SCGA

SACRAMENTO CENTRAL
GROUNDWATER AUTHORITY

FISCAL YEAR 2025-2026 FINAL BUDGET

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LETTER OF TRANSMITTAL

June 11, 2025

Chair and Members of the Board:

I am pleased to submit the Fiscal Year 2025/26 (FY 2025/26) Final Budget for the Sacramento Central Groundwater Authority (Authority). Section 18 of the 3rd amendment to the Joint Powers Agreement instructs the Authority to adopt an annual budget no later than June 30th each year. This budget was created in compliance with State law and the Authority's policies, and using best practices as identified by the Government Finance Officers Association (GFOA). This budget is balanced in that beginning fund balance, total revenues and other financing sources are greater than or equal to total expenditures and other financing uses. The new budget format coincides with the transition of the Authority's treasury and financial and accounting functions away from the County of Sacramento to a standalone operation.

As the Authority's policymakers, the Governing Board of Directors (Board) is charged with setting its direction. This budget provides a framework for the Authority's short and long-term finances. It serves as a source of information for the Board, staff, partner agencies, and the public. The programs and services represented in this budget focus on the Authority's mission to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to the Sustainable Groundwater Management Act (SGMA).

High-priority goals include the following:

HIGH-PRIORITY GOALS

- ADOPTING RULES, REGULATIONS, ORDINANCES, AND RESOLUTIONS TO IMPLEMENT THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT;
- MONITORING COMPLIANCE AND ENFORCEMENT;
- REQUIRING APPROPRIATE MEASURING DEVICES AND REPORTING OF GROUNDWATER LEVELS AND PUMPING;
- SUPPORTING PROJECTS IMPLEMENTED BY OTHERS THAT ENHANCE THE SUSTAINABILITY OF THE GROUNDWATER BASIN; AND
- PROPOSING AND COLLECTING FEES.

The budget process is structured to allow the Board, staff, and the public adequate time to review, analyze, and engage in the Authority's budget. The budget process begins in February after completion of the prior year's annual financial audit. Staff use last year's ending fund balance as the beginning balance for the current year. Staff then work with agencies that provide funding to estimate revenues for the budget year and beyond. At the same time, expenditure estimates are developed.

Prior to adoption during the Board's June public meeting, a draft of the final budget is presented during the Authority's April meeting. If there are any changes requested by the Board, stakeholders or the public during the meeting, staff will make the recommended changes, as appropriate, in preparation for presenting a final version of the budget during the June meeting. If there are not any substantive changes necessary to the final version of the budget, then the budget is recommended for adoption during the June meeting. The FY 2025/26 Budget will be considered by the Board on June 11, 2025.

I want to thank the SCGA staff and our funding and delivery partners for their hard work in preparing this document. I also extend my appreciation to the Board for its vision and leadership in managing this regionally significant agency and the resources it stewards.

Sincerely,

John Woodling
Executive Director

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BUDGET INTRODUCTION AND EXECUTIVE SUMMARY

1 BUDGET INTRODUCTION AND EXECUTIVE SUMMARY

BUDGET IMPROVEMENTS FOR FY 2025-26

For FY 2025/26, the Authority developed an entirely new budget document that incorporates many of the best practices established by the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award Program. The GFOA program was established in 1984 to encourage and assist local and State governments in preparing budget documents of the very highest quality that reflect the guidelines established by the National Advisory Council on State and local Budgeting. Budgets meeting all GFOA criteria excel as a policy document, financial plan, operating guide, and communication tool.

The Authority incorporated the following improvements in this document pursuant to excellence in financial planning, fiscal integrity, and transparency:

- Created a Five-year Strategic Planning Goals and Strategies section;
- Incorporated a Long-term Financial Planning section; and
- Expanded the Budget Development Process section.

FIVE-YEAR STRATEGIC PLANNING GOALS AND STRATEGIES

The Authority's mission is to manage, protect and sustain the groundwater resources of the basin in Sacramento County, south of the American River, consistent with the Water Forum Agreement and the Sustainable Groundwater Management Act (SGMA) for the benefit of water users within the basin, and to coordinate with other management entities and activities through the region.

The following Strategic Planning Goals and Strategies articulate the Authority's long-term goals, objectives, and priorities. It is comprised of three goals:

- Public Outreach and Engagement;
- Developing Collaborative Partnerships; and identifying
- Priorities for the Effective Management of Sustainable Groundwater Resources.

PUBLIC OUTREACH AND ENGAGEMENT

Responding to public needs through community engagement and coordination of efforts with the public is critical to the success of the Authority. Addressing community safety and sustainability concerns in the basin is paramount to the Authority's existence. This effort includes educating the public on the source and use of funds through the following:

- Regularly assess revenue and expenditures in comparison to planned amounts and address any fiscal imbalances;
- Regularly provide project and fiscal updates to the Board, member agencies, and funding agencies;
- Adopt an annual budget prior to June 30;
- Maintain a fund balance reserve to continue operating in seasons of economic and/or other fiscal uncertainties; and
- Complete the annual financial audit.

