



**EXECUTIVE COMMITTEE MEETING AGENDA  
MONDAY, JANUARY 5, 2026 AT 3:30 P.M.**

<https://us06web.zoom.us/j/89060528862?pwd=BeazQUw1hGvawb8O0mlnprXiYAvB8L.1>

Meeting ID: 890 6052 8862 - Passcode: 041765  
(Computer and Telephone Audio Accessible)

Commissioner Diggs & Tang: City of Pomona Water Resources Department –  
752 W. Commercial Street, Pomona, CA 91768

Any member of the public wishing to make any comments to the Committee may do so by accessing the above-referenced link where they may select the option to join via webcam or teleconference. The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making his or her comment.

1. Call to Order and Pledge of Allegiance
2. Roll Call

Party	Representative	Alternate	Alternate
City of Pomona	Debra Martin	Victor Preciado	Chris Diggs
Walnut Valley Water District	Jerry Tang	Theresa Lee	

3. Public Comment – The presiding officer of the Executive Committee may impose reasonable limitations on public comments to ensure an orderly and timely meeting.
4. [Consider Approval of 2024-25 Audited Financial Statements](#)
  - A. Discussion
  - B. Action Taken
5. [Consider Approval of Minutes for Meeting Held November 3, 2025](#)
  - A. Discussion
  - B. Action Taken
6. [Consider Approval of the Small GSA Coalition Cost-Share Agreement](#)
  - A. Discussion
  - B. Action Taken
7. Cal Poly Pomona Cost Sharing
  - A. Discussion
  - B. Action Taken
8. Future Discussion Items
9. Adjournment to Next Meeting –  
*Next scheduled Executive Committee Meeting to be held March 2, 2026, at 3:30p.m.*

# Spadra Basin GSA – Staff Report



**TO:** Committee Members, Stakeholders, Staff and Interested Parties  
**FROM:** Treasurer  
**DATE:** January 5, 2026  
**SUBJECT:** Consider Approval of 2024-25 Audited Financial Statements

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Action/Discussion     Fiscal Impact     Resolution     Information Only

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## **Recommendation**

The Executive Committee receive, approve, and file:

- A. Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.
- B. Management Report for the Fiscal Year Ended June 30, 2024
- C. Independent Accountant's Report on Applying Agreed Upon Procedures for the Fiscal Year Ended June 30, 2024

## **Background**

The Fiscal Year (FY) 2024-2025 Agency's audit consists of five parts, which are provided as attachments:

- Independent Auditor's Report: An audit report cover letter from CJ Brown and Company, CPAs outlining the auditor's professional responsibilities, accounting basis, and opinion on whether the financial statements comply with Generally Accepted Accounting Practices (GAAP).
- Auditor Report on Internal Controls: A report identifying and disclosing any material weaknesses or significant deficiencies in internal controls.
- Management's Discussion and Analysis: This section summarizes the financial statements and explains any major changes from the prior fiscal year to the current fiscal year.
- Spadra Basin Groundwater Sustainability Agency Financial Statements: A depiction of the agency's activities FY2024-2025
- Notes to the Basic Financial Statements: The footnotes provide information in greater detail on the Agency's financial policies, accounting, retirement plan, and other financial matters.

In preparation for and during the audit, Agency staff prepared materials and worked directly with the auditing team. In addition to a review of these documents, the audit team performed fieldwork to complete the audit process.

The auditor found the Agency's financial reporting to be in compliance with Generally Accepted Accounting Principles, and as such, issued an Unmodified Opinion, the highest level opinion an entity can receive. Additionally, the Report on Internal Controls noted that the Agency had no significant deficiencies or material weaknesses in internal controls. Further, the auditor noted no transactions that were both significant and unusual, and no misstatements were identified during the audit.



**Spadra Basin Groundwater Sustainability Agency**  
**Walnut, California**

**Annual Financial Report**

**For the Fiscal Years Ended June 30, 2025 and 2024**

*Working Draft Subject to Review*

## Our Mission Statement

*"To manage and protect groundwater resources in the Spadra Basin and promote its beneficial uses for the people, businesses and stakeholders it serves."*

### **Spadra Basin Groundwater Sustainability Agency**

#### **Executive Committee Members as of June 30, 2025**

<u>Name</u>	<u>Title</u>	<u>Stakeholder</u>
Jerry Tang	President	Walnut Valley Water District
Victor Preciado	Vice President	City of Pomona
Debra Martin	Committee Member	City of Pomona
Chris Diggs	Alternate	City of Pomona
Theresa Lee	Alternate	Walnut Valley Water District

