SACRAMENTO GROUNDWATER AUTHORITY

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024 AND 2023

(This page intentionally left blank.)

SACRAMENTO GROUNDWATER AUTHORITY

TABLE OF CONTENTS
JUNE 30, 2024 AND 2023

(This page intentionally left blank.)

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
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.

Board of Directors
Sacramento Groundwater Authority

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

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.

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.

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.

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:

	June 30, 2024	June 30, 2023	Change	June 30, 2022	Change
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	1,293,849	983,397	310,452	1,066,214	(82,817)
General Revenue - Interest and Other Income	65,186	29,988	35,198	3,910	26,078
Total Revenue	1,359,035	1,013,385	345,650	1,070,124	(56,739)
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	28,637	122,440	(93,803)	73,664	48,776
Total Expenses	1,267,042	1,202,893	64,149	490,134	712,759
Increase (decrease) in Net Position	91,993	(189,508)	281,501	579,990	(769,498)
Net Position July 1	1,143,841	1,333,349	(189,508)	753,359	579,990
Net Position June 30	$ 1,235,834	$ 1,143,841	$ 91,993	$ 1,333,349	$ (189,508)

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.

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.

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	-	14,786
Gross Capital Assets	10,214	33,219
Less accumulated depreciation and amortization	(7,661)	(28,623)
Capital Assets, net	$ 2,553	$ 4,596

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.

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.

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			
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.

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.

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.

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.

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:

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

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.

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.

3. CAPITAL ASSETS

A summary of capital assets are as follows:

	Balance June 30, 2023	Increases	Decreases	Balance 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 June 30, 2022	Increases	Decreases	Balance 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 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:

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

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 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%

2023:	**Plan**
Proportion - June 30, 2023	0.0022455%
Proportion - June 30, 2022	(0.0079486%)
Change - increase	0.0101941%

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:

	Deferred Outflows of Resources			
	2024		**2023**	
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		96,571		136,005
	$	190,304	$	244,302

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:

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

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 June 30:	Deferred Outflows/ (Inflows) of Resources
2025	$ 61,741
2026	39,873
2027	21,975
2028	700

2023:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
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:

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	Derived using CalPERS' Membership data for all
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies	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:

	June 30, 2023	
Asset Class	**Assumed Asset Allocation**	**Real Return 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.

	June 30, 2022	
Asset Class	**Assumed Asset Allocation**	**Real Return 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.

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.

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.

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.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

SACRAMENTO GROUNDWATER AUTHORITY

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

SCHDULE 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

(This page intentionally left blank.)

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

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