DEVELOPING STRATEGIC PARTNERSHIPS

Developing strategic partnerships is critical to the success of the Authority. The Authority will continue to foster meaningful discussions with its member agencies, program stakeholders, neighboring groundwater sustainability agencies, and the public to align the group's regional priorities which are dynamic in nature. Groundwater management in the South American Subbasin (SASb) is a multi-jurisdictional effort focused on ensuring the safe, sustainable supply of groundwater throughout the region.

PRIORITIES FOR THE EFFECTIVE MANAGEMENT OF SUSTAINABLE GROUNDWATER RESOURCES

Effective management of sustainable groundwater resources is crucial for ensuring long-term water availability and ecosystem health. Key priorities include:

- Monitoring and data collection – establish comprehensive systems to monitor groundwater levels, quality, and usage patterns to support informed decision making;
- Regulation and governance – develop and enforce policies that prevent overextraction and contamination of groundwater;
- Community engagement – involve local communities and stakeholders in groundwater management and initiate public awareness campaigns that promote sustainable practices;
- Integrated water management – coordinate groundwater management with surface water and other resources to ensure sustainability;
- Recharge enhancement – promote aquifer recharge actions; and
- Climate resilience – adapt groundwater management strategies to address the impacts of climate change.

BUDGET OVERVIEW

The Authority receives funding from multiple sources; member contributions, Groundwater Sustainability Agency (GSA) contributions, Sustainable Groundwater Management Act (SGMA) fees, State grants, and interest income.

The final budget contains three years of data – prior year actual amounts identified as "FY 23/24 Actual," current year amounts identified as "FY 24/25 Estimate", and the budget year amount, reported as "FY 25/26 Proposed." The FY 2024/25 Estimate is based on roughly nine months of actual accounting data (modified accrual basis), while the remainder of the fiscal year is based on estimates.

Total estimated revenue for FY 2024/25 is $1.04 million in comparison to budgeted revenue in the current year of about $1 million. The variance was caused because interest income was about $46,000 more than budgeted. The budget year, FY 2025/26, proposes about $1.15 million in revenue – an increase of roughly $153,000. The increase, in part, will fund the five-year evaluation and update to the Groundwater Sustainability Plan (GSP).

Expenditures in FY 2024/25 were budgeted at $1.2 million, but the estimated actual expenditures will be about $920,000. The variance is primarily due to the deferral of anticipated modeling work budgeted at $150,000 and less than expected costs for County of Sacramento contract management, administrative, and fiscal services.

Consolidated Budget - General Fund*

Description	FY 23/24 Actual	FY 24/25 Budget	FY 24/25 Estimate	FY 25/26 Proposed	Change from FY 24/25	Change in Percent
Revenues						
Member Contributions	$ 820,978	$ 744,977	$ 744,977	$ 744,516	$ (461)	-0.1%
Special Assessment	$ -	$ 185,000	$ 185,030	$ 188,891	$ 3,891	2.1%
GSA Contributions	$ 183,960	$ 55,000	$ 57,653	$ 164,920	$ 109,920	199.9%
State Funding	$ 84,683	$ -	$ -	$ -	$ -	0.0%
Interest Income	$ 52,060	$ 10,000	$ 56,000	$ 50,000	$ 40,000	400.0%
Total Revenues	**$ 1,141,681**	**$ 994,977**	**$ 1,043,660**	**$ 1,148,328**	**$ 153,351**	**15.4%**
Expenditures						
Management Services - Executive Director**	$ -	$ -	$ -	$ 290,000	$ 290,000	100.0%
Professional Technical Services	$ 562,196	$ 908,000	$ 718,000	$ 934,600	$ 26,600	2.9%
Professional Fiscal Services	$ 24,822	$ 224,400	$ 158,664	$ 127,220	$ (97,180)	-43.3%
Legal Services	$ 15,210	$ 45,000	$ 33,000	$ 40,000	$ (5,000)	-11.1%
Insurance	$ 9,942	$ 11,400	$ 10,692	$ 6,205	$ (5,195)	-45.6%
Other Operating	$ 435	$ 16,000	$ 299	$ 16,000	$ -	0.0%
Total Expenditures	**$ 612,605**	**$ 1,204,800**	**$ 920,655**	**$ 1,414,025**	**$ 209,225**	**17.4%**
Net Increase (decrease) in Fund Balance	$ 529,076	$ (209,823)	$ 123,005	$ (265,697)	$ (55,874)	
Beginning Fund Balance	**$ 673,836**	**$ 1,202,913**	**$ 1,202,913**	**$ 1,325,918**	**$ -**	
Ending Fund Balance	**$ 1,202,912**	**$ 993,090**	**$ 1,325,918**	**$ 1,060,221**	**$ (55,874)**	
Fund Reserve	$ 122,521	$ 240,960	$ -	$ 282,805	$ -	
Ending Fund Balance Less Reserve	$ 1,080,391	$ 752,130	$ -	$ 777,416	$ -	

* The SCGA reports a single fund - the General Fund

** Previously reported under Professional Technical Services

LONG-TERM FINANCIAL PLANNING

A strategic approach to long-term planning is vital in navigating the financial landscape where an agency's revenue hinges on effective collaboration with member agencies and GSAs. Forecasting budgets with scenario analysis, establishing reserve funds, managing costs effectively, maintaining a varied revenue portfolio, advocating for funding support, having contingency plans, and continuously adapting strategies to handle financial fluctuations is a key objective of the Authority.