### **Spadra Basin Groundwater Sustainability Agency**

**James Ning, Treasurer  
271 S Brea Canyon Rd.  
Walnut, California 91789  
(909) 595-7554 – [www.spadrabasin.com](http://www.spadrabasin.com)**

**Spadra Basin Groundwater Sustainability Agency  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2025 and 2024**

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## **Financial Section**

*Working Draft Subject to Review*

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## Independent Auditor's Report

Executive Committee  
Spadra Basin Groundwater Sustainability Agency  
Walnut, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Spadra Basin Groundwater Sustainability Agency (Agency), as of and for the years ended June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Independent Auditor's Report, continued

### *Auditor's Responsibilities for the Audits 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 opinion. 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 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 audits 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.

## Independent Auditor's Report, continued

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2026, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance. This report can be found on pages 17 and 18.

**C.J. Brown & Company, CPAs**  
Cypress, California  
January 5, 2026

Working Draft Subject to Review

**Spadra Basin Groundwater Sustainability Agency**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

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

**Financial Highlights**

- In 2025, the Agency's net position decreased by \$20,923 to \$938,165. In 2024, the Agency's net position decreased by \$20,923 to \$959,088.
- In 2025, the Agency's operating revenues decreased by \$44,999 to \$79,741. In 2024, the Agency's operating revenues decreased by \$216,779 to \$124,740.
- In 2025, the Agency's operating expenses decreased by \$44,999 to \$79,741. In 2024, the Agency's operating expenses increased by \$15,221 to \$124,740.
- In 2025, the Agency had no reportable non-operating revenues. In 2024, the Agency had no reportable non-operating revenues.
- In 2025, the Agency's depreciation expense was unchanged from 2024, at \$20,923. In 2024, the Agency's depreciation expense increased by \$6,974 to \$20,923.
- In 2025, the Agency had no reportable capital contributions. In 2024, the Agency had no reportable capital contributions.

**Using This Financial Report**

This annual report consists of a series of financial statements. The Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and creditworthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to questions such as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the Agency**

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Spadra Basin Groundwater Sustainability Agency**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**Financial Analysis of the Agency, continued**

These two statements report the Agency's net position and changes in it. One can think of the Agency's net position – the difference between assets plus deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 11 through 16.

**Statements of Net Position**

<b>Condensed Statements of Net Position</b>					
	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 586,551	633,657	(47,106)	584,228	49,429
Capital assets, net	362,665	383,588	(20,923)	404,511	(20,923)
<b>Total assets</b>	<u>949,216</u>	<u>1,017,245</u>	<u>(68,029)</u>	<u>988,739</u>	<u>28,506</u>
<b>Liabilities:</b>					
Current liabilities	11,051	58,157	(47,106)	8,728	49,429
<b>Total liabilities</b>	<u>11,051</u>	<u>58,157</u>	<u>(47,106)</u>	<u>8,728</u>	<u>49,429</u>
<b>Net position:</b>					
Net investment in capital assets	362,665	383,588	(20,923)	404,511	(20,923)
Unrestricted	575,500	575,500	-	575,500	-
<b>Total net position</b>	<u>\$ 938,165</u>	<u>959,088</u>	<u>(20,923)</u>	<u>980,011</u>	<u>(20,923)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets of the Agency exceeded liabilities by \$938,165 and \$959,088 as of June 30, 2025 and 2024, respectively.

**Spadra Basin Groundwater Sustainability Agency**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**Statements of Revenues, Expenses, and Changes in Net Position**

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>	<u>Change</u>
<b>Revenues:</b>					
Operating revenues	\$ 79,741	124,740	(44,999)	341,519	(216,779)
Non-operating revenues	-	-	-	94,480	(94,480)
<b>Total Revenues</b>	<u>79,741</u>	<u>124,740</u>	<u>(44,999)</u>	<u>435,999</u>	<u>(311,259)</u>
<b>Expenses:</b>					
Operating expenses	79,741	124,740	(44,999)	109,519	15,221
Depreciation expense	20,923	20,923	-	13,949	6,974
<b>Total Expenses</b>	<u>100,664</u>	<u>145,663</u>	<u>(44,999)</u>	<u>123,468</u>	<u>22,195</u>
<b>Net income before capital contributions</b>	(20,923)	(20,923)	-	312,531	(333,454)
<b>Capital contributions</b>	-	-	-	418,460	(418,460)
<b>Change in net position</b>	(20,923)	(20,923)	-	730,991	(751,914)
<b>Net position, beginning of year</b>	<u>959,088</u>	<u>980,011</u>	(20,923)	<u>249,020</u>	<u>730,991</u>
<b>Net position, end of year</b>	<u>\$ 938,165</u>	<u>959,088</u>	<u>(20,923)</u>	<u>980,011</u>	<u>(20,923)</u>

The Statements of Revenues, Expenses, and Changes in Net Position shows how the Agency's net position changed during the fiscal year. In the case of the Agency, the net position decreased \$20,923 to \$938,165, due to depreciation expense. In the fiscal year 2024, the Agency's net position decreased \$20,923 to \$959,088, due to depreciation expense.

