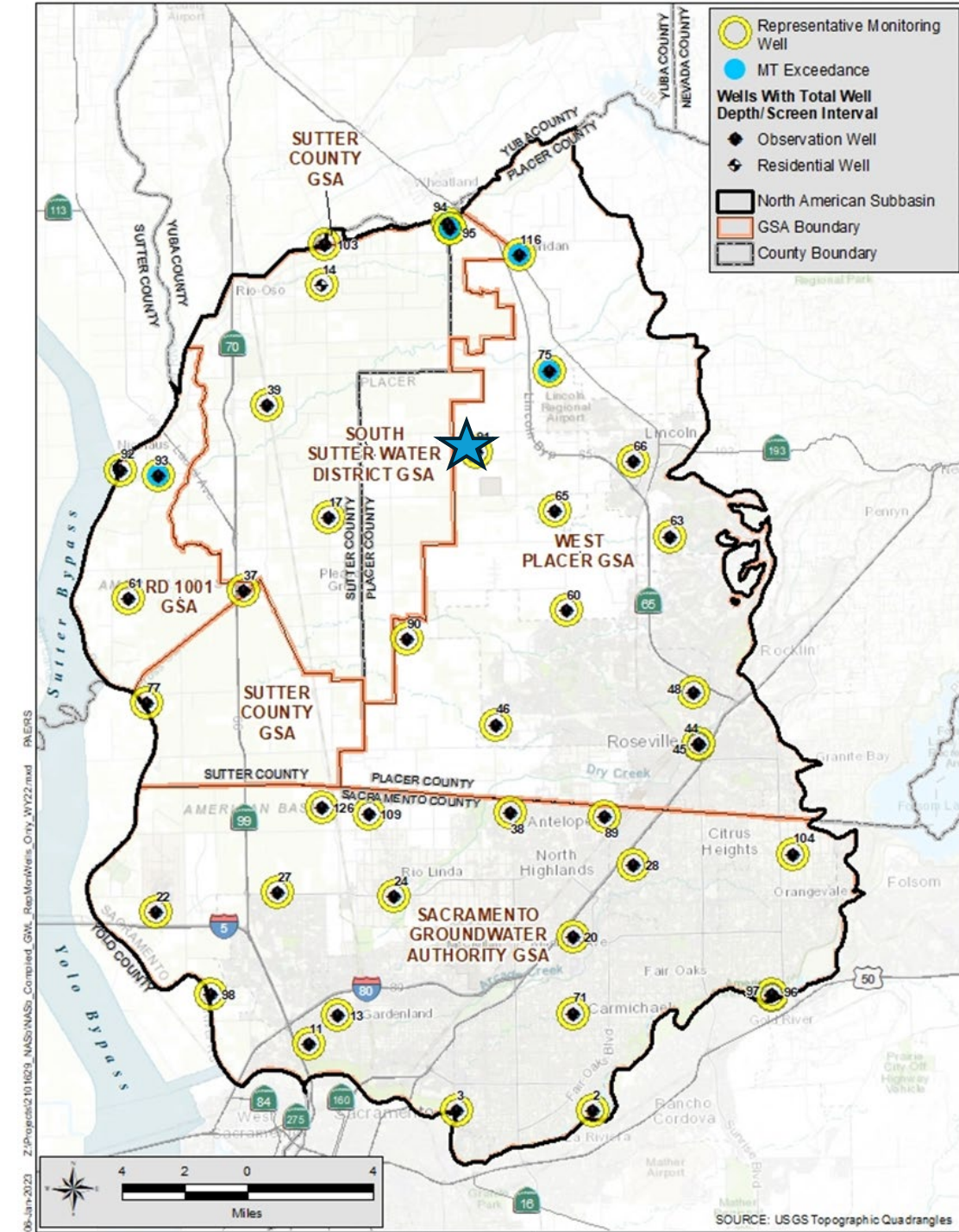
SOURCE: USGS Topographic Quadrangles

RMS Well WPMW-11A

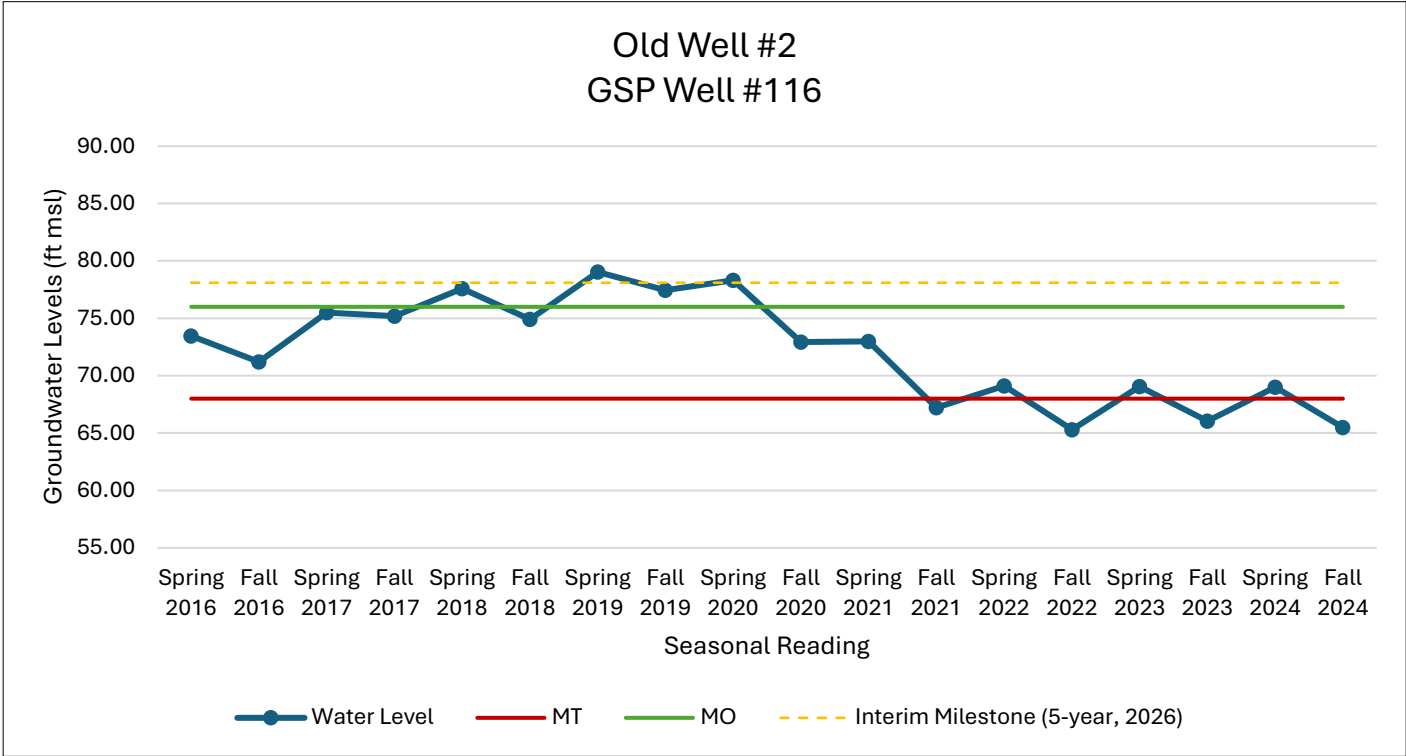
WPMW-11A
GSP Well #91



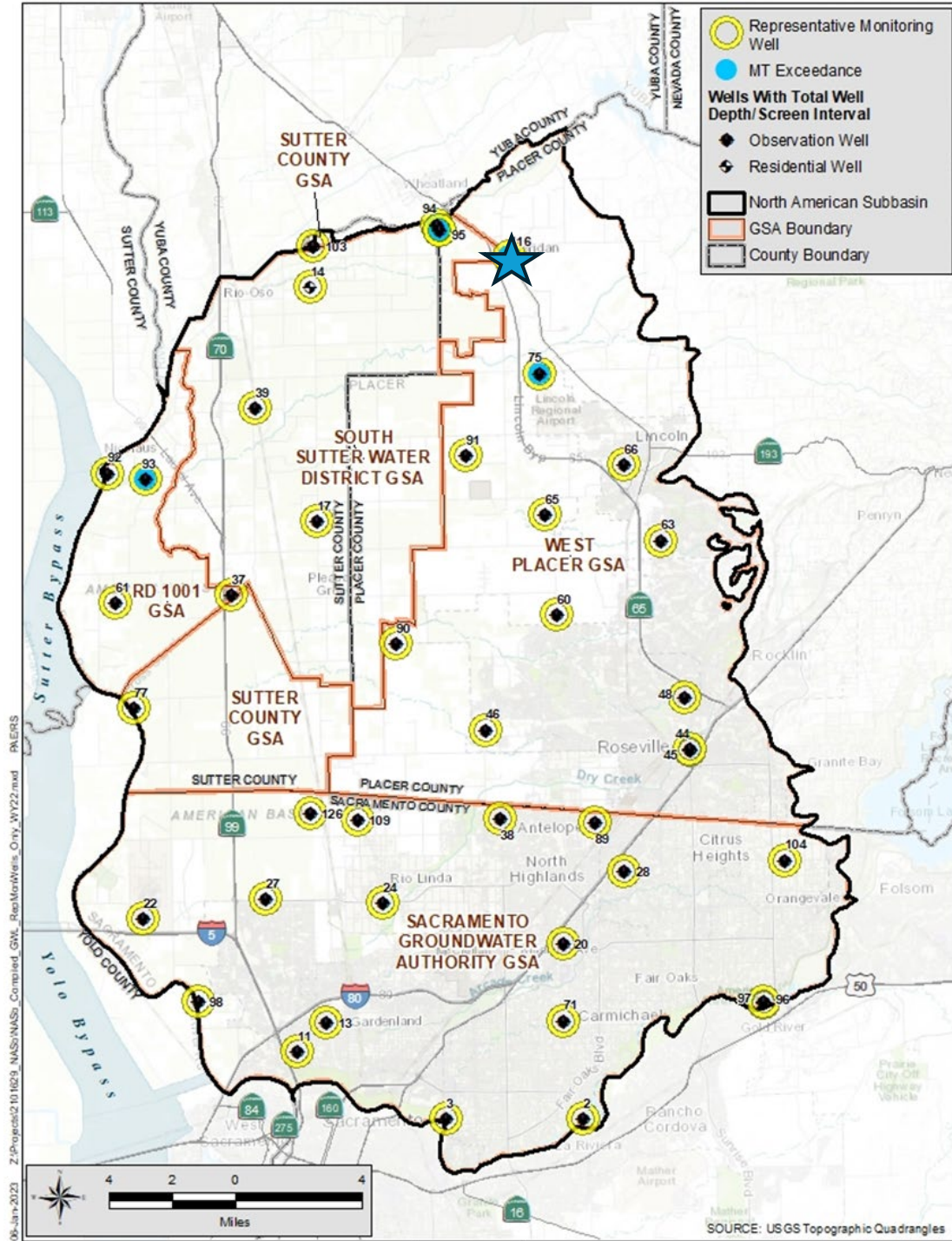
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
3	13	6	0.52	0.72	-0.73	-2.28	-3.73



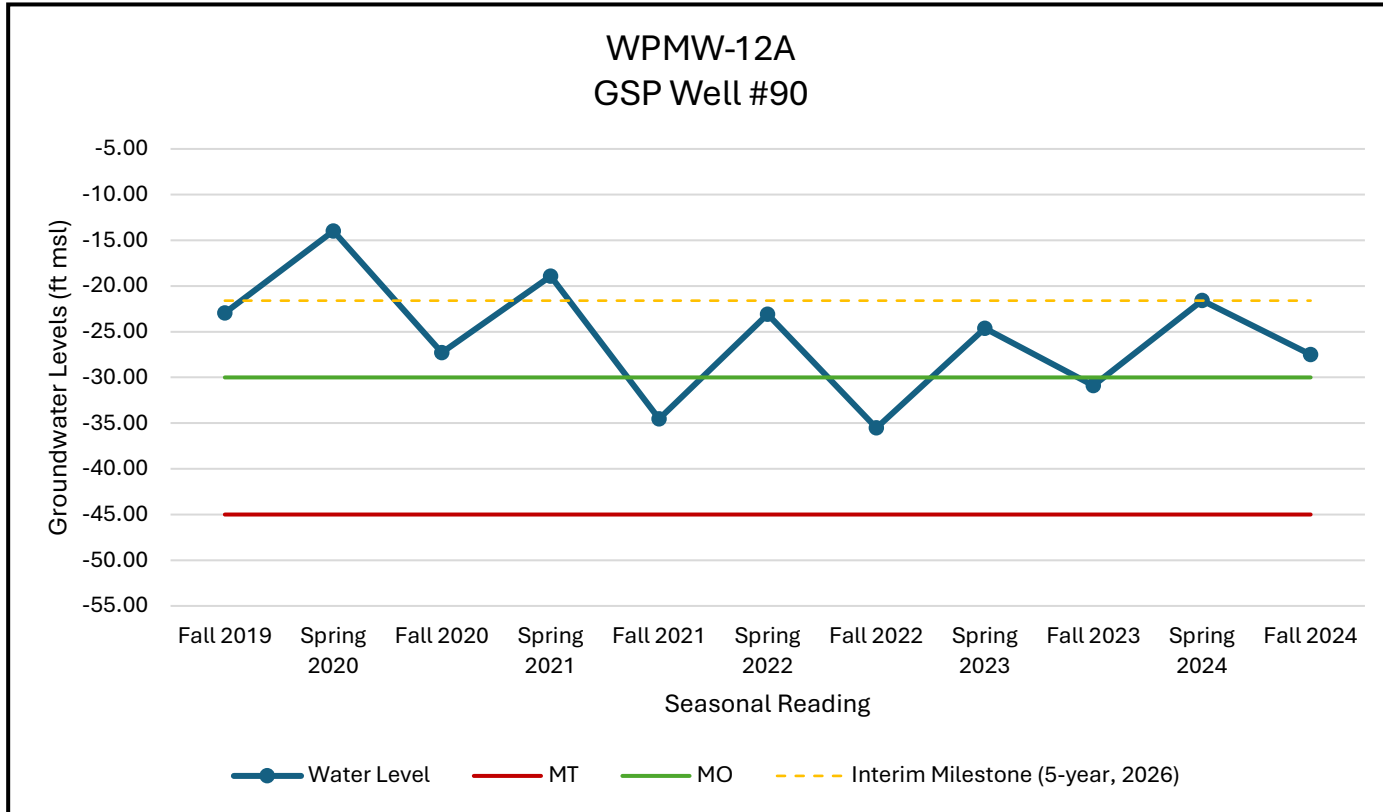
RMS Well Old Well #2



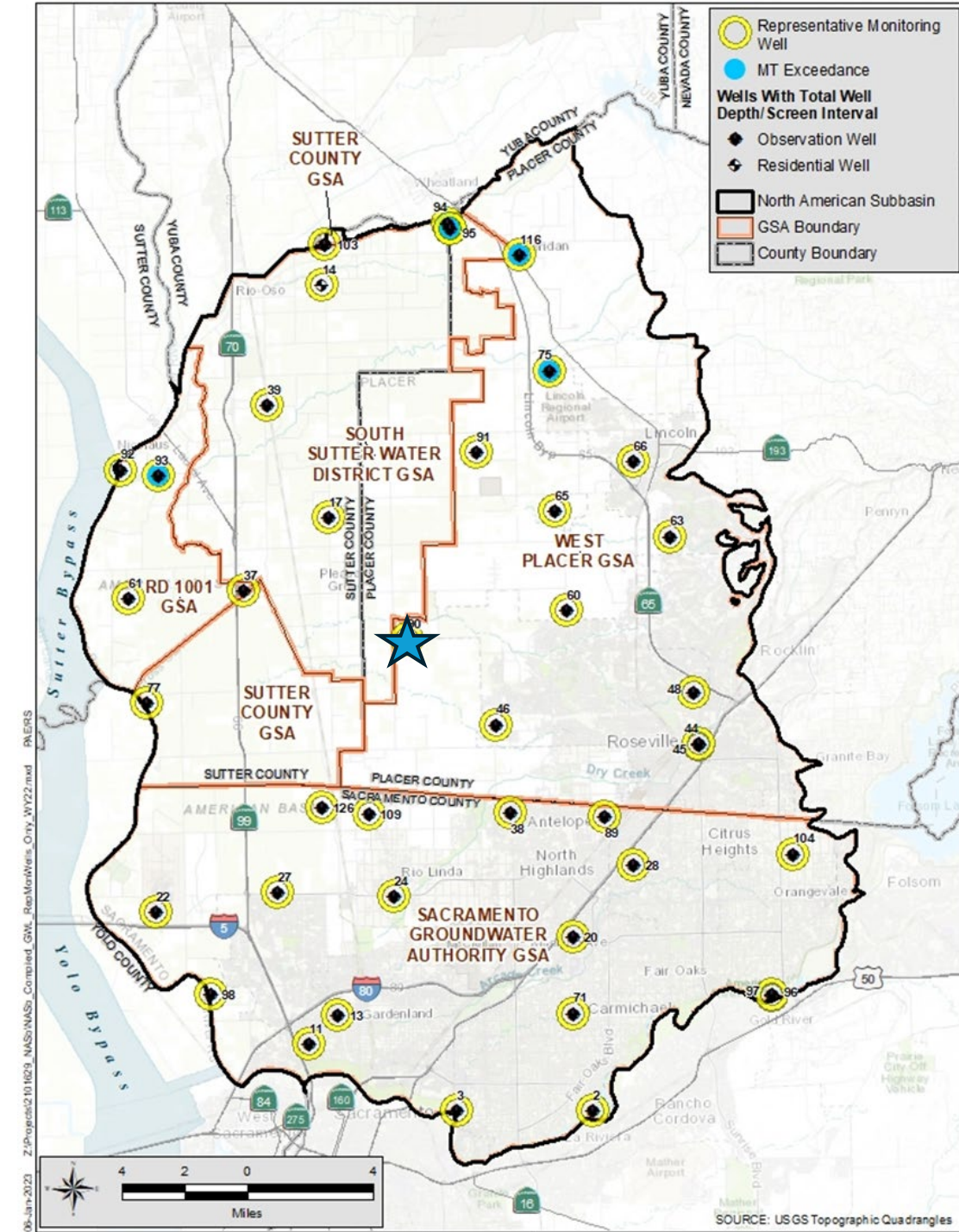
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
68	76	67	65.30	66.05	65.50	-1.95	-2.50