The table below incorporates a comprehensive application of the Authority's mission, vision, and priorities into a financial action plan over the next several years. Revenue and expenditures have been identified through FY 2028/29 based on estimates developed by staff.

General Fund Five-Year Plan*

Description	FY 23/24 Actual	FY 24/25 Adopted	FY 25/26 Proposed	FY 26/27 Proposed	FY 27/28 Proposed	FY 28/29 Proposed
Revenues						
Member Contributions	$ 820,978	$ 744,977	$ 744,516	$ 750,000	$ 775,000	$ 800,000
Special Assessment	$ -	$ 185,000	$ 188,891	$ 195,000	$ 205,000	$ 215,000
GSA Contributions	$ 183,960	$ 55,000	$ 164,920	$ 75,000	$ 85,000	$ 95,000
State Funding	$ 84,683	$ -	$ -	$ 125,000	$ -	$ -
Interest Income	$ 52,060	$ 10,000	$ 50,000	$ 25,000	$ 15,000	$ 10,000
Total Revenues	**$ 1,141,681**	**$ 994,977**	**$ 1,148,328**	**$ 1,170,000**	**$ 1,080,000**	**$ 1,120,000**
Expenditures						
Professional Technical/Management Services	$ 562,196	$ 908,000	$ 1,224,600	$ 1,000,000	$ 1,175,000	$ 1,250,000
Professional Fiscal Services	$ 24,822	$ 224,400	$ 127,220	$ 115,000	$ 120,000	$ 125,000
Legal Services	$ 15,210	$ 45,000	$ 40,000	$ 45,000	$ 50,000	$ 55,000
Insurance	$ 9,942	$ 11,400	$ 6,205	$ 6,500	$ 7,250	$ 8,000
Other Operating	$ 435	$ 16,000	$ 16,000	$ 19,500	$ 21,500	$ 22,500
Total Expenditures	**$ 612,605**	**$ 1,204,800**	**$ 1,414,025**	**$ 1,186,000**	**$ 1,373,750**	**$ 1,460,500**
Net Increase (decrease) in Fund Balance	$ 529,076	$ (209,823)	$ (265,697)	$ (16,000)	$ (293,750)	$ (340,500)
Beginning Fund Balance	**$ 673,836**	**$ 1,202,913**	**$ 1,325,918**	**$ 1,060,221**	**$ 1,044,221**	**$ 750,471**
Ending Fund Balance	**$ 1,202,912**	**$ 993,090**	**$ 1,060,221**	**$ 1,044,221**	**$ 750,471**	**$ 409,971**
Fund Reserve	$ 122,521	$ 240,960	$ 282,805	$ 237,200	$ 274,750	$ 292,100
Ending Fund Balance Less Reserve	$ 1,080,391	$ 752,130	$ 777,416	$ 807,021	$ 475,721	$ 117,871

* The SCGA reports a single fund - the General Fund

FACTORS AFFECTING FINANCIAL CONDITION

Several factors impact the Authority's financial condition which is reliant on continued financial support from member contributions, special assessments, and GSA contributions. In addition, the following factors are, in part, among the challenges on the horizon.

CHALLENGES ON THE HORIZON

- **AUTHORITY BOUNDARY CHANGES:** Omochumne Hartnell Water District is pursuing annexation of a portion of the current SCGA area in southwestern Sacramento County. This could occur as early as FY 2026/27 and would result in a reduction of the Special Assessment Revenue by approximately 60%;
- **LACK OF ESCALATION OF PARCEL AND GROUNDWATER FEE:** Although the fee study completed in 2021 projected annual inflationary increases in the fee amount, the Board has approved holding the fee constant at the initial level;
- **POLICY AND REGULATORY CHANGES:** Changes in government policies, regulations, or legislative priorities may increase implementation, compliance, and litigation costs;
- **GRANT AVAILABILITY AND COMPETITION:** The availability of discretionary grants and the level of competition for those grants, especially if state or federal funding support is necessary, can directly influence the Agency's ability to secure funding. Changes in government and regional priorities, budget allocations, and the number of applicants competing for grants can all affect grant success rates;
- **ECONOMIC CONDITIONS:** Restrictions on groundwater usage can impact agriculture, and other industries, potentially reducing local economic activity. Additionally, governments may reduce discretionary spending during economic downturns, leading to decreased funding; and
- **PUBLIC SUPPORT AND ADVOCACY:** Public support, community engagement, and advocacy efforts influence funding decisions.