In fiscal year 2025, the Agency's operating revenues decreased \$44,999 to \$79,741, due to a decrease in administrative assessments of \$44,999. In fiscal year 2024, the Agency's operating revenues decreased \$216,779 to \$124,740, primarily due to a decrease of \$331,968 in member assessments, offset by an increase in administrative assessments of \$115,189.

In fiscal year 2025, the Agency's operating expenses decreased \$44,999 to \$79,741, primarily due to a decrease of \$46,518 in professional services, offset by an increase of \$3,538 in other administrative expenses. In fiscal year 2024, the Agency's operating expenses increased \$15,221 to \$124,740, principally due to an increase of \$115,189 in general and administrative expenses, offset by a decrease of \$99,968 in expenses related to the Agency's Ground Water Sustainability Plan.

In fiscal year 2025, the Agency had no reportable non-operating revenue. In fiscal year 2024, the Agency's non-operating revenue decreased by \$94,480 to \$0, due to a decrease in grant revenue.

In fiscal year 2025, the Agency had no reportable capital contributions. In fiscal year 2024, the Agency had no reportable capital contributions.

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future periods.

**Spadra Basin Groundwater Sustainability Agency**  
*Management's Discussion and Analysis, continued*  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**Requests for Information**

This financial report is designed to provide the Agency's present users, including funding sources, members, stakeholders, and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Treasurer, James Ning, at Spadra Basin Groundwater Sustainability Agency at 271 S. Brea Canyon Rd., Walnut, California 91789 or (909) 595-7554.

Working Draft Subject to Review

# **Basic Financial Statements**

*Working Draft Subject to Review*

**Spadra Basin Groundwater Sustainability Agency**  
**Statements of Net Position**  
**June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 562,976	341,451
Accounts receivable – member agencies	23,575	292,206
<b>Total current assets</b>	<b>586,551</b>	<b>633,657</b>
<b>Non-current assets:</b>		
Capital assets – being depreciated, net (note 3)	362,665	383,588
<b>Total non-current assets</b>	<b>362,665</b>	<b>383,588</b>
<b>Total assets</b>	<b>949,216</b>	<b>1,017,245</b>
<b>Current liabilities:</b>		
Accounts payable – member agencies	11,051	58,157
<b>Total current liabilities</b>	<b>11,051</b>	<b>58,157</b>
<b>Net position:</b>		
Net investment in capital assets	362,665	383,588
Unrestricted	575,500	575,500
<b>Total net position</b>	<b>\$ 938,165</b>	<b>959,088</b>

See accompanying notes to the basic financial statements

**Spadra Basin Groundwater Sustainability Agency**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Operating revenues:</b>		
Administrative assessments	\$ 79,741	124,740
<b>Total operating revenues</b>	<b>79,741</b>	<b>124,740</b>
<b>Operating expenses:</b>		
General and administrative	79,741	124,740
<b>Total operating expenses</b>	<b>79,741</b>	<b>124,740</b>
<b>Operating income (expense) before depreciation expense</b>	<b>-</b>	<b>-</b>
Depreciation expense	(20,923)	(20,923)
<b>Operating loss</b>	<b>(20,923)</b>	<b>(20,923)</b>
<b>Change in net position</b>	<b>(20,923)</b>	<b>(20,923)</b>
<b>Net position, beginning of year</b>	<b>959,088</b>	<b>980,011</b>
<b>Net position, end of year</b>	<b>\$ 938,165</b>	<b>959,088</b>

See accompanying notes to the basic financial statements

**Spadra Basin Groundwater Sustainability Agency**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from administrative and member assessments	\$ 348,372	73,269
Cash paid to vendors and suppliers for materials and services	(126,847)	(75,311)
<b>Net cash provided by (used in) operating activities</b>	<b>221,525</b>	<b>(2,042)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>221,525</b>	<b>(2,042)</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>341,451</b>	<b>343,493</b>
<b>Cash and cash equivalents – end of year</b>	<b>\$ 562,976</b>	<b>341,451</b>
 <b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
Operating loss	\$ (20,923)	(20,923)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense	20,923	20,923
<b>Changes in assets and liabilities:</b>		
Decrease (Increase) in assets:		
Accounts receivable – member assessments	268,631	(51,471)
(Decrease) Increase in liabilities:		
Accounts payable – member assessments	(47,106)	49,429
<b>Total adjustments</b>	<b>242,448</b>	<b>18,881</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 221,525</b>	<b>(2,042)</b>