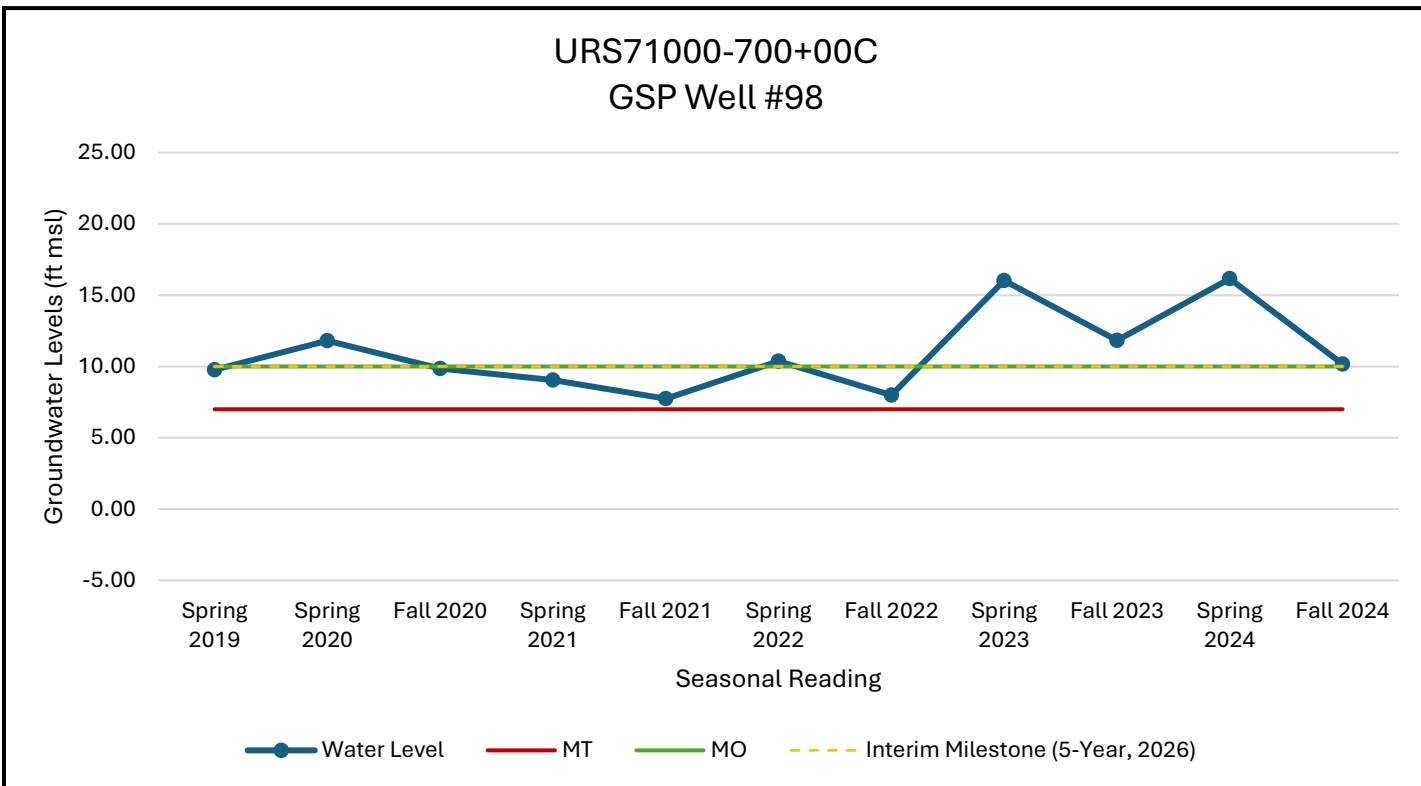
RMS Well WPMW-12A



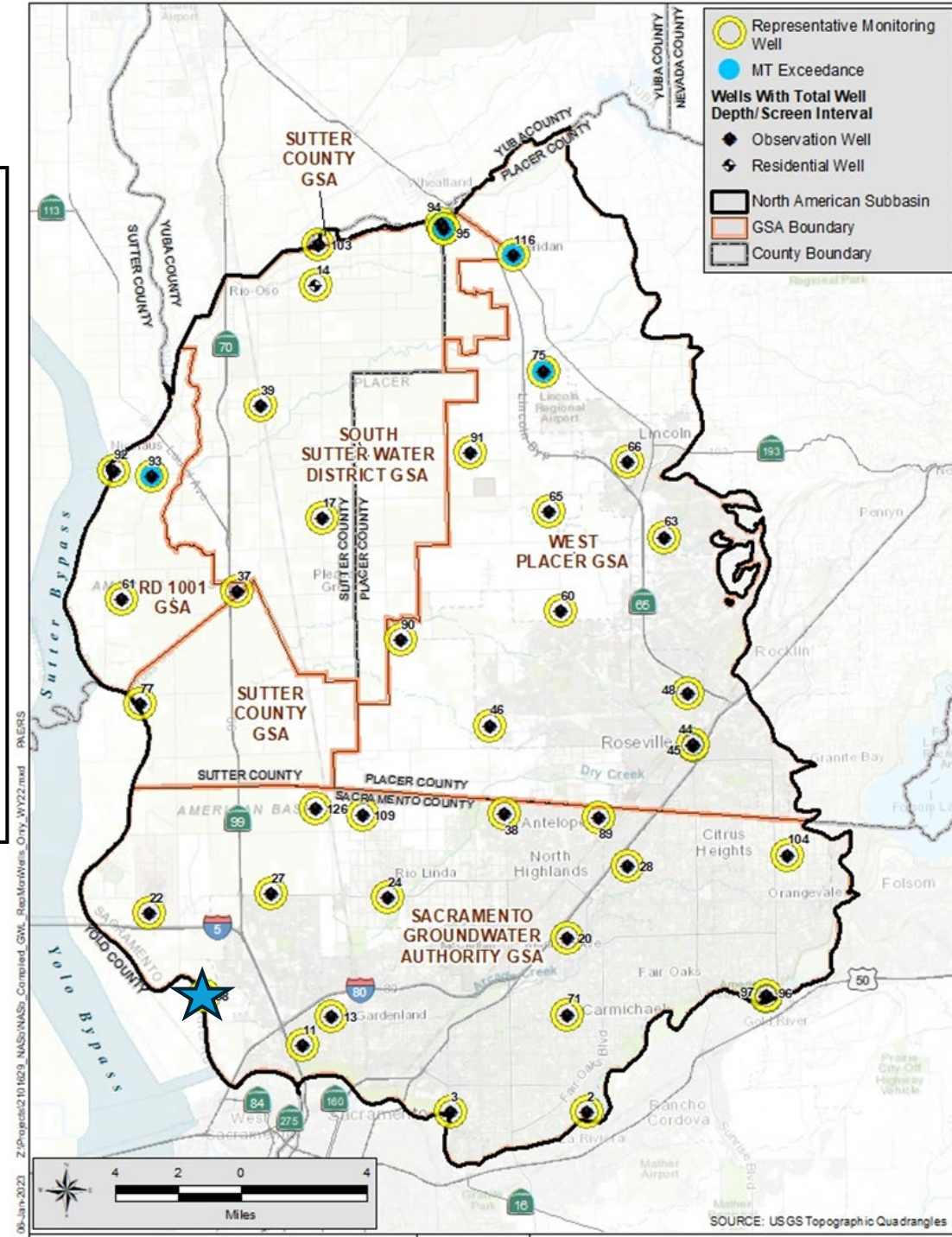
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
-45	-30	-37.00	-35.53	-30.90	-27.50	14.10	17.50



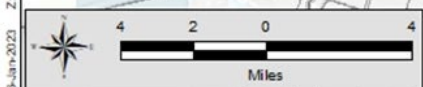
RMS Well URS71000-700+00C (N98)



Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
7	10	7.74	8.00	11.84	10.17	4.84	3.17

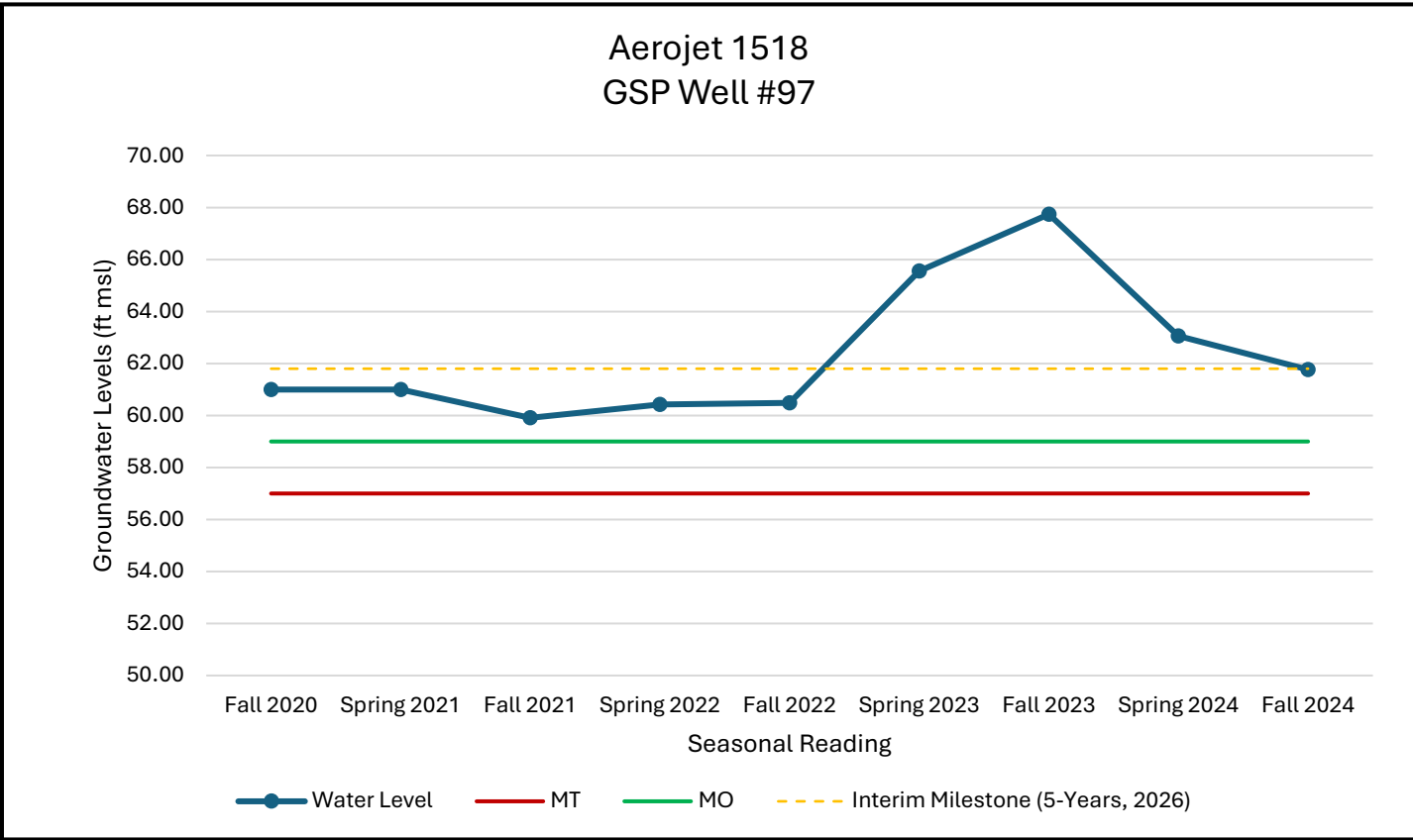


- Representative Monitoring Well
- MT Exceedance
- Wells With Total Well Depth/ Screen Interval
 - Observation Well
 - Residential Well
- North American Subbasin
- GSA Boundary
- County Boundary

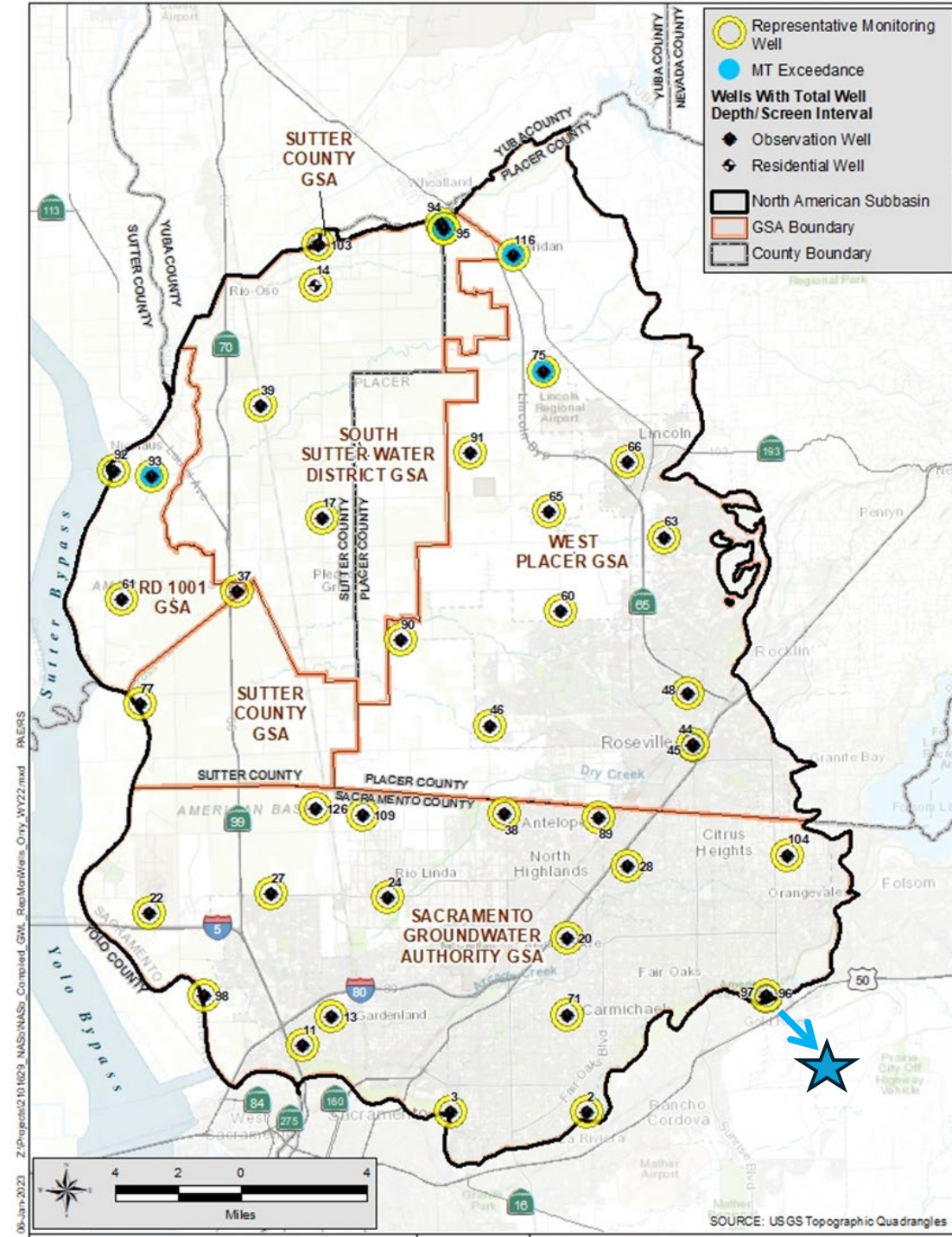


SOURCE: USGS Topographic Quadangles

RMS Well Aerojet 1518

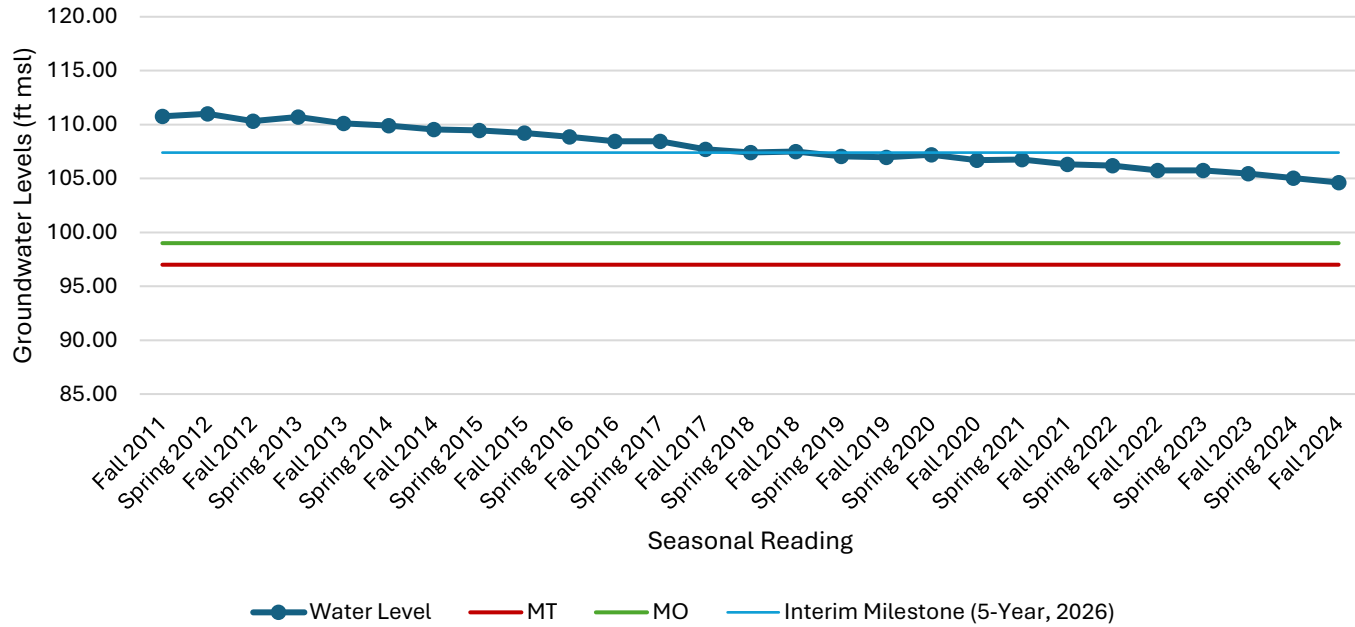


Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
57	59	59.91	60.48	67.74	61.76	10.74	4.76

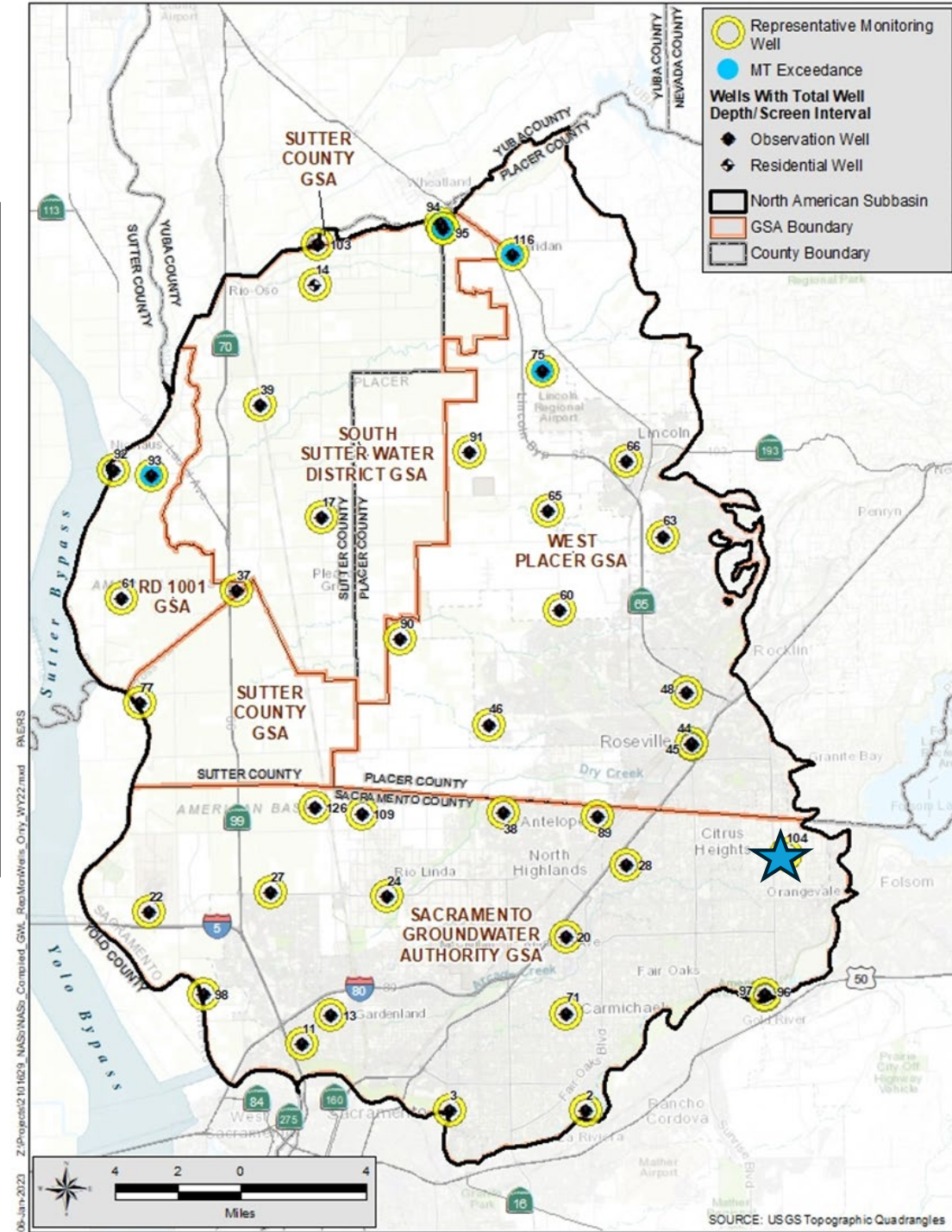


RMS Well SGA_MW08

SGA_MW08
GSP Well #104



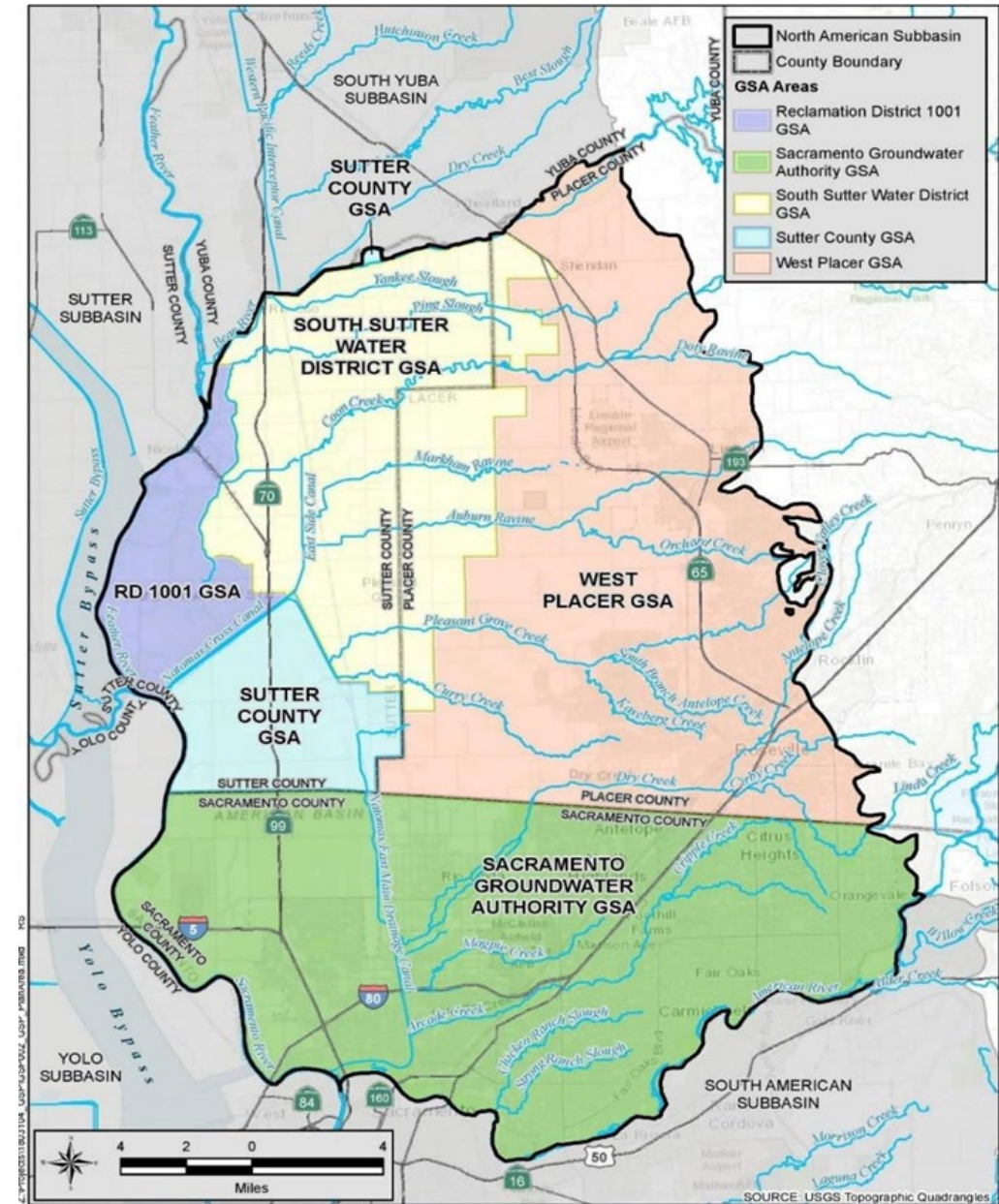
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
97	99	106.31	105.76	105.46	104.63	8.46	7.63



SOURCE: US GS Topographic Quadangles

Agenda Item 9.0 SGA 2025 Look Ahead

December 12, 2024



MOA Review & Discussion

Section VI. Funding Provisions

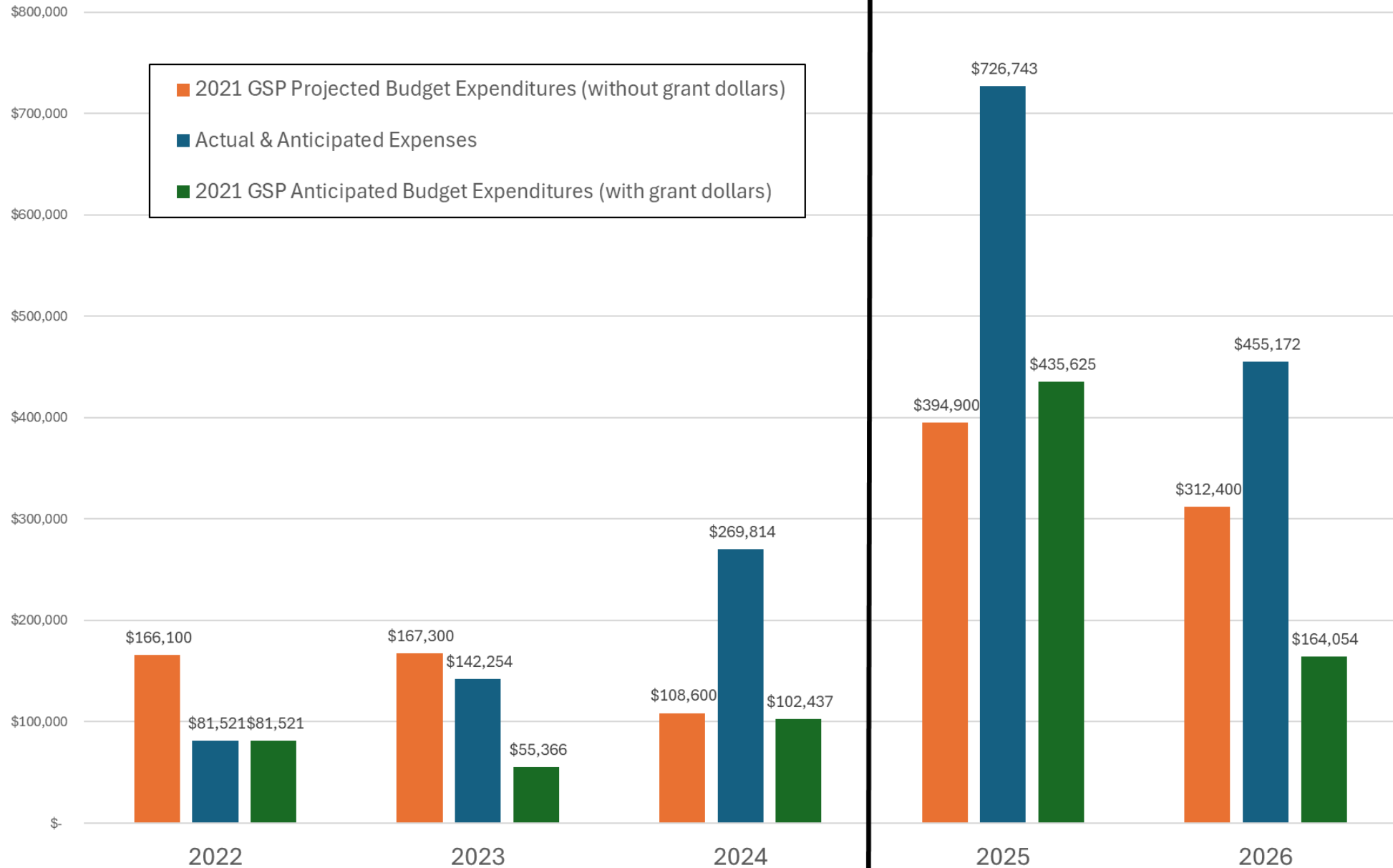
A. Budget

1. “Coordination Committee” shall mean, the five-member committee organized to oversee GSP implementation and SGMA compliance for the NASb
 - “Fiscal Year” July 1 through June 30
 - A budget shall be agreed upon no later than February 1 of the preceding fiscal year or other such date
 - The budget must be approved by unanimous vote and recommended for approval to and subsequently approved by the governing body of each Party to this Agreement
- 1.a. Funds collected but not used in a fiscal year will roll over as contribution for the following year
 - The Annual Budget shall identify the activities, costs, and cost share to each NASb GSA associated with common expenses required to meet SGMA/GSP compliance

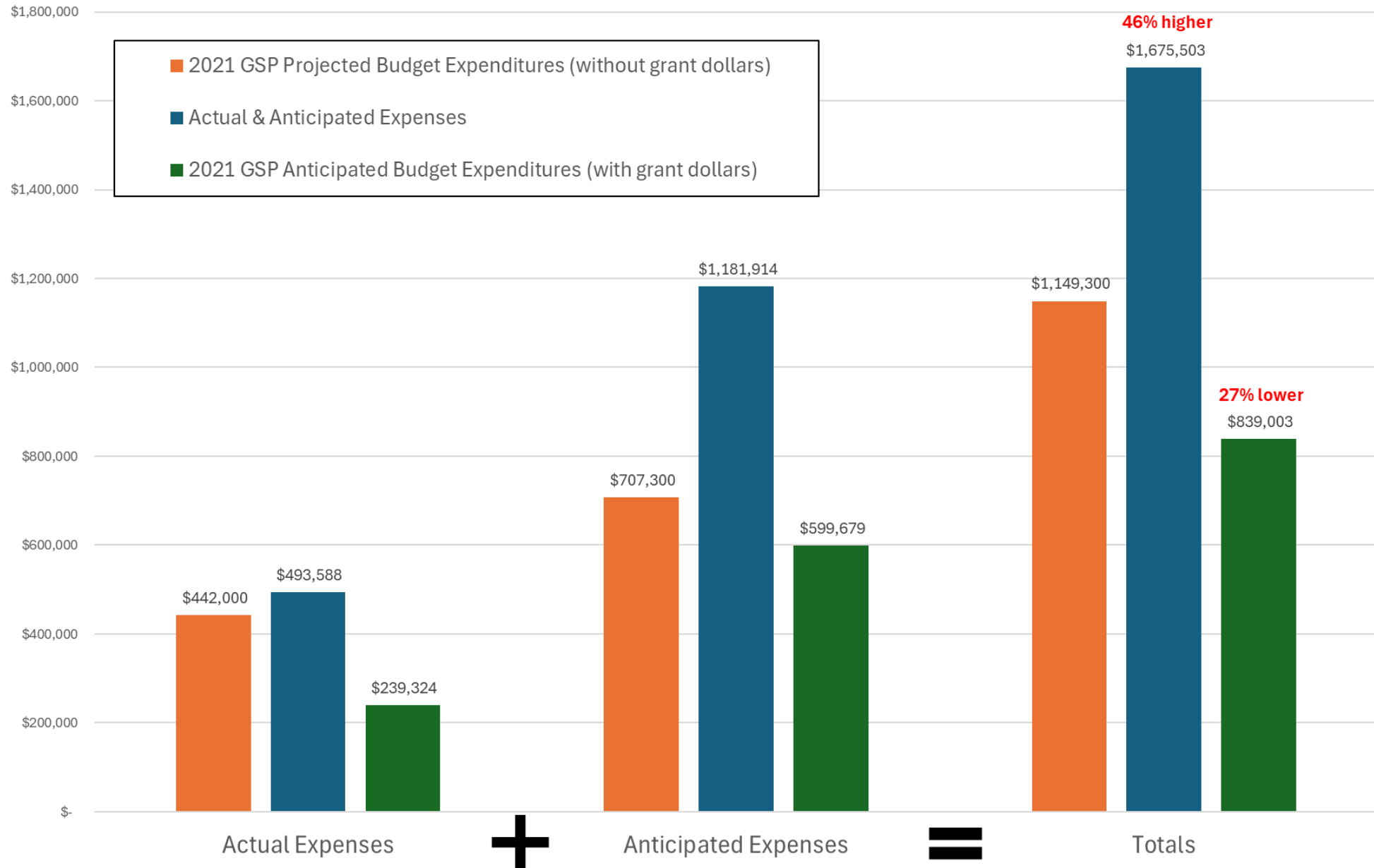
Table 10-1. Five-year Budget and Funding Sources

Budget Item Description/Year	2022	2023	2024	2025	2026
Regulatory Requirements					
Groundwater Level Monitoring	\$7,300	\$7,500	\$7,700	\$7,900	\$8,100
Biennial Water Quality Monitoring	\$0	\$25,000	\$0	\$25,000	\$0
Annual Reports	\$65,000	\$50,000	\$40,000	\$40,000	\$40,000
5-Year GSP Assessment/Update	\$0	\$0	\$0	\$125,000	\$125,000
Modeling Support and Update	\$20,000	\$20,000	\$20,000	\$150,000	\$90,000
Data Management System Maintenance and Upgrades	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Program Management and Administrative Expenses					
NASb GSA Coordination Meetings	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800
Public Outreach	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Website Maintenance	\$4,000	\$4,500	\$5,000	\$5,500	\$6,000
GIS Mapping Support	\$3,800	\$4,000	\$4,200	\$4,400	\$5,000
Lead Agency Administration	\$6,200	\$6,500	\$6,900	\$14,800	\$16,000
Projects and Management Actions					
Well Permit/Construction Practices	\$12,500	\$12,500			
Domestic/Shallow Well – Data/Communication Program	\$12,500	\$12,500			
GDE Assessment Program	\$20,000	\$10,000	\$10,000	\$ 7,500	\$ 7,500
Total Shared Costs					
Annual Estimated Cost	\$166,100	\$167,300	\$108,600	\$394,900	\$312,400
5-year Total Cost					\$1,149,300
Average Annual 5-year Cost	\$229,860	\$229,860	\$229,860	\$229,860	\$229,860
Estimated Average Annual Contribution by GSAs					
SGA	\$83,171	\$83,171	\$83,171	\$83,171	\$83,171
West Placer	\$76,912	\$76,912	\$76,912	\$76,912	\$76,912
SSWD	\$44,521	\$44,521	\$44,521	\$44,521	\$44,521
Sutter County	\$13,583	\$13,583	\$13,583	\$13,583	\$13,583
RD1001	\$11,673	\$11,673	\$11,673	\$11,673	\$11,673

NASb GSP 5 Year Implementation Budget



NASb GSP 5 Year Implementation Budget



Overall Project	
GSP Implementation (not including contingency)	\$ 1,149,300.00
NASB SGMA Grant - Component 6	\$ 836,500.00
Total Project Funding	\$ 1,985,800.00
Project Expenses through June 30, 2024	\$ 493,588.28
Funding for remaining project as of June 30, 2024	<u>\$ 1,492,211.72</u>

	Actual Expenses				Anticipated Expenses			Totals
	2022	2023	2024	Total	2025	2026	Total	
GSP Implementation								
Consulting	\$ 73,664	\$ 35,552	\$ 28,606	\$ 137,822				
Staff Time	\$ 7,857	\$ 19,814	\$ 73,831	\$ 101,502				
Total GSP Implementation	\$ 81,521	\$ 55,366	\$ 102,437	\$ 239,324	\$ 435,625	\$ 164,054	\$ 599,679	\$ 839,003
NASB SGMA Grant - Component 6								
Consulting		\$ 86,888	\$ 130,692	\$ 217,580				
Staff Time			\$ 36,685	\$ 36,685				
Total NASB SGMA Grant - Component 6	\$ -	\$ 86,888	\$ 167,376	\$ 254,264	\$ 291,118	\$ 291,118	\$ 582,236	\$ 836,500
Total GSP Update/Annual Reports								
Total Combined - Consulting	\$ 73,664	\$ 122,440	\$ 159,298	\$ 355,402	\$ 588,405	\$ 316,833	\$ 905,238	\$ 1,260,640
Total Combined - Staff Time	\$ 7,857	\$ 19,814	\$ 110,515	\$ 138,186	\$ 138,338	\$ 138,338	\$ 276,676	\$ 414,863
Total Combined	\$ 81,521	\$ 142,254	\$ 269,814	\$ 493,588	\$ 726,743	\$ 455,172	\$ 1,181,914	\$ 1,675,503

2021 GSP Projected Budget Expenditures (without grant dollars)	49% \$ 166,100	85% \$ 167,300	248% \$ 108,600	112% \$ 442,000	184% \$ 394,900	146% \$ 312,400	167% \$ 707,300	146% \$ 1,149,300
2021 GSP Anticipated Budget Expenditures (with grant dollars)	49% \$ 81,521	33% \$ 55,366	94% \$ 102,437	54% \$ 239,324	110% \$ 435,625	53% \$ 164,054	85% \$ 599,679	73% \$ 839,003

2025 Meeting Look Ahead

Special Topic Meetings

- Monday, January 27th – Budget Approval
- Monday, March 24th – Annual Report Review/Coordination
(may need to reschedule or create an ad hoc to discuss annual report earlier during preparation)
- Monday, May 26th – NASb Annual Report Public Meeting
Preparation, Interbasin Coordination Meeting, Spring 2024
Water Level Review *(Memorial Day, will reschedule to an alternative date)*
- Monday, July 28th – Post Public Meeting
- Monday, September 22nd – Begin Coordination on next
Annual Report (WY 2025)
- Monday, November 24th – Budget Discussion/Review, Fall
2024 Water Level Review

Standing Meeting Topics:

- GSA Disclosures
- GSP Implementation Updates
- Land Use Decisions
- Water Transfers (if applicable)
- SGMA Compliance Updates

Topic: Executive Directors’ Report
 Type: New Business
 Item For: Information
 Purpose: General

SUBMITTED BY: Jim Peifer
 Executive Director
 PRESENTER: Jim Peifer
 Executive Director

EXECUTIVE SUMMARY

This is an information item for the Executive Director to provide a briefing on important activities, reports, communications, advocacy, and other updates for the Sacramento Groundwater Authority Board of Directors.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

This agenda item is a standing item to provide an opportunity for the Executive Director to report to the Executive Committee on important activities, reports, communications, advocacy, and other updates.

Streamflow Depletion Factor for Water Year 2025 and 2026 – Mr. Joseph and Mr. Peifer are involved in the development of a Sacramento Valley Wide Streamflow Depletion Factor (SDF) for water transfers for Water Year 2025 and 2026. Mr. Joseph is on the Technical Advisory Committee and Mr. Peifer is on a Policy Advisory Committee (PAG). The effort includes the following representatives:

Agency		PAG Lead	TAG Lead
DWR		John Yarbrough	Anna Fock
USBR		Adam Nickels	Melissa Vignau
SWRCB		Erik Ekdahl	TBD
CDFW			Briana Seapy
Transferors		David Guy Jim Peifer	Lee Bergfeld Trevor Joseph Steve Grinnell
Transferees	Federal – North	William Vanderwaal	
	Federal - South	Pablo Arroyave	Cynthia Meyer
Transferees	State	Chandra Chilmakuri	Manny Bahia

Agenda Item 10

The PAG met on November 15th to discuss a proposal of an SDF of 20% for 2025 and 25% for 2026. There was no consensus on the proposal. Mr. Peifer expressed opposition to the factors and stated that it was important for a region to be able to present data for a custom SDF for their region. Reclamation stated another meeting was necessary to achieve consensus.

Financial Reports

Financial reports for the first quarter of the fiscal year are attached.

ATTACHMENTS

Attachment 1 – Financial Reports

SACRAMENTO GROUNDWATER AUTH.

Income Statement

Year-to-Date Performance, September 2024

	<i>3 Months Ended September 30, 2024</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
REVENUES				
Annual Assessments	933,236	933,236	0	100.0 %
NASB SGMA Grant Revenue	0	1,624,134	1,624,134	
Cash Discount	186	0	(186)	
Interest Income	14,445	35,000	20,555	41.3 %
TOTAL REVENUES	947,867	2,592,370	1,644,503	36.6 %
Total REVENUE	947,867	2,592,370	1,644,503	36.6 %
GROSS PROFIT	947,867	2,592,370	1,644,503	36.6 %
OPERATING EXPENDITURES				
Staff Expenses				
General Salaries	143,581	583,255	439,674	24.6 %
Benefits/Taxes	53,451	305,401	251,950	17.5 %
Travel / Meals	1,892	20,000	18,108	9.5 %
Professional Development	0	6,000	6,000	
TOTAL Staff Expenses	198,924	914,656	715,732	21.7 %
Office Expenses				
Rent & Utilities	12,343	37,500	25,157	32.9 %
Insurance	8,751	26,000	17,249	33.7 %
Office Maintenance	248	1,100	852	22.5 %
Telephone	134	5,000	4,866	2.7 %
Dues and Subscription	2,322	11,500	9,178	20.2 %
Printing & Supplies	401	12,500	12,099	3.2 %
Postage	305	2,100	1,795	14.5 %
Meetings	117	3,000	2,883	3.9 %
Events	500	12,000	11,500	4.2 %
Computer Equipment/Support	4,352	21,000	16,648	20.7 %
TOTAL Office Expenses	29,472	131,700	102,228	22.4 %
Professional Fees				
ADP / Banking Charges	565	1,800	1,235	31.4 %
Audit Fees	0	17,500	17,500	
Legal Fees	14,204	50,000	35,796	28.4 %
GASB 68 reporting fee	700	0	(700)	

	<i>3 Months Ended September 30, 2024</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
Consulting Expenses	0	27,000	27,000	
TOTAL Professional Fees	15,469	96,300	80,831	16.1 %
Consulting - Program Management				
NASB SGMA Grant Expenses	132,076	1,462,047	1,329,971	9.0 %
TOTAL Consulting Program Management	132,076	1,462,047	1,329,971	9.0 %
Special Projects Expenses				
2022 GSP Imp - Consulting	270	0	(270)	
TOTAL Special Projects Expenses	270	0	(270)	
TOTAL OPERATING EXPENDITURES	376,211	2,604,703	2,228,492	14.4 %
OPERATING INCOME (LOSS)	571,656	(12,333)	(583,989)	-4635.2 %
NET OPERATING INCOME (LOSS)	571,656	(12,333)	(583,989)	-4635.2 %
NET INCOME (LOSS) OF PROGRAM	571,656	(12,333)	(583,989)	-4635.2 %



Per California Government Code 6505.5 (e), SGA reports the following unaudited information:

For the period ending September 30, 2024

Cash in checking account:	\$	(138,605)
LAIF Balance:	\$	2,067,726

For the period of July 1 to September 30, 2024

Total cash receipts for the period:	\$	1,072,029
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Total cash disbursements for the period:	\$	447,055
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California State Treasurer *Fiona Ma, CPA*



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

November 01, 2024

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

SACRAMENTO GROUNDWATER AUTHORITY

FINANCE MANAGER
2295 GATEWAY OAKS DRIVE
SACRAMENTO, CA 95833

[Tran Type Definitions](#)

Account Number: 90-34-020

September 2024 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	2,067,726.08
Total Withdrawal:	0.00	Ending Balance:	2,067,726.08

Topic: Board Directors' Comments
Type: New Business
Item For: Information
Purpose: Routine

SUBMITTED BY:	Jim Peifer Executive Director	PRESENTER:	Paul Selsky Chair
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EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the Sacramento Groundwater Authority Board of Directors to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

This agenda item is a standing item to provide an opportunity to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.