In summary, the Authority will continue to monitor national, regional, and local trends as it carries out its mission to effectively manage SASb groundwater resources. This endeavor will continue to require strategic collaboration with the Program's stakeholders and the public. The Board and staff remain committed to protecting regional groundwater assets.

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BUDGET AND WORK PLAN

2 BUDGET AND WORK PLAN

HOW THE BUDGET IS ORGANIZED

This budget is structured to serve as a comprehensive financial, operational, and strategic planning tool for the Sacramento Central Groundwater Authority (SCGA). It begins with a Transmittal Letter and Budget Introduction and Executive Summary that outline the agency's priorities, funding context, and overall fiscal outlook for Fiscal Year 2025/26 and beyond. The main body includes detailed sections on revenue and expenditure categories, strategic goals, fiscal policies, and organizational structure.

WHO USES THE BUDGET

The budget is intended for use by a wide range of audiences:

GOVERNING BOARD MEMBERS
use it to set priorities, authorize spending,and monitor progress

SCGA STAFF
use it to guide daily operations, manage consultant contracts, and ensure compliance with grant and policy requirements

MEMBER AGENCIES, FUNDING PARTNERS, AND THE PUBLIC
use it to understand how public resources are being invested, and what milestones are being pursued.

HOW TO INTERPRET THE BUDGET

The budget is both a narrative and a financial document. Narrative sections provide the context, strategy, and policy framework for each area of spending, while the accompanying financial tables show actual, estimated, and proposed figures over a multi-year horizon. Together, they illustrate not only how much the SCGA plans to spend, but why those expenditures are necessary, how they align with funding sources, and how they contribute to the agency's long-term goals.

Readers are encouraged to review narrative and financial information together to gain a full understanding of the agency's priorities, constraints, and delivery approach.

FY 2025-26 BUDGET

The Authority reports a single fund – the General Fund. The General Fund supports the Authority's operating activities and project costs such as the five-year evaluation and update of the Groundwater Sustainability Plan (GSP). The following table provides three years of fiscal information – actual amounts for FY 2023/24, estimated amounts for FY 2024/25, and proposed amounts for the budget year FY 2025/26.

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Description	FY 23/24 Actual	FY 24/25 Budget	FY 24/25 Estimate	FY 25/26 Proposed	Change from FY 24/25	Change in Percent
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Fund Reserve	$ 122,521	$ 240,960	$ -	$ 282,805	$ -	
Ending Fund Balance Less Reserve	$ 1,080,391	$ 752,130	$ -	$ 777,416	$ -	

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** Previously reported under Professional Technical Services

The budget takes into consideration all anticipated operating costs for FY 2025/26. In addition, the budget anticipates costs to initiate a five-year evaluation and update of the GSP. All assumptions in this budget are based on regional priorities, compliance requirements, and any known internal and external constraints. The process is dynamic in nature, requiring continuous monitoring throughout the year.

Operating and project costs are based, in part, on prior year baseline information that has been updated to reflect expectations in the budget year – FY 2025/26. Authority staff monitor the budget throughout the year to ensure that spending is within the adopted amounts and that revenues are trending as expected.

Overall, the Authority is expecting a 15% increase in revenues to $1,148,000 in the budget year versus $994,977 in the current year. Most of the Authority's revenue is received early in the fiscal year – in particular member and GSA contributions. These amounts are developed by staff and incorporated in the budget adopted by the Board in June. Once the contributions are adopted, staff bill members in July and payments are normally received by the end of the first quarter of the fiscal year. The special assessment is collected by the County of Sacramento through property tax bills. The Authority generally receives payment for the assessment twice annually – January and May.

Current year and budget year member contributions and the special assessment are expected to increase marginally in the budget year. However, GSA contributions are expected to increase to $164,920 in FY 2025/26 from $55,000 in FY 2024/25. The increase is necessary to cover an equitable portion of the costs for the five-year evaluation and update to the GSP. The Authority anticipates $50,000 in interest income in the budget year because of favorable interest rates and a sizable beginning fund balance of about $1.3 million. Interest income budgeted for the current year was much too low given the fund balance and increased interest rates.

Total budgeted expenditures are projected to increase 17% to a total of $1,414,025 in FY 2025/26 compared to total budgeted expenditures of $1,204,800 in FY 2024/25. Actual expenditures are estimated at $920,655 for FY 2024/25. The variances are as follows:

- Professional technical services were budgeted at $908,000 but the actual expenditures are estimated to total $718,000 in FY 2024/25. The variance was primarily caused by some technical contract work for modeling budgeted at $150,000 being deferred to a later date.
- Professional fiscal services were less than expected because less support from the County of Sacramento Department of Water Resources staff was required than anticipated in the budget.

The ending fund balance is expected to be more than $300,000 higher than budgeted in FY 2024/25 because of a combination of higher-than-expected revenues and lower than expected expenditures. However, fund balance in FY 2025/26 is expected to decrease as costs are incurred for the five-year GSP evaluation and update.