See accompanying notes to the basic financial statements

**Spadra Basin Groundwater Sustainability Agency**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Spadra Basin Groundwater Sustainability Agency (Agency) was formed on February 28, 2017, by the execution of a Memorandum of Agreement between Walnut Valley Water District (WVWD) and the City of Pomona (City) to meet the requirements of the Sustainable Groundwater Management Act of 2014. The Agency's purpose is to develop and implement a Groundwater Sustainability Plan to sustainably manage the Basin in compliance with the Act's requirements. The Spadra basin is located in the San Gabriel Valley, in the western portion of the City of Pomona. The Agency is governed by an appointed Executive Committee comprised of one member and one alternative member from WVWD and the City.

**B. Basis of Accounting and Measurement Focus**

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of managing the basin on a continuing basis be financed or recovered primarily through member assessments, capital grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenue and non-operating expenses, respectively.

**C. Financial Reporting**

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency solely operates as a special-purpose government, which means it is only engaged in business-type activities; accordingly, activities are reported in the Agency's proprietary fund.

The Agency has adopted the following GASB pronouncements in the current year:

*Governmental Accounting Standards Board Statement No. 101*

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**Spadra Basin Groundwater Sustainability Agency**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting, continued**

*Governmental Accounting Standards Board Statement No. 101, continued*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

*Governmental Accounting Standards Board Statement No. 102*

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

**D. Assets, Liabilities, and Net Position**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

Substantially all of the Agency's cash is held in a financial institution bank account. The Agency considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

**Spadra Basin Groundwater Sustainability Agency**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities, and Net Position, continued**

**3. Accounts Receivable**

The Agency extends credit to its members in the normal course of operations. Management has evaluated the accounts and believes all accounts are collectible at June 30. When management deems accounts uncollectible, the Agency uses the allowance method for the reservation and write-off of those accounts. As of June 30, 2025, and 2024, there is no allowance for uncollectible accounts as management believes all accounts will be collected, respectively.

**4. Revenue Recognition**

Assessments are recognized as revenue at the time each member agency is invoiced.

**5. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of the donation. Capital assets received in service concession arrangements are reported at acquisition value. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Monitoring wells – 20 years

**6. Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – Consists of capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

**(2) Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, are classified in the accompanying financial statements as follows:

	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 562,976	341,451

**Spadra Basin Groundwater Sustainability Agency**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**(2) Cash and Cash Equivalents, continued**

Cash and cash equivalents as of June 30, consist of the following:

	<b>2025</b>	<b>2024</b>
Deposits with financial institutions	\$ 562,976	341,451
Total cash and cash equivalents	\$ 562,976	341,451

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Agency’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency’s name.

**(3) Capital Assets**

Changes in capital assets for the year ended June 30, 2025, were as follows:

	<b>Balance 2024</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Balance 2025</b>
Depreciable assets:				
Monitoring Well	\$ 418,460	-	-	418,460
Total depreciable assets	418,460	-	-	418,460
Accumulated depreciation:				
Monitoring Well	(34,872)	(20,923)	-	(55,795)
Total accumulated depreciation	(34,872)	(20,923)	-	(55,795)
Total depreciable assets, net	\$ 383,588	(20,923)	-	362,665

For the fiscal year ending June 30, 2025, the Agency had \$0 in additions or deletions to depreciable assets.

**Spadra Basin Groundwater Sustainability Agency**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**(3) Capital Assets, continued**

Changes in capital assets for the year ended June 30, 2024, were as follows:

	<u>Balance</u> <u>2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>2024</u>
Depreciable assets:				
Monitoring Well	\$ 418,460	-	-	418,460
Total depreciable assets	418,460	-	-	418,460
Accumulated depreciation:				
Monitoring Well	(13,949)	(20,923)	-	(34,872)
Total accumulated depreciation	(13,949)	(20,923)	-	(34,872)
Total depreciable assets, net	\$ 404,511	(20,923)	-	383,588

For the fiscal year ending June 30, 2024, the Agency had \$0 in additions or deletions to depreciable assets.