EXPLANATION OF REVENUE SOURCES

In September 2014, Governor Brown signed legislation known as the Sustainable Groundwater Management Act (GSMA) requiring medium and high priority groundwater basins to be sustainably managed by local agencies called Groundwater Sustainability Agencies (GSAs). In 2016, SCGA became the official GSA for its designated area within the South American Groundwater Subbasin (SASb). Sustainability is achieved through the development and implementation of a Groundwater Sustainability Plan (GSP). Early in the program, the Authority applied for grants to cover most of the costs of developing the GSP. However, the costs of staffing the GSA, administration of the GSP, operations, and long-term monitoring, assessment, and reporting required additional funding to meet the State of California Department of Water Resources (DWR) compliance requirements and carry out related groundwater management actions. The costs associated with the unfunded law are as follows:

- Maintaining a Groundwater Database Management System;
- Monitoring and improving the monitoring network;
- Annual reporting;
- Response to Department of Water Resources review;
- Evaluation and assessment of the GSP on five-year intervals;
- Filling data gaps and improving the groundwater model;
- Overseeing and coordinating projects;
- Public outreach; and
- GSA administration.

To fund these costs, the Authority relies on revenue from multiple sources:

- Member contributions
- Groundwater Sustainability Agency (GSA) contributions
- Sustainable Groundwater Management Act (SGMA) fees
- State grants
- Interest income

MEMBER CONTRIBUTIONS
$744,516 (65%)

SPECIAL ASSESSMENT (SGMA FEES)
$188,891 (17%)

GSA CONTRIBUTIONS
$164,920 (14%)

INTEREST INCOME
$50,000 (4%)

STATE FUNDING
$0 (0%)

MEMBER CONTRIBUTIONS

Member contributions are remitted by the six municipal water suppliers that hold seats on the Board of Directors. Members are charged a rate per customer connection and a rate per acre-foot of groundwater extracted. The rate is comparable to that charged to landowners outside of the service area of the member agencies.

Below are the most recent calculations:

Member Contributions FY 2025/26

	Pumping - Acre Feet*	Rate	
SCWA	16,281	$3.44	$56,007
Cal-Am	17,219	$3.44	$59,233
GSWC	7,558	$3.44	$26,000
EGWD	4,154	$3.44	$14,290
City of Sac	1,450	$3.44	$4,988
Total	**46,662**	**$3.44**	**$160,518**

* Three-year average

	Number of Connections	Rate	
SCWA	60,629	$2.51	$152,179
Cal-Am	36,245	$2.51	$90,975
GSWC	15,471	$2.51	$38,832
EGWD	13,092	$2.51	$32,861
City of Sac	97,547	$2.51	$244,843
Folsom	9,685	$2.51	$24,309
Total	**232,669**		**$583,999**

SCWA	$208,186
Cal-Am	$150,208
GSWC	$64,832
EGWD	$47,151
City of Sac	$249,831
Folsom	$24,309
Total	**$744,517**

GROUNDWATER SUSTAINABILITY AGENCY (GSA) CONTRIBUTIONS

Regional Groundwater Sustainability Agencies (GSAs) entered into a memorandum of understanding (MOU) to coordinate management and share costs of SGMA implementation in the South American Subbasin SASb. The Sacramento Central Groundwater Authority serves as the administrator for the SASb. Annually, the GSA managers develop a budget for the shared costs of SASb management, which is then approved by the Subbasin Executive Committee.

GSA Contributions FY 2025/26

Omochumne Hartnell Water District (OHWD)	$ 85,417
Sloughhouse Resource Reclamation District (SRCD)	$ 24,311
Sacramento County GSA	$ 17,083
Northern Delta GSA	$ 38,109
Total	**$ 164,920**

SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) FEES

In June 2017, the Authority Board began hearings to discuss a process for equitably assessing and collecting fees from all beneficiaries of sustainable management of the SASb. In April 2021, the Board approved a draft Groundwater Fee Study and authorized staff to mail notification to affected parcel owners, consistent with the election process of Proposition 218. In June of 2021, the Board adopted the fee study. Annually, the Board adopts the assessment fee for the budget year.

The fee includes a per parcel charge as well as a charge for each acre-foot of groundwater extracted. The groundwater use on larger agricultural parcels is estimated based on crop types and climate data. For rural residential parcels and other unirrigated lands, a standard two-acre-foot groundwater charge is assessed. Residential parcels served by water systems that are not represented on the Authority Board are assessed for one-acre-foot of groundwater use. In FY 25/26, approximately 8,900 parcels will be assessed a fee on their Sacramento County property tax bill.

STATE GRANTS

Periodically, the Authority applies for State grants that align with its priorities in terms of eligible projects and their respective timing. The grants are administered by the California Department of Water Resources. The Authority does not plan on applying for any State grants in FY 2025/26 nor does it have any remaining funding for grants awarded in prior years.

INTEREST INCOME

The Authority's investable cash balance fluctuates year by year as do interest rates. Interest income is generally immaterial to the overall revenue stream. However, cash balances over the last year have been higher than usual because the Authority collected contributions from member agencies in support of projects that are expected to begin in FY 2025/26. In addition, interest rates have increased over the last two years leading to increased interest income. The cash balance is expected to decrease in FY 2025/26 as planned projects get underway.

EXPLANATION OF EXPENDITURE CATEGORIES

The Authority is supported by consultants who perform all administrative, operational, technical, and fiscal services. The consultants are retained through a competitive procurement process. In addition, there will be ongoing technical and financial services from the County of Sacramento for a portion of the fiscal year until the transition is complete.

- *PROFESSIONAL TECHNICAL SERVICES* **$934,600 (66%)**
- *MANAGEMENT SVCS - EXECUTIVE DIRECTOR* **$290,000 (21%)**
- *PROFESSIONAL FISCAL SERVICES* **$127,220 (9%)**
- *LEGAL SERVICES* **$40,000 (3%)**
- *OTHER OPERATING* **$16,000 (1%)**
- *INSURANCE* **$6,205 (LESS THAN 1%)**

MANAGEMENT SERVICES

This category consists primarily of the contract for the Executive Director but may include other services including records management, IT services, and website hosting and maintenance, and other organizational needs.

PROFESSIONAL TECHNICAL SERVICES

This category reflects expenditures for specialized services, generally engineering and hydrogeology, obtained via contract to support rate studies, modeling, and the Groundwater Sustainability Plan (GSP) evaluation and update.

PROFESSIONAL FISCAL SERVICES

This category includes:

- Annual financial audit costs;
- Accounting and treasury services; and
- Ad hoc financial reporting and compliance.

LEGAL SERVICES

The Authority contracts with Paris Kinkaid Wasiewski LLP for general counsel services. Counsel provides direction regarding policies, contracts, and holding public meetings. Board meeting clerk services are also provided under the legal contract.

INSURANCE

The Authority carries general liability, cyber liability, and crime insurance through Golden State Risk Management Authority.

OTHER OPERATING

This category includes well monitoring, advertising, and office equipment and supplies.

WORK PLAN

The Authority's Work Plan for FY 2025/26 includes completing the transition to an independent organization. The County of Sacramento has provided much of the agency's administrative and operational support since its inception in 2006. Services included providing technical support, all fiscal services, contract management, website hosting and maintenance, agenda preparation and clerking services. Beginning July 1, 2025, all services will be supported by independent contractors.

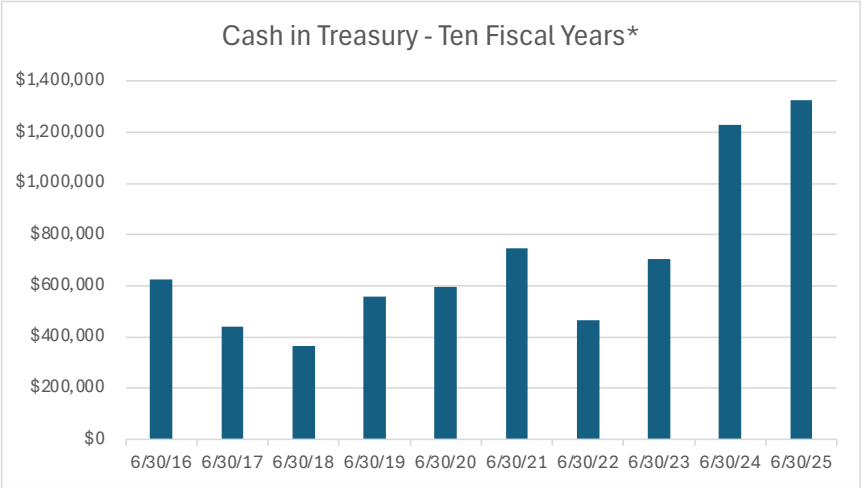
In June 2025, a new Executive Director will be appointed. The new Executive Director will start effective July 1. The outgoing Executive Director will remain under the GEI contract to provide any needed support for the transition, as well as serving to manage the consultant contract supporting the GSP evaluation and update.

The Sustainable Groundwater Management Act (SGMA) requires a periodic evaluation of approved Groundwater Sustainability Plans (GSP) at least every five years. The periodic evaluation represents a written assessment of the Authority's implementation and adaptive management of the SASb. This effort is expected to be completed in the coming fiscal year. The evaluation will likely result in changes to the GSP that must be adopted by the Groundwater Sustainability Agencies in the Subbasin.

The Board directed staff to plan for a comprehensive evaluation and update of the Joint Powers Agreement and all Authority policies, which will be undertaken in the coming fiscal year.

CASH BALANCES

The following graph shows the Authority's cash balances over a 10-year period. The Authority carefully monitors cash inflows and outflows to ensure adequate cash is on hand to meet operating expenditures. As the graph shows, there have been significant swings in the cash balances. The Authority needs $300,000 to $400,000 in cash as a baseline to ensure that cash is on hand to pay invoices as they come due. However, in some years the cash balance is much higher, as it is currently, to fund planned projects. In FY 2025 cash accumulated for the evaluation and update to the GSP will be expended so the cash balance is expected to decrease accordingly.