**(4) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2025, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 103***

In April 2024, the GASB issued Statement No. 103 – Financial Reporting Model Improvements. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 104***

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

**Spadra Basin Groundwater Sustainability Agency**  
**Notes to the Basic Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2025 and 2024**

**(4) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

*Governmental Accounting Standards Board Statement No. 104, continued*

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

**(5) Contingencies**

*Litigation*

In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. After consultation with legal counsel, the Agency believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

*Grant Awards*

Grant funds received by the Agency are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

**(6) Subsequent Events**

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of January 5, 2026, which is the date the financial statements were available to be issued.

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*Working Draft Subject to Review*

# **Report on Internal Controls and Compliance**

*Working Draft Subject to Review*

*Working Draft Subject to Review*

**Independent Auditor’s Report on Internal Controls Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Executive Committee  
Spadra Basin Groundwater Sustainability Agency  
Walnut, 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 Spadra Basin Groundwater Sustainability Agency (Agency) as of and for the fiscal years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprises the Agency’s basic financial statements, and have issued our report thereon dated January 5, 2026.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

**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*, continued**

**Purpose of this Report**

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

**C.J. Brown & Company, CPAs**  
Cypress, California  
January 5, 2026

Working Draft Subject to Review

**Spadra Basin Groundwater Sustainability Agency**

**Management Report**

**June 30, 2025**

Working Draft Subject to Review

**Spadra Basin Groundwater Sustainability Agency**

**Management Report**

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Working Draft Subject to Review

Executive Committee  
Spadra Basin Groundwater Sustainability Agency  
Walnut, California

**Dear Members of the Executive Committee:**

In planning and performing our audit of the financial statements of the Spadra Basin Groundwater Sustainability Agency (Agency) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Agency internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

**Current Year Comment and Recommendation**

*None noted*

**Prior Year Comment and Recommendation**

*None noted*

\* \* \* \* \*

This communication is intended solely for the information and use of management, Executive Committee, and others within the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

**C.J. Brown & Company, CPAs**  
Cypress, California  
January 5, 2026

Working Draft Subject to Review

**APPENDIX**

**Spadra Basin Groundwater Sustainability Agency**

**Audit/Finance Committee Letter**

**June 30, 2025**

*Working Draft Subject to Review*

Executive Committee  
Spadra Basin Groundwater Sustainability Agency  
Walnut, California

We have audited the financial statements of the Spadra Basin Groundwater Sustainability Agency (Agency) for the year ended June 30, 2025, and have issued our report thereon dated January 5, 2026. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 17, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated January 5, 2026.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

### **Required Risk Assessment Procedures per Auditing Standards:**

As the auditor of the Agency, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

### **Qualitative Aspects of the Entity’s Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management’s estimate of the fair value of cash and cash equivalents is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and cash equivalents in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Agency’s financial statements relate to:

The disclosure of fair value of cash and cash equivalents in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 3 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

### **Significant Unusual Transactions**

For the purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

### **Identified or Suspected Fraud**

We have not identified or have not obtained information that indicates that fraud may have occurred.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are material, both individually and in the aggregate, to the financial statements taken as a whole. There were no material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated January 5, 2026.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency’s auditors.

The report is intended solely for the information and use of the Executive Committee and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

**Conclusion**

We appreciate the cooperation extended to us by James Ning, Treasurer, and the rest of the Agency staff in the performance of our audit testwork. We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

This information is intended solely for the information and use of the Executive Committee and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

**C.J. Brown & Company, CPAs**  
Cypress, California  
January 5, 2026

Working Draft Subject to Review

**SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY  
EXECUTIVE COMMITTEE MEETING  
MONDAY, NOVEMBER 3, 2025 – 3:00 P.M.**

**ZOOM CONFERENCE CALL**

**MINUTES**

**PRESENT:**

Chris Diggs, Alternate  
Theresa Lee, Alternate

**ABSENT:**

Jerry Tang, President  
Debra Martin  
Victor Preciado, Vice President

**STAFF PRESENT:**

Sherry Shaw, Administrative Officer  
Reid Miller, Legal Counsel  
Carmen Fleming, Secretary  
James Ning, Treasurer

**OTHERS IN ATTENDANCE:**

Jennifer Wong  
Lauren Augino  
Carlos Goytia  
Jody Roberto  
Veva Weamer  
Jose Gonzalez  
Alanna Diaz

Alternate Executive Committee Commissioner Theresa Lee called the meeting to order at 3:10 p.m.

**ITEM 3: PUBLIC COMMENT**

No comments.

**ITEM 4: CONSIDER APPROVAL OF MINUTES FOR EXECUTIVE COMMITTEE MEETING HELD SEPTEMBER 2, 2025**

- ◆ Executive Committee was asked to review and approve the minutes for the Executive Committee meeting held on September 2, 2025.

***Upon consideration thereof, it was moved by Alternate Commissioner Diggs, seconded by Alternate Commissioner Lee and unanimously carried (2-0), by the roll call vote noted below to approve the minutes of the Executive Committee meeting held September 2, 2025.***

*Ayes: Diggs, Lee*

*Noes: None*

*Abstain: None*

**ITEM 5: CONSIDERATION OF RESOLUTION NO. 2025-11-03 DESIGNATING AUTHORIZED SIGNERS FOR THE SPADRA BASIN GSA BANK ACCOUNT**

- ◆ Mr. Ning reported that due to staff changes the signers designated to the Spadra Basin GSA bank account need to reflect current staff members: Sheryl L. Shaw, Chris Diggs and Jialuan Ning (James Ning).

***Upon consideration thereof, it was moved by Alternate Commissioner Diggs, seconded by Alternate Commissioner Lee and unanimously carried (2-0), by the roll call vote noted below to approve Resolution No. 2025-11-03 designating authorized signers: Sheryl L. Shaw, Chris Diggs and Jialuan Ning (James Ning) for the Spadra Basin GSA Bank Account.***

*Ayes: Diggs, Lee  
Noes: None  
Abstain: None*

**ITEM 6: CONSIDER APPROVAL OF PROPOSAL FOR MONITORING AND REPORTING SERVICES-WEST YOST**

- ◆ Executive Committee was given a thorough presentation of the proposal by Ms. Veva Weamer, of West Yost.
- ◆ Executive Committee was asked to approve the proposal for continuing monitoring and reporting services provided by West Yost. The proposed cost increase was due to initiating the development of the GSP periodic evaluation and water sampling of the four wells in the system.
- ◆ Staff will explore future benefit funding to support Spadra Basin pumping.

***Upon consideration thereof, it was moved by Alternate Commissioner Diggs, seconded by Alternate Commissioner Lee and unanimously carried (2-0), by the roll call vote noted below to approve the proposed monitoring and reporting services provided by West Yost in the amount not-to-exceed \$147,881.***

*Ayes: Diggs, Lee  
Noes: None  
Abstain: None*

**ITEM 7: UPDATE OF SPADRA BASIN GROUNDWATER SUSTAINIBILITY PLAN**

- ◆ Ms. Veva Weamer reviewed the outstanding item for the GSP and will be preparing a technical justification letter to the Department of Water Resources regarding this item. This item was an information only item.

**ITEM 8: CONSIDER APPROVAL OF PROPOSED 2026 EXECUTIVE COMMITTEE MEETING SCHEDULE**

- ◆ Executive Committee was asked to approve the proposed 2026 Meeting Schedule:

Monday, January 5, 2026  
Monday, March 2, 2026  
Monday, May 4, 2026  
Monday, July 6, 2026  
Tuesday, September 8, 2026  
Monday, November 2, 2026

***Upon consideration thereof, it was moved by Alternate Commissioner Diggs, seconded by Alternate Commissioner Lee and unanimously carried (2-0), by the roll call vote noted below to approve the proposed 2026 Meeting Schedule.***

*Ayes: Diggs and Lee  
Noes: None*

Abstain: None

**ITEM 9: FUTURE DISCUSSION ITEMS**

- ◆ Staff reported on a proposed GSA Cost-Sharing Agreement under Budget Trailer Bill SB 105, which includes \$3.5 million in grant funding for small GSAs producing less than 10,000 acre-feet. Participation in a 20-GSA coalition could provide up to \$115,000 per GSA. The cost to apply for the remaining six months of the fiscal year is approximately \$30,000 total, or approximately \$1,500 per agency. Staff requested authorization to proceed.
- ◆ The Executive Committee concurred it was acceptable for the Administrative Officer to sign the small GSA coalition memorandum of understanding, with that MOU to be ratified and approved at the January Executive Committee meeting.
- ◆ Staff was also requested to agendize an item for the January meeting to discuss potential future fees to support Spadra Basin pumping.

**ITEM 10: ADJOURNMENT - 3:48 p.m.**

*With no further discussion, the meeting was adjourned.*

DRAFT

## COST SHARING AGREEMENT

This Cost Sharing Agreement (“**Agreement**”) is made and entered into by and between the undersigned Groundwater Sustainability Agencies (“**GSAs**”), individually referred to as a “**Party**” and collectively referred to as the “**Parties**,” subject to the following understanding:

### RECITALS

1. The Sustainable Groundwater Management Act (“**SGMA**”), codified at California Water Code section 10720 et seq., became effective on January 1, 2015.
2. SGMA requires GSAs for medium and high priority groundwater basins (as designated by the California Department of Water Resources (“**DWR**”) to achieve groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (“**GSPs**”) or approved alternative plans.
3. Many GSAs managing basins or sub-basins with an average annual groundwater extraction of less than 10,000 acre-feet per year (“**Small GSAs**”) face disproportionate administrative and compliance costs relative to their size and groundwater usage.
4. The Parties, through their respective staff members and representatives (“**Party Representatives**”), desire to cooperatively fund and manage shared interests and efforts that benefit Small GSAs under SGMA, while retaining their independent local authority. Therefore, in consideration of the mutual promises, covenants and conditions herein set forth, the Parties agree as follows:

### AGREEMENT

#### 1. PURPOSE.

The purpose of this Agreement is to establish the cost-sharing and administrative framework for the Party Representatives to coordinate advocacy efforts regarding SGMA implementation challenges unique to Small GSAs.

#### 2. COST SHARING.

- a) **Equal Shares.** Each Party shall contribute an equal share to the total cost of retaining (i) an Advocacy Administrator; and (b) an Advocate. Each Party shall contribute an equal portion of the total cost, with payments made in accordance with subsection 2(b) of this Agreement, below.
- b) **Annual Budget and Payment Thereof.** The Parties’ cost-sharing obligations shall be based on and limited by an annual budget for the Fiscal Year beginning on July 1 and ending on June 30, as follows:
  - i) On or before March 1 of each year, the Administrator shall prepare and distribute a draft budget for review by the Party Representatives

- ii) On or before April 1 of each year, the Administrator shall prepare and distribute a revised budget for final review and approval by at least three-fourths of the Parties on or before May 1.
  - iii) On or before July 1 of each year, the Administrator shall invoice each Party their respective share of the approved final budget. Payment shall be due within 60 days of receipt such invoice.
  - iv) For the last six months of Fiscal Year 2025-2026, the Parties costs for advocacy and management will total \$30,000. The Administrator shall issue invoices for January 1, 2026 through June 30, 2026 on or before by January 1, 2026 and payments shall be due within 60 days of receipt of such invoice.
- c) **Deferment of Payment.** Any Party with a fiscal year other than July 1 to June 30 may defer payment to October 1, provided however that the Party provide written notice of such fact to the Administrator on or before July 1.
- d) **Nonpayment.** Failure to submit payment within 60 days after receipt of an invoice from the Administrator shall constitute a default of this Agreement and result in that Party's removal and termination of this Agreement with respect to the defaulting party. In addition, the remaining Parties hereby reserve the right to pursue recovery of any unpaid obligations from the delinquent Party.

### 3. RETENTION OF INDEPENDENT CONTRACTORS.

- a) **The Administrator.** The Party Representatives may appoint by majority vote (with one Party Representative voting on behalf of its GSA), an Administrator as an independent contractor to act as the custodian of the funds and maintain accurate accounting records, in accordance with subsection 3(d) of this Agreement and in an amount not to exceed the amount set forth in the annual budget. The Administrator may be a Party, a private individual, or an entity. The initial Administrator of the Coalition shall be Ann DuBay.
- b) **The Advocate.** The Party Representatives may appoint by majority vote (with one Party Representative voting on behalf of its GSA) an Advocate as an independent contractor to represent the Parties' interests before the State Legislature, State agencies, and other stakeholders as determined by the Parties, in accordance with subsection 3(c) of this Agreement and in an amount not to exceed the amount set forth in the annual budget. The Advocate may be a private individual or an entity.
- c) **Contract for Services.** The Scope of Work for the Administrator and Advocate shall be approved by a majority of the Parties' General Managers or contracting officers (collectively, the "**Contracting Officers**"). The Contracting Officers are authorized to designate one or more Contracting Officers to execute an engagement letter or agreement for the services of the Administrator and Advocate.

- d) **Representation.** The Administrator and the Advocate will consider their client to be all of the parties funding and participating in this Agreement, and will take direction from a majority vote of the Party Representatives (with one Party Representative voting on behalf of its GSA).
- e) **Oversight.** The Party Representatives may meet in person or virtually as needed to review work product, costs, or other matters related to or associated with the Administrator and/or Advocate. These meetings may be held virtually or in person, as determined by the Party Representatives.

#### **4. ADMISSION, WITHDRAWAL, AND TERMINATION**

- a) **Admission.** Any Small GSA may become party to this Agreement upon written consent by majority vote of the Party Representatives (with one Party Representative voting on behalf of its GSA) and execution of an amendment to this Agreement by the additional party.
- b) **Withdrawal.** Any Party may withdraw from this Agreement upon 30 days' advance written notice to the Administrator. Upon receipt of such notice, the Administrator shall immediately provide notice to all other Parties of the anticipated withdraw. Withdrawal shall not affect, alleviate, or otherwise terminate any financial obligations of the withdrawing Party's incurred or otherwise existing prior to the date of notice of withdrawal nor shall withdraw entitle the withdrawing Party to a refund for any portion of any contributed portion of the budget.
- c) **Termination.** This Agreement shall remain in effect so long as at least five Parties remain party to this Agreement.

#### **5. INDEMNIFICATION.**

Each Party shall indemnify, defend, and hold harmless the other Parties, their officers, employees, and agents from and against any and all claims liabilities, and expenses ("**Claims**") arising out of or in connection with this Agreement except to the extent any such Claims arise out of that Party's negligent acts or omissions in connection with this Agreement.

#### **6. RELATIONSHIP OF THE PARTIES.**

Each Party is an independent public agency collaborating voluntarily on a common issue. Nothing in this Agreement shall create a joint venture, partnership, or agency relationship among the Parties.

#### **7. DISPUTE RESOLUTION; CHOICE OF LAW.**

Any dispute arising under this Agreement shall first be addressed through good-faith negotiations. If unresolved within 30 days, the dispute shall proceed to mediation, and if necessary, binding arbitration under California Code of Civil Procedure Part III, Title 9. Venue for all proceedings shall be Sacramento County, California. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

#### **8. AMENDMENTS.**

Except for admission of new Small GSAs a member to this Agreement, this Agreement may be amended upon written consent of all Parties.

**9. EFFECTIVE DATE AND TERM.**

This Agreement shall become effective on January 1, 2026, and shall remain in effect so long as at least five Parties remain party to this Agreement.

**10. EXTENSIONS OF TIME.**

Whenever the last day of any period described herein falls on a Saturday, Sunday, or holiday, the period shall be automatically extended to 11:59 p.m. of the next business day, Pacific Time. The time in which any act provided under this Agreement is to be done shall be computed by excluding the first day and including the last day, unless the last day is a Saturday, Sunday or legal holiday, and then it is also excluded.

**11. NOTICES.**

Any notice authorized or required to be given pursuant to this Agreement shall be made in writing and sent via electronic mail to the email address provided beneath the Party’s signature, below, and shall be deemed to have been given when the e-mail is sent. Any notice sent to the Administrator shall be made in writing and sent via electronic mail to [anndubay@sonic.net](mailto:anndubay@sonic.net) or any successor Administrator as appointed by the Party Representatives. Any Party or the Administrator may change their e-mail address for purpose of receiving notice by providing such information in accordance with the process set forth herein.

**12. COUNTERPARTS AND ELECTRONIC SIGNATURES.**

This Agreement may be executed in counterparts, including by electronic or digital signature, each of which shall be deemed an original and together constitute one instrument.

**13. ENTIRE AGREEMENT.**

This Agreement, including the Recitals which are a material part of the Agreement and are incorporated herein, constitute the full and complete understanding among the Parties concerning the subject matter herein and supersede all prior and contemporaneous agreements or memoranda of understanding relating to said subject matter.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the dates set forth below.

**MOUND BASIN GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Email: \_\_\_\_\_  
Date: \_\_\_\_\_

**OJAI BASIN GROUNDWATER MANAGEMENT AGENCY**

By: SEE ATTACHED  
Name: Richard Hajas  
Title: President of the Board  
Email: [rhajas@casitaswater.com](mailto:rhajas@casitaswater.com)  
Date: \_\_\_\_\_

**PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_

**SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_

Name: Piret Harmon

Title: General Manager

Email: [Harmonp@svbgsa.org](mailto:Harmonp@svbgsa.org)

Date: \_\_\_\_\_

**SANTA CRUZ MID-COUNTY GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_

**SANTA MARGARITA GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_

**SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN CENTRAL  
MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_

**SIERRA VALLEY GROUNDWATER MANAGEMENT DISTRICT**

By: \_\_\_\_\_

Name: Einen Grandi

Title: Chairman of the Board

Email: [grandiranch@gmail.com](mailto:grandiranch@gmail.com)

Date: \_\_\_\_\_

**SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_

**SONOMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_

**UKIAH VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**

By: \_\_\_\_\_

Name: Blake Adams

Title: General Manager

Email: [badams@cityofukiah.com](mailto:badams@cityofukiah.com)

Date: \_\_\_\_\_

**UPPER VENTURA RIVER GROUNDWATER AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_