*6/30/2025 Estimate

3

BUDGET PROCESS

3 BUDGET PROCESS

BUDGET DEVELOPMENT PROCESS

Budget development begins in February after the prior year's audited annual financial statements are completed. The ending fund balances from the preceding year serve as the beginning balances for the current year. Using this information as a starting point, staff develop expectations for revenues and expenditures for the remainder of the current fiscal year.

At the beginning of the budget process, staff will determine how much potential funding is available in the budget year and beyond through revenue sources such as member and GSA contributions, special assessments, and state grants. This effort is central to determining cash flows for the budget year and is based, in part, on Board adopted contribution rates and fees.

Once the revenues for the budget year have been established, staff begin aligning expenditures with the available resources and their respective expenditure requirements. The expenditures baseline consists of professional consulting services, audit and other fiscal services, and overhead. The Authority executes multi-year contracts with many of its consultants who provide technical, operational, and administrative services. As such, staff work with each vendor to determine priority tasks so that the costs of those tasks can be incorporated into the budget.

The budget process is fluid. Staff continually monitor regional factors with potential implications to the Agency and Program. Pursuing funding is a strategic effort that, when successful, often requires timely planning to ensure the funds are spent according to law or contractual requirements. During the budget hearing in April, the Board or members of the public may ask questions, make comments, or provide direction to staff. If any substantive budget revisions are required in response to comments, they will be incorporated into the final budget which will be presented to the Board in June for its consideration and adoption.

If there are material changes to the budget after its adoption, the Executive Director will confer with the finance team to determine if budget amendments are needed. As necessary, the adopted budget will be amended accordingly and presented to the Board for consideration and adoption.

Over the longer term, if Board direction leads to significant new projects or responsibilities, staff will work to identify financial resources to fund the increased workload. Staff monitors grant opportunities to offset the cost of existing or new initiatives. It is expected that a reconsideration of the fee study will be undertaken in the future.

BUDGET CALENDAR

FEB — FEBRUARY

Staff begin developing estimates for revenue and expenditures for the remainder of the current year based on actual year-to-date information. Staff also begin developing expenditure projections for the budget year and 5-year financing plan.

MAR — MARCH

Staff work with the Treasurer to finalize the draft budget.

APR — APRIL

Executive Director/Treasurer present draft budget to Board. Comments and desired changes are noted.

MAY — MAY

Prepare Final Budget and staff report. Incorporate recommended changes from April meeting. Updated revenue projections are provided by the Executive Director.

JUN — JUNE

Executive Director/Treasurer present Final Budget with a staff report and resolution to the Board for adoption.

AFTER JUN — SUBSEQUENT TO JUNE

The Executive Director may recommend amendments to the Final Budget after adoption if revenues or expenditures do not materialize as planned subsequent to the adopted budget.

BASIS OF BUDGETING

All budgetary information is reported using the modified accrual basis of accounting like the fund financial statements found in the audited financial statements. This method recognizes revenue when it becomes measurable and available, while expenditures are recognized when the obligation to pay them is incurred. The Authority's cut off for financial reporting purposes is 90 days after the fiscal year ends – September 30.

4

AUTHORITY OVERVIEW

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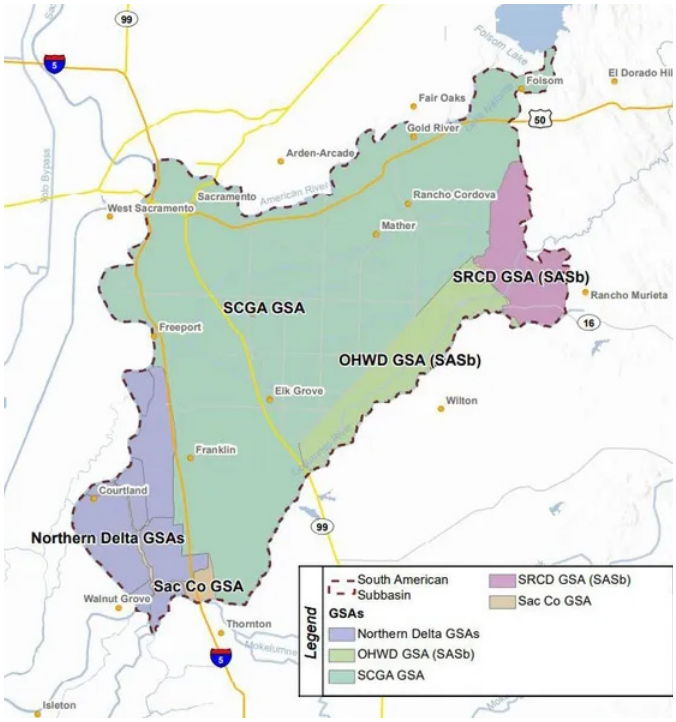
4 AUTHORITY OVERVIEW

AUTHORITY BACKGROUND

In August 2006, the Sacramento Central Groundwater Authority (Authority) was established pursuant to the Joint Exercise of Powers Act (California Government Code Section commencing with Section 6500) by agreement of the County of Sacramento, the City of Rancho Cordova, the City of Folsom, the City of Elk Grove, and the City of Sacramento. Its purpose is to regulate groundwater by a collaborative process composed of stakeholders in a portion of the South American Subbasin and to develop and implement a Groundwater Sustainability Plan (GSP) to promote the sustainable use of groundwater resources for uses in the public interest and for the common benefit of all water users within the County of Sacramento.

The boundaries of the Authority encompass the portion of the Sacramento Valley South American Subbasin (Basin 5-21.65) bounded on the north by the American River; bounded on the south by the Consumnes River to the intersection with State Highway 99, Grant Line Road to the intersection with Jackson Highway, and the southern boundary of Keifer Landfill; on the west by the Sacramento River and Interstate 5, and on the east by the Sacramento County Urban Services Boundary.



SACRAMENTO VALLEY
SOUTH AMERICAN SUBBASIN

GOVERNING BOARD

The Governing Body of the Authority consists of **14 members** representing the following interests:

ONE (1) EACH (SEVEN TOTAL)

One (1) elected member of the governing body, or designee thereof, of each of the following public agencies:

- The County of Sacramento
- The City of Elk Grove
- The City of Folsom
- The City of Rancho Cordova
- The City of Sacramento
- The Sacramento Area Sewer District
- The Florin Resource Conservation District/ Elk Grove Water District

ONE (1) EACH (TWO TOTAL)

One member of the governing body, or designee thereof, of each of the following private water purveyors or investor-owned utilities:

- The California American Water Company
- The Golden State Water Company

ONE (1)

One representative of the agricultural interests within the boundaries of the Authority

ONE (1)

One representative of the conservation landowners within the boundaries of the Authority

ONE (1)

One representative of the agricultural-residential groundwater users within the boundaries of the Authority

ONE (1)

One representative of the public agencies that are self-supplied groundwater users within the boundaries of the Authority

ONE (1)

One representative of the commercial/industrial self-supplied groundwater users within the boundaries of the Authority

AUTHORITY ORGANIZATIONAL CHART

GOVERNING BOARD

CHAIR
BRUCE KAMILOS
ELK GROVE WATER DISTRICT/FLORIN RESOURCE CONSERVATION DISTRICT

VICE CHAIR
SHOAIB AHRARY
CITY OF ELK GROVE

TREASURER
SEAN TWILLA
GOLDEN STATE WATER COMPANY

AUTHORITY STAFF

EXECUTIVE DIRECTOR
(CONTRACT)
JOHN WOODLING

GENERAL COUNSEL
(CONTRACT)
VALERIE KINCAID

FISCAL SERVICES
(CONTRACT)
TIMOTHY JONES

5

GLOSSARY

5 GLOSSARY

A

- **Adopted Budget** – approved annual budget establishing the legal authority to spend in specific accounts.
- **Audit** – systematic collection of sufficient and competent evidential matter needed to attest to the fairness of management's assertions in the financial statements, or to evaluate whether management has efficiently and effectively carried out its responsibilities.

B

- **Balanced Budget** – refers to a budget in which beginning fund balance and revenues are greater than or equal to the total appropriations and fund transfers.
- **Beginning/ending Fund Balance** – total accumulation of resources available in a fund from the prior/current year after payment of the prior/current year's expenditures. Not necessarily cash on hand.
- **Board** – the Governing Board of the Sacramento Central Groundwater Authority
- **Budget** – plan of financial operation consisting of proposed/approved appropriations for specified purposes and the proposed/approved means of financing them.
- **Budget Calendar** – schedule of key dates and milestones that a government follows in the preparation and adoption of its budget.

E

- **Expenditures –** authorized spending such as employee salaries and benefits, professional services, and capital construction costs.

F

- **Final Budget** – presented during the June Board meeting and adopted if there are not any material changes needed.
- **Fiscal Year** – the Authority's fiscal year is July 1 through June 30.
- **Fund** – group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Authority reports only one fund – the General Fund.
- **Fund Balance** – total amount remaining after current appropriations and other financing uses are subtracted from the sum of the beginning fund balance, revenues, and other financing sources.

G

- **General Fund** – fund used to administer the GSA. The Authority reports only this fund.

M

- **Modified accrual basis of accounting** - recognizes revenue when it becomes measurable and available, while expenditures are recognized when the obligation to pay them is incurred.

R

- **Reserve** – portion of a fund's balance that is available for appropriation but has been reserved for economic uncertainties.
- **Resolution** – written motion adopted by the Governing Board.
- **Revenues** – income received from various sources including intergovernmental taxes and fees, grants, and other contributions.

S

- **SASb** – South American Subbasin
- **SCGA** – Sacramento Central Groundwater Authority
- **SGMA** – Sustainable Groundwater Management Act

SCGA

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY