

NOTICE
REGULAR MEETING OF THE BOARD OF DIRECTORS
SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN
WESTERN MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY

will be held on **Wednesday, May 27, 2026, at 2:00 p.m.**
at Vandenberg Village Community Services District, Meeting Room, 3745 Constellation Rd, Lompoc, California

WMA GSA Alternate Director Meighan Diethofer will be attending the meeting via teleconference from the following location:
1745 Mission Drive, Solvang, CA 93463
Members of the public may join Director Diethofer at that location.

Optional remote public participation is available via Telephone or TEAMS

To access the meeting via telephone, please dial: [+1 469-998-7311](tel:+14699987311) or via the Web at: [Join the meeting now](#)
Meeting ID: **248 475 684 776 1** Passcode: **iW6Qm6gN**

***** Please Note *****

The above teleconference option for public participation is being offered as a convenience only and may limit or otherwise prevent your access to and participation in the meeting due to disruption or unavailability of the teleconference line. If any such disruption or unavailability occurs for any reason the meeting will not be suspended, terminated, or continued. Therefore in-person attendance of the meeting is strongly encouraged.

AGENDA OF MEETING

1. Call to Order and Roll Call
2. Pledge of Allegiance
3. Public Comment (Any member of the public may address the Board relating to any non-agenda matter within the Board's jurisdiction. The time for public comment allotted for each individual shall not exceed three minutes. No action will be taken by the Board at this meeting on any public comment item)
4. Consent agenda - Routine Items for approval or rejected in single motion without separate discussion. Consent items can be removed and placed on the Regular Agenda for discussion and possible action upon request by a Director
 - a. Review and consider approval of meeting minutes for the Regular Meeting of February 25, 2026 [p. 3](#)
 - b. Review and consider approval of meeting minutes for the March 13, 2026 SYRVGB Joint Management Area Board Meeting. [p. 6](#)
 - c. Review and consider approval of Monthly Financial Reports [p. 10](#)
5. Action Items
 - a. Review and consider approval of WMA GSA FY 2026-27 budget. [p. 28](#)
 - b. Review and consider approval of Resolution Establishing Groundwater Extraction Fee Rate and Authorizing Groundwater Extraction Fees Charges to be Collected on the Tax Roll for FY 2026-2027. [p. 29](#)
 - c. Receive presentation from Moss, Levy & Hartzheim and file the FY 2023-24 and FY 2024-25 Independent Auditor's Reports [p. 32](#)
 - d. Review and consider potential JPA amendment to add a Voting Agricultural Representative Director to the WMA GSA board [p. 86](#)
 - e. Review and consider approval of Executive Director and Stetson Engineers Rate Changes [p. 95](#)
6. Informational Items
 - a. Receive updates on Proposition 68 Grant Projects from EKI
 - b. Receive presentation from Stetson Engineers on Spring 2026 water level data for the WMA

- c. Receive presentation from Stetson Engineers on status of the GSP 5-Year Evaluation, including an update on DWR Recommended Corrective Actions [p. 98](#)
 - d. Verbal Report from Executive Director on the Potential for Consolidation/Streamlining of Annual Reports
 - e. WMA GSA Legal Counsel Updates
- 7. Consider Date/Time for Next Regular and/or Special Meetings of the WMA GSA
 - a. Next Basin-Wide Joint Special Meeting Friday, June 12, 2026, 9:00 AM at Buellton City Council Chambers
 - b. Next WMA GSA Regular Board Meeting Wednesday, September 2, 2026, at 2:00 PM at VVCSD
 - 8. WMA GSA Board of Director Reports and Requests for Future Agenda Items
 - 9. Adjournment

[This agenda was posted at least 72 hours prior to the regular meeting at 3745 Constellation Rd, Lompoc, California, and wma-SantaYnezWater.org in accordance with Government Code Section 54954. In compliance with the Americans with Disabilities Act, if you need special assistance to review agenda materials or participate in this meeting, please contact the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency at (805) 430-9709. Advanced notification as far as practicable prior to the meeting will enable the GSA to make reasonable arrangements to ensure accessibility to this meeting.]

**SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN WESTERN
MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY
(WMA GSA) BOARD OF DIRECTORS**

Agenda Item 4.a: Minutes of the Regular Board Meeting of February 25, 2026

The following is a summary of the actions taken at the WMA GSA Board of Directors Meeting. The official record for the meeting is the recording that can be found at:

wma-santaynezwater.org/wma-gsa-jpa-board-meetings

Agenda Item	Discussion or Action
1. Call to Order and Roll Call	Chair Ball called the meeting to order at approximately 2:00 PM (00:00:00). Executive Director Daniel Heibel called roll to begin the meeting. Chair Ball, Director Stassi, Director Jordan, Director Keeling, and Director Diethofer (ONLINE) were present.
2. Pledge of Allegiance	(00:01:10)
3. Public Comment	(00:01:37) None
4. Consent Agenda a. Review and consider approval of meeting minutes for the Special Meeting of November 19, 2025. b. Review and consider approval of Monthly Financial Reports and Warrant List. c. New WMA GSA Well Permit Approved by County of Santa Barbara EHS.	Introduction of the Item (00:02:20) Board Discussion (00:04:52) Public Comment None. Board Action (00:11:33) The Board moved to approve Item 4 Motion: Director Jordan Second: Director Keeling Ayes: 4 Nays: N/A Abstains: N/A Passes: 4/0
5. Action Items	
5.a. Election or Appointment of Officers.	Introduction of the Item (00:11:49) Board Discussion (00:13:09) Public Comment None. Board Action (00:14:20) The Board moved to keep board officer positions the same in 2026 as they were in 2025, with the provision that they should be changed next year. Motion: Director Stassi Second: Director Jordan Ayes: 4 Nays: N/A Abstains: N/A

	Passes: 4/0
6. Informational Items	
6.a. Receive presentation on Draft WMA-specific Water Year 2025 GSP Annual Report, Fall 2025 Groundwater Monitoring Results, and update on GSP 5-Year Evaluation from Stetson Engineers.	<p>Introduction of the Item (00:16:05)</p> <p><u>Board Discussion</u> (00:38:23)</p> <p><u>Public Comment</u> None.</p>
6.b. Verbal Report from Executive Director on WMA GSA initiatives.	<p>Introduction of the Item (00:57:28)</p> <p><u>Board Discussion</u> (00:58:26)</p> <p><u>Public Comment</u> None.</p>
6.c. Receive Update from Executive Director on the Potential Addition of Ag Director to the WMA GSA Board.	<p>Introduction of the Item (01:04:17)</p> <p><u>Board Discussion</u> (01:09:27) The Board provided direction to staff to come back to the Board with a redline JPA amendment to add a voting Agricultural Representative Director to the Board and an informational document (General Questions and Answers regarding the potential addition of an Ag Director to the WMA GSA Board).</p> <p><u>Public Comment</u> None.</p>
6.d. Verbal Report from Executive Director on Financial Audit in progress	<p>Introduction of the Item (01:29:00)</p> <p><u>Board Discussion</u> None.</p> <p><u>Public Comment</u> None.</p>
6.e. WMA GSA Legal Counsel Updates.	<p>Introduction of the Item (01:31:50)</p> <p><u>Board Discussion</u> (01:33:27)</p> <p><u>Public Comment</u> None.</p>
7. Consider Date/Time for Next Regular and/or Special Meetings of the WMA GSA.	<p>Introduction of the Item (01:34:20)</p> <p><u>Board Discussion</u> (01:35:58)</p> <p><u>Public Comment</u> None.</p>
8. WMA GSA Board of Director Reports and Requests for Future Agenda Items.	<p>Introduction of the Item (01:37:27)</p> <p><u>Board Discussion</u> (01:37:40) Director Jordan requested an item to look at potential consolidation/streamlining opportunities for GSA efforts, including primarily annual reporting. Director Stassi</p>

	requested an item to keep track of how DWR Recommended Corrective Actions are being addressed. <u>Public Comment</u> None.
9. Adjournment	Meeting adjourned at approximately 3:45 PM (01:45:33).

Charlotte Arnao, Board Secretary

DRAFT

JOINT MEETING MINUTES

**Santa Ynez River Valley Groundwater Basin Central Management Area
Groundwater Sustainability Agency**

and

**Santa Ynez River Valley Groundwater Basin Eastern Management Area
Groundwater Sustainability Agency**

and

**Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency**

March 13, 2026

A joint special meeting of the Santa Ynez River Valley Groundwater Basin Central Management Area Groundwater Sustainability Agency (CMA GSA), the Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency (EMA GSA), and the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (WMA GSA) was held on Friday, March 13, 2026, at 9:00 a.m. at the City of Buellton City Council Chambers, 140 West Highway 246, Buellton, California.

WMA GSA Director Steve Jordan attended the meeting via teleconference from 46250 East El Dorado, Indian Wells, California. This remote participation location was properly noticed on the agenda and the agenda was posted at the remote location, in compliance with Gov. Code Section 54950 et seq. No members of the public joined Director Jordan at the location.

CMA GSA Directors Present: Michael Anderson (non-voting), Acting Alternate J. Brett Marymee, Joan Hartmann (non-voting), and John Sanchez

CMA GSA Alternate Directors Present: Meighan Diethofer

EMA GSA Directors Present: Doug Circle, Joan Hartmann, Brad Joos, J. Brett Marymee, and Elizabeth Orona

EMA GSA Alternate Directors Present: Michael Burchardi, Meighan Diethofer, Mary Heyden, and Steve Jordan (participating by teleconference)

WMA GSA Directors Present: Jeremy Ball, Joan Hartmann (non-voting), Steve Jordan (participating by teleconference), and James Keeling

WMA GSA Directors Absent: Vandenberg Village CSD appointees Director Ron Stassi and Alternate Director James Lamont

WMA GSA Alternate Directors Present: Phil Carpenter, Meighan Diethofer, Mike Garner, and Kristin Worthley

Others Present (In Person): Jose Acosta, Cynthia Allen, Charlotte Arnao, Bill Buelow, Paeter Garcia, Dan Heimel, Kadie McShirley, Tim Nicely (GSI Water Solutions), Amber Thompson, Matt Young, and one member of the public

Others Present (Teleconference): Kevin Coffman (GeoSyntec), Dan Drugan, John Fio (EKI Consulting), Curtis Lawler (Stetson Engineers), Isaac St. Lawrence (McMurtrey, Hartsock, Worth, & St. Lawrence, WMA GSA Legal Counsel), Paige Lund, Nate Page, Steve Torigiani (Young Wooldridge LLP, CMA GSA Legal Counsel), Susan Xie (EKI Consulting), Celeste, and Michael

1. Call to Order

Director Hartmann called the meeting to order at 9:00 a.m.

2. Consider Appointment of Moderator to Facilitate Joint GSA Meeting

CMA, EMA, and WMA GSA Director Hartmann volunteered to moderate this joint meeting as well as future joint meetings. There was a unanimous consensus by all GSA Directors.

3. Roll Call

Ms. Thompson called roll.

Central Management Area GSA

One voting CMA GSA Director, one voting Acting Alternate Director, and two non-voting Directors were present providing a quorum. In addition, one Alternate Director was present.

Eastern Management Area GSA

Five EMA GSA Directors were present providing a quorum. In addition, three Alternate Directors were present in-person and one participated via teleconference.

Western Management Area GSA

Two voting WMA GSA Directors and one non-voting Director were present in person. One Director was present via teleconference, as was properly noticed on the agenda. No Vandenberg Village CSD appointees attended. A quorum was met. In addition, four Alternate Directors were present in person.

4. Public Comment

There was no public comment.

5. Receive and Consider Approval of the Water Year 2025 Joint Annual Report for the Santa Ynez River Valley Groundwater Basin

Mr. Heimel introduced the item and thanked the consultant teams from GSI Water Solutions and Stetson Engineers for their efforts and coordination to prepare the Water Year 2025 Joint Annual Report (“Annual Report”). The Annual Report is available on the GSAs websites and SantaYnezWater.org.

Mr. Lawler, Stetson Engineers, provided an overview of the Annual Report including the sub report sections for the Central Management Area and the Western Management Area. Discussion followed. Public comment was received

Mr. Heibel reported that a page was accidentally omitted in the EMA sub report section. Mr. Nicely, GSI Water Solutions, provided information about the missing page as well as the sub report section for the Eastern Management Area. Discussion followed. There was no public comment.

a. CMA GSA Board vote

CMA GSA Acting Alternate Director Marymee made a MOTION to approve the Water Year 2025 Joint Annual Report for the Santa Ynez River Valley Groundwater Basin, inserting the missing page for the EMA sub report after page 169, and directed staff to make any minor non-substantive edits, if needed, and submit to DWR before April 1, 2026. CMA GSA Director Sanchez seconded the motion. There was no discussion or public comment. The motion passed 2-0 by voice vote.

b. EMA GSA Board vote

EMA GSA Director Orona made a MOTION to approve the Water Year 2025 Joint Annual Report for the Santa Ynez River Valley Groundwater Basin, inserting the missing page for the EMA sub report after page 169, and directed staff to make any minor non-substantive edits, if needed, and submit to DWR before April 1, 2026. EMA GSA Director Marymee seconded the motion. There was no discussion or public comment. The motion passed 5-0 by voice vote.

c. WMA GSA Board vote

WMA GSA Director Ball made a MOTION to approve the Water Year 2025 Joint Annual Report for the Santa Ynez River Valley Groundwater Basin, inserting the missing page for the EMA sub report after page 169, and directed staff to make any minor non-substantive edits, if needed, and submit to DWR before April 1, 2026. WMA GSA Director Keeling seconded the motion. There was no discussion or public comment. The motion passed 3-0-1 by the following Roll Call vote:

AYES, Directors: Ball, Jordan, and Keeling

NOES, Directors: None

ABSENT, Directors: Stassi/Lamont

6. Receive Update on Proposition 68 Grant Projects, Schedule and Financial Status

Ms. Xie, EKI, presented an update on Proposition 68 Grant projects Basin wide for Component 2 (Well Extraction Measurement Demonstration Project and Basin Reporting Program), Component 5 (Monitoring Improvement and Expansion), and the projects for WMA GSA Specific Component 6 (Stormwater Capture and Infiltration Project Designs), Component 7 (Water use Efficiency Strategic Plan), and Component 8 (Recycled Water Feasibility Study). Mr. Coffman provided information on Component 5 Monitoring Network projects.

There was discussion during the presentation. There were no public comments.

Mr. Buelow introduced Proposition 68 Grant Progress Reports & Invoices No. 6, 7, 8, and 9, which were included in the meeting packet and were submitted to DWR since the last joint meeting. He provided an update on Proposition 68 Grant funding for GSA and each grant component through December 2025.

Discussion continued after the presentations. There was no public comment and no action.

7. GSA Board Member Reports and Requests for Future Agenda Items

EMA GSA Director Marymee recommended that the GSAs should start to look at the next five-years programs since the current Groundwater Sustainability Plans are almost five years old.

CMA, EMA, and WMA GSA Director Hartmann said the joint meetings are helpful and requested the schedule for future meetings. Mr. Heimel reported the planned dates for 2026 are June 12, 2026, September 11, 2026, and December 11, 2026.

8. Adjourn Joint Special Meeting

CMA, EMA, and WMA GSA Director Hartmann adjourned the meeting at 10:29 a.m.

Santa Ynez River Valley Groundwater Basin Central Management Area Groundwater Sustainability Agency

John Sanchez, Chair

Amber Thompson, Secretary
Approved on: _____

Santa Ynez River Valley Groundwater Basin Eastern Management Area Groundwater Sustainability Agency

Elizabeth Orona, Chair

Joan Hartmann, Secretary
Approved on: _____

Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency

Jeremy Ball, Chair

Charlotte Arnao, Secretary
Approved on: _____

Balance Sheet

WMA GSA

As of February 28, 2026

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
1150 Five Star Bank Ckg	141,291.66
Total for Bank Accounts	\$141,291.66
Accounts Receivable	
1200 Accounts Receivable	0.00
Total for Accounts Receivable	\$0.00
Other Current Assets	
1400 Prepaid Expense	0.00
Total for Other Current Assets	\$0.00
Total for Current Assets	\$141,291.66
Total for Assets	\$141,291.66
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	0.00
Total for Accounts Payable	\$0.00
Other Current Liabilities	
2300 Deposits - Well Verification	0.00
2501 Loan from SYRWCD	275,000.00
2503 Loan from City of Lompoc	125,000.00
2504 Loan from MHCS D	102,500.00
2505 Loan from VVCSD	102,500.00
Total for Other Current Liabilities	\$605,000.00
Total for Current Liabilities	\$605,000.00
Total for Liabilities	\$605,000.00
Equity	
3000 Retained Earnings	27,450.40
32000 Unrestricted Net Assets	-223,768.36
Net Income	-267,390.38
Total for Equity	-\$463,708.34
Total for Liabilities and Equity	\$141,291.66

Profit and Loss

WMA GSA

July 1, 2025-February 28, 2026

DISTRIBUTION ACCOUNT	TOTAL
Income	
4300 Groundwater Extraction Fee	258,759.60
4500 Grant Revenue	0.00
4600 Interest Income	194.73
4900 Misc Revenue	8,000.00
Total for Income	\$266,954.33
Gross Profit	\$266,954.33
Expenses	
5200 GSA Management/Admin	21,124.19
5320 Office Expense (incl postage)	1.25
5350 Public Relations	2,280.00
5360 Insurance	4,892.55
5400 Pump Fees Collection	0.00
5800 Legal Services	5,264.00
6100 Stakeholder Engagement	950.00
6240 GSP - Monitor/Measure	2,966.25
6501 GSP Well Extract/Measure	52,575.80
6502 GSP Rate Study	10,263.75
6503 GSP Impl - GSP 5-yr Update	115,386.93
6504 GSP Impl - Monitoring Network	91,618.86
6505 GSP Impl - Storm Water Capture	59,618.15
6506 GSP Impl - Water Use Effic Plan	102,466.93
6507 GSP Impl - Recycled Water	64,814.25
7000 Misc Expense	121.80
Total for Expenses	\$534,344.71
Net Operating Income	-\$267,390.38
Net Other Income	
Net Income	-\$267,390.38

Check Detail Report

WMA GSA

February 2026

TRANSACTION DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	CLEARED	AMOUNT
1150 Five Star Bank Ckg						
494						
02/04/2026	Expense		Santa Maria Times	Santa Maria Times DBT CRD 1756 02/03/26 61616004 SANTA MARIA TIMES 805-9	Reconciled	-450.00
02/04/2026	Expense		Santa Maria Times	Santa Maria Times DBT CRD 1756 02/03/26 61616004 SANTA MARIA TIMES 805-9		450.00
488						
02/16/2026	Bill Payment (Check)	1145	Confluence Engineering Solutions, Inc		Cleared	-43,880.44
02/16/2026	Bill Payment (Check)	1145	Confluence Engineering Solutions, Inc			-43,880.44
489						
02/16/2026	Bill Payment (Check)	1146	EKI Environment & Water, Inc.		Cleared	-13,486.50
02/16/2026	Bill Payment (Check)	1146	EKI Environment & Water, Inc.			-13,486.50
490						
02/16/2026	Bill Payment (Check)	1147	EKI Environment & Water, Inc.		Cleared	-75,446.76
02/16/2026	Bill Payment (Check)	1147	EKI Environment & Water, Inc.			-75,446.76
491						
02/16/2026	Bill Payment (Check)	1148	EKI Environment & Water, Inc.		Cleared	-73,005.92
02/16/2026	Bill Payment (Check)	1148	EKI Environment & Water, Inc.			-73,005.92
492						
02/16/2026	Bill Payment (Check)	1149	McMurtrey Hartsock Worth & St. Lawrence		Cleared	-2,800.00
02/16/2026	Bill Payment (Check)	1149	McMurtrey Hartsock Worth & St. Lawrence			-2,800.00
493						
02/16/2026	Bill Payment (Check)	1150	Stetson Engineers, Inc.		Uncleared	-41,786.94
02/16/2026	Bill Payment (Check)	1150	Stetson Engineers, Inc.			-41,786.94

General Ledger
WMA GSA
February 2026

Distribution account	Transaction date	Transaction type	Num	Name	Memo/Description	Split	Amount	Balance
1150 Five Star Bank Ckg								
		Beginning Balance						392,115.16
					Santa Maria Times DBT CRD 1756 02/03/26 61616004			
1150 Five Star Bank Ckg	02/04/2026	Expense		Santa Maria Times	SANTA MARIA TIMES 805-9	6502 GSP Rate Study	-450.00	391,665.16
1150 Five Star Bank Ckg	02/16/2026	Bill Payment (Check)	1145	Confluence Engineering Solutions, Inc		2000 Accounts Payable	-43,880.44	347,784.72
1150 Five Star Bank Ckg	02/16/2026	Bill Payment (Check)	1146	EKI Environment & Water, Inc.		2000 Accounts Payable	-13,486.50	334,298.22
1150 Five Star Bank Ckg	02/16/2026	Bill Payment (Check)	1147	EKI Environment & Water, Inc.		2000 Accounts Payable	-75,446.76	258,851.46
1150 Five Star Bank Ckg	02/16/2026	Bill Payment (Check)	1148	EKI Environment & Water, Inc.		2000 Accounts Payable	-73,005.92	185,845.54
1150 Five Star Bank Ckg	02/16/2026	Bill Payment (Check)	1149	McMurtrey Hartsock Worth & St. Lawrence		2000 Accounts Payable	-2,800.00	183,045.54
1150 Five Star Bank Ckg	02/16/2026	Bill Payment (Check)	1150	Stetson Engineers, Inc.		2000 Accounts Payable	-41,786.94	141,258.60
1150 Five Star Bank Ckg	02/28/2026	Deposit		Five Star Bank	Interest Deposit	4600 Interest Income	33.06	141,291.66
Total for 1150 Five Star Bank Ckg							-\$250,823.50	
1200 Accounts Receivable								
		Beginning Balance						0.00
Total for 1200 Accounts Receivable								
1400 Prepaid Expense								
		Beginning Balance						0.00
Total for 1400 Prepaid Expense								
2000 Accounts Payable								
		Beginning Balance						250,406.56
2000 Accounts Payable	02/16/2026	Bill Payment (Check)	1145	Confluence Engineering Solutions, Inc		1150 Five Star Bank Ckg	-43,880.44	206,526.12
2000 Accounts Payable	02/16/2026	Bill Payment (Check)	1146	EKI Environment & Water, Inc.		1150 Five Star Bank Ckg	-13,486.50	193,039.62
2000 Accounts Payable	02/16/2026	Bill Payment (Check)	1147	EKI Environment & Water, Inc.		1150 Five Star Bank Ckg	-75,446.76	117,592.86
2000 Accounts Payable	02/16/2026	Bill Payment (Check)	1148	EKI Environment & Water, Inc.		1150 Five Star Bank Ckg	-73,005.92	44,586.94
2000 Accounts Payable	02/16/2026	Bill Payment (Check)	1149	McMurtrey Hartsock Worth & St. Lawrence		1150 Five Star Bank Ckg	-2,800.00	41,786.94
2000 Accounts Payable	02/16/2026	Bill Payment (Check)	1150	Stetson Engineers, Inc.		1150 Five Star Bank Ckg	-41,786.94	0.00
Total for 2000 Accounts Payable							-\$250,406.56	
2300 Deposits - Well Verification								
		Beginning Balance						0.00
Total for 2300 Deposits - Well Verification								
2501 Loan from SYRWCD								
		Beginning Balance						275,000.00
Total for 2501 Loan from SYRWCD								
2503 Loan from City of Lompoc								
		Beginning Balance						125,000.00
Total for 2503 Loan from City of Lompoc								
2504 Loan from MHCSD								
		Beginning Balance						102,500.00

General Ledger
WMA GSA
February 2026

Distribution account	Transaction date	Transaction type	Num	Name	Memo/Description	Split	Amount	Balance
								Beginning Balance
								5,264.00
Total for 5800 Legal Services								
6100 Stakeholder Engagement								Beginning Balance
								950.00
Total for 6100 Stakeholder Engagement								
6240 GSP - Monitor/Measure								Beginning Balance
								2,966.25
Total for 6240 GSP - Monitor/Measure								
6501 GSP Well Extract/Measure								Beginning Balance
								52,575.80
Total for 6501 GSP Well Extract/Measure								
6502 GSP Rate Study								Beginning Balance
								9,813.75
					Santa Maria Times DBT CRD			
					1756 02/03/26 61616004			
6502 GSP Rate Study	02/04/2026	Expense		Santa Maria Times	SANTA MARIA TIMES 805-9	1150 Five Star Bank Ckg	450.00	10,263.75
							\$450.00	
Total for 6502 GSP Rate Study								
6503 GSP Impl - GSP 5-yr Update								Beginning Balance
								115,386.93
Total for 6503 GSP Impl - GSP 5-yr Update								
6504 GSP Impl - Monitoring Network								Beginning Balance
								91,618.86
Total for 6504 GSP Impl - Monitoring Network								
6505 GSP Impl - Storm Water Capture								Beginning Balance
								59,618.15
Total for 6505 GSP Impl - Storm Water Capture								
6506 GSP Impl - Water Use Effic Plan								Beginning Balance
								102,466.93
Total for 6506 GSP Impl - Water Use Effic Plan								
6507 GSP Impl - Recycled Water								Beginning Balance
								64,814.25
Total for 6507 GSP Impl - Recycled Water								
7000 Misc Expense								Beginning Balance
								121.80
Total for 7000 Misc Expense								

Balance Sheet

WMA GSA

As of Mar 31, 2026

	TOTAL
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Assets	
Current Assets	
Bank Accounts	
1150 Five Star Bank Ckg	70,315.83
Total for Bank Accounts	\$70,315.83
Accounts Receivable	
1200 Accounts Receivable	0.00
Total for Accounts Receivable	\$0.00
Other Current Assets	
1400 Prepaid Expense	0.00
Total for Other Current Assets	\$0.00
Total for Current Assets	\$70,315.83
Total for Assets	\$70,315.83
<hr/>	
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	27,801.85
Total for Accounts Payable	\$27,801.85
Other Current Liabilities	
2300 Deposits - Well Verification	0.00
2501 Loan from SYRWCD	275,000.00
2503 Loan from City of Lompoc	125,000.00
2504 Loan from MHCS	102,500.00
2505 Loan from VVCS	102,500.00
Total for Other Current Liabilities	\$605,000.00
Total for Current Liabilities	\$632,801.85
Total for Liabilities	\$632,801.85
Equity	
3000 Retained Earnings	27,450.40
32000 Unrestricted Net Assets	-223,768.36
Net Income	-366,168.06
Total for Equity	-\$562,486.02
Total for Liabilities and Equity	\$70,315.83
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Profit and Loss

WMA GSA

July 1, 2025-March 31, 2026

	TOTAL
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Income	
4300 Groundwater Extraction Fee	258,759.60
4500 Grant Revenue	0.00
4600 Interest Income	209.81
4900 Misc Revenue	8,000.00
Total for Income	\$266,969.41
<hr/>	
Gross Profit	\$266,969.41
<hr/>	
Expenses	
5200 GSA Management/Admin	21,124.19
5320 Office Expense (incl postage)	1.25
5350 Public Relations	2,280.00
5360 Insurance	4,892.55
5400 Pump Fees Collection	0.00
5800 Legal Services	7,112.00
6100 Stakeholder Engagement	950.00
6240 GSP - Monitor/Measure	2,966.25
6501 GSP Well Extract/Measure	62,157.30
6502 GSP Rate Study	10,263.75
6503 GSP Impl - GSP 5-yr Update	154,055.77
6504 GSP Impl - Monitoring Network	97,190.11
6505 GSP Impl - Storm Water Capture	64,297.65
6506 GSP Impl - Water Use Effic Plan	132,813.10
6507 GSP Impl - Recycled Water	72,911.75
7000 Misc Expense	121.80
Total for Expenses	\$633,137.47
<hr/>	
Net Operating Income	-\$366,168.06
<hr/>	
Net Other Income	
<hr/>	
Net Income	-\$366,168.06
<hr/>	

Bill Payment List

WMA GSA

March 2026

DATE	NUM	VENDOR	AMOUNT
1150 Five Star Bank Ckg			
03/24/2026	1151	EKI Environment & Water, Inc.	-4,776.75
03/24/2026	1152	EKI Environment & Water, Inc.	-53,499.17
03/24/2026	1153	McMurtrey Hartsock Worth & St. Lawrence	-1,848.00
03/24/2026	1154	Stetson Engineers, Inc.	-10,866.99
Total for 1150 Five Star Bank Ckg			-\$70,990.91

General Ledger
WMA GSA
March 2026

Distribution account	Transaction date	Transaction type	Num	Name	Memo/Description	Split	Amount	Balance
		Beginning Balance					950.00	
Total for 6100 Stakeholder Engagement								
6240 GSP - Monitor/Measure		Beginning Balance					2,966.25	
Total for 6240 GSP - Monitor/Measure								
6501 GSP Well Extract/Measure		Beginning Balance					62,157.30	
Total for 6501 GSP Well Extract/Measure								
6502 GSP Rate Study		Beginning Balance					10,263.75	
Total for 6502 GSP Rate Study								
6503 GSP Impl - GSP 5-yr Update		Beginning Balance					154,055.77	
Total for 6503 GSP Impl - GSP 5-yr Update								
6504 GSP Impl - Monitoring Network		Beginning Balance					97,190.11	
Total for 6504 GSP Impl - Monitoring Network								
6505 GSP Impl - Storm Water Capture		Beginning Balance					64,297.65	
Total for 6505 GSP Impl - Storm Water Capture								
6506 GSP Impl - Water Use Effic Plan		Beginning Balance					132,813.10	
Total for 6506 GSP Impl - Water Use Effic Plan								
6507 GSP Impl - Recycled Water		Beginning Balance					72,911.75	
Total for 6507 GSP Impl - Recycled Water								
7000 Misc Expense		Beginning Balance					121.80	
Total for 7000 Misc Expense								

WMA GSA

Balance Sheet

As of Apr 30, 2026

	TOTAL
Assets	
Current Assets	
Bank Accounts	
1150 Five Star Bank Ckg	497,836.97
Total for Bank Accounts	\$497,836.97
Accounts Receivable	
1200 Accounts Receivable	0.00
Total for Accounts Receivable	\$0.00
Other Current Assets	
1400 Prepaid Expense	0.00
Total for Other Current Assets	\$0.00
Total for Current Assets	\$497,836.97
Total for Assets	\$497,836.97
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	334,636.24
Total for Accounts Payable	\$334,636.24
Other Current Liabilities	
2300 Deposits - Well Verification	0.00
2501 Loan from SYRWCD	275,000.00
2503 Loan from City of Lompoc	125,000.00
2504 Loan from MHCSO	102,500.00
2505 Loan from VVCSO	102,500.00
Total for Other Current Liabilities	\$605,000.00
Total for Current Liabilities	\$939,636.24
Total for Liabilities	\$939,636.24
Equity	
3000 Retained Earnings	27,450.40
32000 Unrestricted Net Assets	-223,768.36
Net Income	-245,481.31
Total for Equity	-\$441,799.27
Total for Liabilities and Equity	\$497,836.97

WMA GSA

Profit and Loss

July 1, 2025-April 30, 2026

	TOTAL
Income	
4300 Groundwater Extraction Fee	327,908.51
4500 Grant Revenue	386,164.96
4600 Interest Income	218.93
4900 Misc Revenue	8,000.00
Total for Income	\$722,292.40
Gross Profit	\$722,292.40
Expenses	
5200 GSA Management/Admin	94,995.94
5320 Office Expense (incl postage)	1.25
5350 Public Relations	2,280.00
5360 Insurance	4,892.55
5400 Pump Fees Collection	0.00
5800 Legal Services	13,902.80
5900 Other Operating Expenses	10,258.00
6100 Stakeholder Engagement	950.00
6240 GSP - Monitor/Measure	2,966.25
6501 GSP Well Extract/Measure	96,322.30
6502 GSP Rate Study	10,263.75
6503 GSP Impl - GSP 5-yr Update	198,438.12
6504 GSP Impl - Monitoring Network	140,276.36
6505 GSP Impl - Storm Water Capture	82,703.90
6506 GSP Impl - Water Use Effic Plan	207,409.44
6507 GSP Impl - Recycled Water	101,991.25
7000 Misc Expense	121.80
Total for Expenses	\$967,773.71
Net Operating Income	-\$245,481.31
Net Income	-\$245,481.31

WMA GSA

Bill Payment List

April 2026

DATE	NUM	VENDOR	AMOUNT
1150 Five Star Bank Ckg 04/02/2026	1155	CMA GSA	-27,801.85
Total for 1150 Five Star Bank Ckg			-\$27,801.85

**WMA GSA
General Ledger
April 2026**

Distribution account	Transaction date	Transaction type	Num	Name	Description	Split	Amount	Balance
1150 Five Star Bank Ckg								
		Beginning Balance						70,315.83
1150 Five Star Bank Ckg	04/02/2026	Bill Payment (Check)	1155	CMA GSA		2000 Accounts Payable	-27,801.85	42,513.98
1150 Five Star Bank Ckg	04/20/2026	Deposit		The Bridgehouse	Mobile Capture Deposit	4300 Groundwater Extraction Fee	256.37	42,770.35
1150 Five Star Bank Ckg	04/29/2026	Deposit		DWR	Wma Fbo Basin Grant Inv Comp WMA FBO BASIN Grant Inv 8 Comp 2 5	4500 Grant Revenue	27,945.25	70,715.60
1150 Five Star Bank Ckg	04/29/2026	Deposit		DWR	Wma Grant Inv #8 Comp	4500 Grant Revenue	358,219.71	428,935.31
1150 Five Star Bank Ckg	04/30/2026	Deposit		Santa Barbara County	Santa Barbara Coaut Trace Sy Riv Santa Barbara Coaut Trace Sy River Valley Gsa	4300 Groundwater Extraction Fee	68,892.54	497,827.85
1150 Five Star Bank Ckg	04/30/2026	Deposit		Five Star Bank	Interest Deposit	4600 Interest Income	9.12	497,836.97
Total for 1150 Five Star Bank Ckg							\$427,521.14	
1200 Accounts Receivable								
		Beginning Balance						0.00
Total for 1200 Accounts Receivable								
1400 Prepaid Expense								
		Beginning Balance						0.00
Total for 1400 Prepaid Expense								
2000 Accounts Payable								
		Beginning Balance						259,553.75
2000 Accounts Payable	04/02/2026	Bill Payment (Check)	1155	CMA GSA		1150 Five Star Bank Ckg	-27,801.85	231,751.90
2000 Accounts Payable	04/02/2026	Bill	033126	McMurtrey Hartsock Worth & St. Lawrence	Legal Services Mar 2026	5800 Legal Services	1,550.40	233,302.30
2000 Accounts Payable	04/03/2026	Bill	C40194.04-17	EKI Environment & Water, Inc.	GSP Impl Recycled Water Feb 2026	6507 GSP Impl - Recycled Water	16,690.75	249,993.05
2000 Accounts Payable	04/06/2026	Bill	C40194.03-16	EKI Environment & Water, Inc.	GSP Impl Water Use Effic Plan Feb 2026	6506 GSP Impl - Water Use Effic Plan	22,136.00	272,129.05
2000 Accounts Payable	04/07/2026	Bill	1394	Confluence Engineering Solutions, Inc	Executive Director Sys Jan-Mar 2026	5200 GSA Management/Admin	38,347.69	310,476.74
2000 Accounts Payable	04/09/2026	Bill	C40194.00-19	EKI Environment & Water, Inc.	GSP Well Extract/Measure Feb 2026	6501 GSP Well Extract/Measure	9,093.25	319,569.99
2000 Accounts Payable	04/09/2026	Bill	C40194.01-19	EKI Environment & Water, Inc.	GSP Impl Monitoring Network Feb 2026	6504 GSP Impl - Monitoring Network	1,185.75	320,755.74
2000 Accounts Payable	04/09/2026	Bill	C40194.05-18	EKI Environment & Water, Inc.	GSP Impl Well Extract/Measure Feb 2026	6501 GSP Well Extract/Measure	6,056.00	326,811.74
2000 Accounts Payable	04/09/2026	Bill	C40194.06-18	EKI Environment & Water, Inc.	GSP Impl Monitoring Network Feb 2026	6504 GSP Impl - Monitoring Network	7,824.50	334,636.24
Total for 2000 Accounts Payable							\$75,082.49	
2300 Deposits - Well Verification								
		Beginning Balance						0.00
Total for 2300 Deposits - Well Verification								
2501 Loan from SYRWCD								
		Beginning Balance						275,000.00
Total for 2501 Loan from SYRWCD								
2503 Loan from City of Lompoc								
		Beginning Balance						125,000.00
Total for 2503 Loan from City of Lompoc								
2504 Loan from MHCS D								
		Beginning Balance						102,500.00
Total for 2504 Loan from MHCS D								
2505 Loan from VVCS D								
		Beginning Balance						102,500.00
Total for 2505 Loan from VVCS D								
3000 Retained Earnings								
		Beginning Balance						27,450.40
Total for 3000 Retained Earnings								
Retained Earnings								
		Beginning Balance						-223,768.36
Total for Retained Earnings								
4300 Groundwater Extraction Fee								
		Beginning Balance						258,759.60

**WMA GSA
General Ledger
April 2026**

Distribution account	Transaction date	Transaction type	Num	Name	Description	Split	Amount	Balance
Beginning Balance								10,263.75
Total for 6502 GSP Rate Study								
6503 GSP Impl - GSP 5-yr Update								
Beginning Balance								198,438.12
Total for 6503 GSP Impl - GSP 5-yr Update								
6504 GSP Impl - Monitoring Network								
Beginning Balance								131,266.11
6504 GSP Impl - Monitoring Network	04/09/2026	Bill	C40194.01-19	EKI Environment & Water, Inc.	GSP Impl Monitoring Network Feb 2026	2000 Accounts Payable	1,185.75	132,451.86
6504 GSP Impl - Monitoring Network	04/09/2026	Bill	C40194.06-18	EKI Environment & Water, Inc.	GSP Impl Monitoring Network Feb 2026	2000 Accounts Payable	7,824.50	140,276.36
							\$9,010.25	
Total for 6504 GSP Impl - Monitoring Network								
6505 GSP Impl - Storm Water Capture								
Beginning Balance								82,703.90
Total for 6505 GSP Impl - Storm Water Capture								
6506 GSP Impl - Water Use Effic Plan								
Beginning Balance								185,273.44
6506 GSP Impl - Water Use Effic Plan	04/06/2026	Bill	C40194.03-16	EKI Environment & Water, Inc.	GSP Impl Water Use Effic Plan Feb 2026	2000 Accounts Payable	22,136.00	207,409.44
							\$22,136.00	
Total for 6506 GSP Impl - Water Use Effic Plan								
6507 GSP Impl - Recycled Water								
Beginning Balance								85,300.50
6507 GSP Impl - Recycled Water	04/03/2026	Bill	C40194.04-17	EKI Environment & Water, Inc.	GSP Impl Recycled Water Feb 2026	2000 Accounts Payable	16,690.75	101,991.25
							\$16,690.75	
Total for 6507 GSP Impl - Recycled Water								
7000 Misc Expense								
Beginning Balance								121.80
Total for 7000 Misc Expense								

Accrual Basis Saturday, May 09, 2026 12:37 AM GMTZ

Fiscal Year 2026/2027 WMA GSA Budget

Internal GL Acct #	Revenue	Adopted FYE 2026	Estimated FYE 2026	Adopted vs Estimated Variance	Proposed FYE 2027	Comment
25xx	Member Agency Contributions	\$250,000	\$250,000	\$0	\$0	
4500	SGMA Grant Reimbursement	\$2,295,690	\$1,239,812	\$1,055,878	\$1,055,878	
4300	Projected GW Extraction Fees	\$363,810	\$363,554	\$256	\$393,956	Per adopted rate schedule
4600	Interest Income	\$0	\$250	(\$250)	\$250	
	Total Revenue with Estimated GSA Fees	\$2,909,500	\$1,853,616	\$1,055,884	\$1,450,084	

Expenses	FYE 2026	FYE 2026	FYE 2027			
Internal Operations						
5200	Executive Director Services	\$120,000	\$134,996	(\$14,996)	\$145,000	Includes Fee Collection Exp
5330	Outside Services	\$1,648	\$0	\$1,648	\$0	
5xxx	Travel & Training	\$1,000	\$0	\$1,000	\$0	
5310	Annual Audit	\$15,000	\$19,860	(\$4,860)	\$0	
5360	Insurance	\$5,169	\$4,893	\$276	\$5,208	3% inc
5365	Dues (ACWA, CSDA etc)	\$0	\$0	\$0	\$0	
5400	Fees Collection Expenses	\$26,430	\$0	\$26,430	\$0	Include in Exec Dir Exp
	Payback Agencies	\$0	\$0	\$0	\$80,000	Review Payback Amount After DWR Grant Close
5xxx						
5900	Miscellaneous (internet, webpage, postage etc)	\$1,030	\$2,403	(\$1,373)	\$2,475	3% inc
Legal						
5800	General & Misc.	\$25,750	\$18,055	\$7,695	\$26,523	3% inc
	Employment/HR	\$2,060	\$0	\$2,060	\$0	
	Fees Collection	\$18,540	\$0	\$18,540	\$0	
Engineering & Environmental						
6510	General & Misc.	\$40,000	\$2,966	\$37,034	\$40,000	SALY
6400	Annual DWR Report	\$45,000	\$0	\$45,000	\$45,000	No grant funding FY 26/27
65xx	Grant Components 2-8 Jul 24-Jun 25	\$0	\$0	\$0	\$0	
	Grant Components 2-8 FY 25/26 & 27/28	\$2,295,690	\$1,239,812	\$1,055,878	\$1,055,878	Remaining DWR Grant Funds
	Technical Support	\$7,000	\$0	\$7,000		
	Subtotal Expenses	\$2,604,317	\$1,422,985	\$1,181,332	\$1,400,084	
5500	Contingency	\$50,000	\$0	\$50,000	\$50,000	SALY
	Reserve Contribution	\$0	\$0	\$0	\$0	
	Total Expenses	\$2,654,317	\$1,422,985	\$1,231,332	\$1,450,084	
	Surplus/(Deficit)	\$255,183	\$430,631	(\$175,448)	\$0	

**BEFORE THE BOARD OF DIRECTORS OF
THE SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN
WESTERN MANAGEMENT AREA
GROUNDWATER SUSTAINABILITY AGENCY**

IN THE MATTER OF:

RESOLUTION NO. 2026-01

**RESOLUTION OF THE GOVERNING BOARD OF THE SANTA YNEZ
RIVER VALLEY GROUNDWATER BASIN WESTERN MANAGEMENT
AREA GROUNDWATER SUSTAINABILITY AGENCY AUTHORIZING
THE GROUNDWATER EXTRACTION FEE CHARGES TO BE
COLLECTED ON THE TAX ROLL FOR FISCAL YEAR 2026-2027**

WHEREAS, as authorized by California Water Code section 10730.2, a Groundwater Sustainability Agency (GSA) which has adopted a Groundwater Sustainability Plan (GSP) may impose fees on the extraction of groundwater from the basin to fund cost of groundwater management; and

WHEREAS, the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (“WMA GSA”) caused a Groundwater Sustainability Fee Study, dated April 22, 2025 (“Rate Study”), to be completed by Raftelis, an independent consultant, to comply with Proposition 218 and determine the fee structure necessary to sustainably manage the WMA GSA and fund the implementation of the WMA GSA’s GSP; and

WHEREAS, notice of the proposed implementation of the groundwater extraction fee and public hearing on the same was provided by mail pursuant to California Constitution Article XIII D, Section 6(a), and Government Code section 53755; and

WHEREAS, notice of the proposed implementation of the groundwater extraction fee was published pursuant to California Water Code section 10730 and Government Code section 6066; and

WHEREAS, notice of the proposed implementation of the groundwater extraction fee and the Rate Study providing the basis of the fee was published and noticed pursuant to California Government Code section 53759.1(c); and

WHEREAS, a public hearing was held, pursuant to California Constitution Article XIII D, Section 6(a), on June 25, 2025, at which time the Board heard and considered all objections and protests to the proposed groundwater extraction fee; and

WHEREAS, Government Code section 53753 provides that an agency that complies with the notice, protest, and hearing requirements of the Proposition 218 Omnibus Implementation Act is not required to comply with any other statutory notice, protest, and hearing requirements; and

WHEREAS, on June 25, 2025, after a public hearing was held, the Board found no majority protest exists and passed WMA GSA Resolution No. 2025-01, finding compliance with the notice, protest, and hearing requirements of the Proposition 218 Omnibus Implementation Act and implementing the proposed groundwater extraction fee as follows:

Proposed Five-Year Groundwater Extraction Fee:

	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
Fee \$/AF	\$15.68	\$16.31	\$16.96	\$17.64	\$18.35

; and

WHEREAS, in order to meet the WMA GSA’s budget requirements, the 2026-2027 fiscal year groundwater extraction fee be at \$16.31 per acre-foot, which is within the limits set forth and authorized in Resolution No. 2025-01; and

WHEREAS, the Board finds that it would be most efficient to collect the 2026-2027 fiscal year groundwater extraction fee (including unbilled amounts from the prior year(s)) imposed on identified non-de-minimis parcels on the County tax roll.

NOW, THEREFORE, IT IS RESOLVED by the Board of Directors that:

1. **2026-2027 Groundwater Extraction Fee.** The groundwater extraction fee for the 2026-2027 fiscal year be set at \$16.31 per acre-foot in accordance with WMA GSA’s Resolution No. 2025-01;
2. **Request for Collection.** Pursuant to Water Code section 10730, subdivision (d), the WMA GSA requests that the groundwater extraction fee, including any unbilled amounts from the prior fiscal year(s), be collected by the County of Santa Barbara in the same manner as ordinary municipal ad valorem taxes. This Resolution hereby serves as the order by the WMA GSA to the County Auditor-Controller of Santa Barbara County (“Auditor-Controller”) to place the groundwater extraction fee on the Santa Barbara County tax roll.
3. **Compliance with Auditor-Controller’s Requirement.** WMA GSA staff is directed to file with the Auditor-Controller, a copy of this Resolution and such other documentation as the Auditor-Controller requires for placing a fee on the tax roll. The WMA GSA will comply or has complied with all of the requirements to place the groundwater extraction fee on the tax roll, including, but not limited to, the requirements set forth in correspondence or other communication received from the Auditor-Controller, executing any agreement(s) and amendments to agreement(s) to place the groundwater extraction fee on the tax roll, executing a Proposition 218 compliance certificate, and submitting the Fixed Charge Data File in the specified format using the data from the Report.
4. **Authorization.** The WMA GSA Executive Director and staff are hereby authorized and directed to execute and deliver any and all documents, to do any and all things, and to take any and all actions that may be necessary or

advisable, in their discretion, in order to effect the purposes and intent of this resolution. All actions heretofore taken by officers, employees, and agents of the WMA GSA, including, but not limited to, the Executive Director and staff, that are in conformity with the purposes and intent of this Resolution are hereby approved, confirmed, and ratified.

All the foregoing, being on motion of Director _____, seconded by Director _____, is authorized by the following roll-call vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

I HEREBY CERTIFY that the foregoing Resolution is the Resolution of said WMA GSA as duly passed and adopted by said Board of Directors on the 27th day of May, 2026.

WITNESS my hand this 27th day of May, 2026.

Secretary of the Board of Directors

Report of Independent Auditors and Financial Statements with
Required Supplementary Information

**Santa Ynez River Valley Groundwater Basin
Western Management Area
Groundwater Sustainability Agency**

June 30, 2024

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Report of Independent Auditors

To The Board of Directors
Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the “Agency”), as of and for the year ended June 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the major fund of the Agency, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally

accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2026, on our consideration of the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
May 27, 2026

DRAFT

Santa Ynez River Valley Groundwater Basin

Western Management Area Groundwater Sustainability Agency

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

\$240,974 Total Assets	\$111,645 Total Liabilities	\$129,329 Net Position
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Prepared by Agency Management

Introduction

As management of the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the "Agency" or "WMA GSA"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. This represents the Agency's first year of operations as a separate public entity following execution of the Joint Exercise of Powers Agreement (JPA) on November 28, 2023.

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The Agency's basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and Notes to the Basic Financial Statements. The Agency is reported as a single enterprise fund, using the full accrual basis of accounting, in a manner similar to a private business enterprise. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid.

Financial Highlights

The fiscal year ending June 30, 2024 represents the Agency's first year of operations under the JPA. Key financial highlights for the year include:

- Total assets at year-end were \$240,974, consisting of cash and cash equivalents of \$58,939 and grants receivable of \$182,035 due from the California Department of Water Resources under the Sustainable Groundwater Management Act Grant Program.
- Total liabilities were \$111,645, including \$5,445 in accounts payable, \$1,200 in deposits for well verification, and \$105,000 in noncurrent loans payable to member agencies (SYRWCD, Mission Hills Community Services District, and Vandenberg Village Community Services District).
- The Agency reported an unrestricted net position of \$129,329. Grant reimbursement revenue recognized during the year more than offset operating expenses and the Agency's reliance on member agency loans for start-up costs.
- Total operating expenses were \$64,784, with no operating revenues recognized during the fiscal year. The operating loss was offset by nonoperating revenues.
- Nonoperating revenues totaled \$194,113, comprising grant revenues of \$182,035 from the Sustainable Groundwater Management Grant Program, member contributions of \$12,053, and interest income of \$25.

Analysis of Net Position

The Statement of Net Position presents the Agency’s assets, liabilities, and net position at the end of the fiscal year. The following table provides a condensed summary:

Condensed Statement of Net Position	June 30, 2024
Assets	
Cash and cash equivalents	\$58,939
Grants receivable	\$182,035
Total assets	\$240,974
Liabilities	
Accounts payable	\$5,445
Deposits - well verification	\$1,200
Notes payable to member agencies (noncurrent)	\$105,000
Total liabilities	\$111,645
Net Position	
Unrestricted	\$129,329
Total net position	\$129,329

As this is the Agency’s first year of operations under the JPA, prior-year comparative data is not available. The positive net position of \$129,329 reflects grant reimbursement revenue of \$182,035 recognized under the Sustainable Groundwater Management Act Grant Program, which, combined with member contributions of \$12,053, more than offsetting operating expenses of \$64,784.

Analysis of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the Agency's operating results. The following table provides a condensed summary:

Condensed Statement of Changes in Net Position	FY 2023-2024
Operating Expenses	
General and administrative	\$3,760
Professional services	\$42,583
Legal expenses	\$18,441
Total operating expenses	\$64,784
Operating loss	(\$64,784)
Nonoperating Revenues	
Grant revenues	\$182,035
Interest income	\$25
Member contributions	\$12,053
Total nonoperating revenues	\$194,113
Change in net position	\$129,329
Net position, beginning of year	—
Net position, end of year	\$129,329

The Agency's primary expenses during fiscal year 2023-2024 were professional services (\$42,583) for annual report preparation, legal expenses (\$18,441) for Board meeting support, contract review/development, and general and administrative costs (\$3,760) for bookkeeping services, insurance and membership dues. These expenses were associated with Groundwater Sustainability Plan implementation, regulatory compliance, and Agency administration. These operating costs were more than offset by nonoperating revenues of \$194,113, principally grant reimbursement revenue of \$182,035 recognized under the Sustainable Groundwater Management Grant Program.

Capital Assets and Long-Term Obligations

Capital Assets – The Agency did not own any capital assets as of June 30, 2024.

Long-Term Obligations – As of June 30, 2024, the Agency had \$105,000 in non-interest-bearing loans payable to its member agencies under the JPA's Cost Sharing and Reimbursement Agreement, allocated \$25,000 to the Santa Ynez River Water Conservation District, \$40,000 to Mission Hills Community Services District, and \$40,000 to Vandenberg Village Community Services District. Repayment is expected by fiscal year 2027-2028, contingent upon the Agency establishing sufficient independent revenue.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for its member agencies, stakeholders, and the public. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to:

Basic Financial Statements

DRAFT

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Statement of Net Position
June 30, 2024

ASSETS	
Cash and cash equivalents	\$ 58,939
Grants receivable	<u>182,035</u>
Total assets	<u>240,974</u>
LIABILITIES	
Accounts payable	5,445
Deposits - well verification	1,200
Noncurrent liabilities	
Notes payable to member agencies	<u>105,000</u>
Total liabilities	<u>111,645</u>
NET POSITION	
Unrestricted	<u>129,329</u>
Total net position	<u>\$ 129,329</u>

See accompanying notes to basic financial statements.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

OPERATING EXPENSES	
General and administrative expense	\$ 3,760
Professional services	42,583
Legal expenses	<u>18,441</u>
Total operating expenses	<u>64,784</u>
OPERATING LOSS	<u>(64,784)</u>
NONOPERATING REVENUES	
Grant revenue	182,035
Member contributions	12,053
Interest income	<u>25</u>
Total nonoperating revenues	<u>194,113</u>
Change in net position	<u>129,329</u>
NET POSITION, beginning of year	<u>—</u>
NET POSITION, end of year	<u><u>\$ 129,329</u></u>

See accompanying notes to basic financial statements.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Statement of Cash Flows
Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to vendors	<u>\$ (59,339)</u>
Net cash used in operating activities	<u>(59,339)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from loans from member agencies	<u>105,000</u>
Net cash provided by noncapital financing activities	<u>105,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>25</u>
Net cash provided by investing activities	<u>25</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,686
CASH AND CASH EQUIVALENTS, beginning of year	<u>13,253</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 58,939</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (64,784)
Change in assets and liabilities	
Accounts payable	<u>5,445</u>
Net cash used in operating activities	<u><u>\$ (59,339)</u></u>

See accompanying notes to basic financial statements.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Notes to Basic Financial Statements
June 30, 2024

Note 1 – Reporting Entity

The Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the “Agency”) is a Joint Powers Authority formed on August 23, 2023, effective November 28, 2023, pursuant to the Joint Exercise of Powers Act and the Sustainable Groundwater Management Act of 2014. The Agency is responsible for the sustainable management of groundwater resources within the Western Management Area of the Santa Ynez River Valley Groundwater Basin, a medium-priority coastal basin located in Santa Barbara County, California. The Western Management Area is one of three management areas within the Basin and encompasses approximately 134 square miles.

The Agency is governed by a five-member Board of Directors, with one representative appointed by each of the following member agencies: City of Lompoc, Vandenberg Village Community Services District, Mission Hills Community Services District, Santa Ynez River Water Conservation District, and Santa Barbara County Water Agency (non-voting member with no financial responsibility). The Board of Directors is charged with exercising the powers of the Agency, including decision-making, designation of management, approval of contracts, development of rates and fees, and adoption of the Agency's policies.

Note 2 – Summary of Significant Accounting Policies

A. 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 providing services on a continuing basis be financed or recovered primarily through user charges. The accounting methods and procedures adopted by the Agency conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental enterprise funds. Accordingly, the financial statements are presented in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as it specifically relates to enterprise funds.

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.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses result from exchange transactions associated with the principal activity of the Agency. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to enterprise funds. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency is a limited-purpose government engaged solely in business-type activities; accordingly, activities are reported as an enterprise fund.

C. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

The Agency's cash is held in a single financial institution and at year-end was covered by Federal depository insurance. The Agency defines cash equivalents as highly liquid investments with original maturities of three months or less at the time of purchase. The Agency does not have any cash equivalents as of June 30, 2024.

E. Grants Receivable

Grants receivable represent amounts due from the California Department of Water Resources (DWR) under the Sustainable Groundwater Management Grant Program, which supports implementation of the Sustainable Groundwater Management Act.

The grant operates on a cost-reimbursement basis, whereby the Agency incurs eligible expenditures that are submitted to DWR through the fiscal agent, the Santa Ynez River Water Conservation District, for reimbursement on a quarterly basis. Grants receivable are recognized when all eligibility requirements have been met as the grant constitutes a voluntary nonexchange transaction.

Grants receivable balance was \$182,035 as of June 30, 2024. Management considers grants receivable to be fully collectible; accordingly, no allowance for uncollectible amounts has been recorded.

F. Capital Assets

All property, plant, and equipment acquired or constructed over \$5,000 is capitalized at historical cost. Depreciation is recorded on a straight-line basis over the estimated useful life. The Agency did not own any capital assets as of June 30, 2024.

G. Net Position

The Agency is required to report the difference between assets and liabilities as net position. Net position is classified in the following categories:

Net investment in capital assets – This category consists of capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2024, the Agency did not have any capital assets or capital-related debt.

Restricted – This category consists of net assets that have external constraints placed on them by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2024, the Agency did not have restricted net position.

Unrestricted – This category consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets".

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Notes to Basic Financial Statements
June 30, 2024

H. Loans Payable to Member Agencies

The Agency receives monetary assistance from member agencies through loans under the Joint Powers Agreement's Cost Sharing and Reimbursement Agreement. Costs are allocated 50% to Santa Ynez River Water Conservation District, 25% to City of Lompoc, 12.5% to Mission Hills Community Services District, and 12.5% to Vandenberg Village Community Services District.

I. Grant Revenue

The Agency recognizes grant revenue on a cost-reimbursement basis as eligible expenditures are incurred and the conditions of the grant agreement have been met. Grant funds received in advance of eligible expenditures, if any, are recorded as unearned revenue. Amounts expended but not yet reimbursed are recognized as receivables.

J. Subsequent Events

Subsequent events have been evaluated through May 27, 2026, the date the financial statements were available to be issued.

Effective June 25, 2025, the Board adopted a groundwater management fee through Proposition 218 process. The fee is a volumetric groundwater extraction charge based on reported pumping and is expected to generate approximately \$378,000 in fiscal year 2025-2026. The majority of fee revenue will be collected through the Santa Barbara County tax roll. This fee establishes an independent revenue source for the Agency and is expected to support its financial self-sufficiency.

Note 3 – Cash

On June 30, 2024, the Agency had the following cash on hand:

Cash in bank and on hand	\$ 58,939
Total cash, Statement of Net Position	<u>\$ 58,939</u>

The Agency's cash is held in a single financial institution in demand deposit accounts. The Agency does not maintain a formal investment policy and does not hold any investments as of June 30, 2024.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be returned. Cash balances held in banks are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2024, the Agency's bank balance did not exceed the FDIC insurance limit and was therefore fully insured. The Agency does not have a formal policy for custodial credit risk for deposits.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Notes to Basic Financial Statements
June 30, 2024

Note 4 – Loans Payable to Member Agencies

As of June 30, 2024, loans payable to member agencies consisted of the following:

Santa Ynez River Water Conservation District	\$	25,000
Mission Hills Community Services District		40,000
Vandenberg Village Community Services District		<u>40,000</u>
Total loans payable to member agencies	\$	<u>105,000</u>

The loans were made pursuant to the Joint Powers Agreement's Cost Sharing and Reimbursement Agreement and do not accrue interest. Repayment is expected by fiscal year 2027-2028 and is contingent upon the Agency establishing an independent revenue source sufficient to fund operations and reimburse member agencies. There is no formal repayment schedule, and the loans are not subordinated to any other obligations of the Agency.

Note 5 – Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Agency maintains insurance coverage through the Association of California Water Agencies Joint Powers Insurance Authority and the Groundwater Sustainability Risk Management Association. There have been no reductions in insurance coverage from coverage in the prior year and no settlements have exceeded insurance coverage.

Note 6 – Related Parties

The following related-party relationships and transactions existed during the year ended June 30, 2024:

Member Agency Loans – The Agency received loans from member agencies totaling \$105,000 to fund operations.

Santa Ynez River Water Conservation District (SYRWCD) – SYRWCD is a Joint Powers Agreement member agency providing 50% of the Agency's member agency funding. SYRWCD also serves as the grantee for the \$5.5 million DWR Sustainable Groundwater Management Implementation Grant on behalf of the three basin Groundwater Sustainability Agencies with funds passed through to the Agency under a Subgrant Agreement.

Santa Ynez River Valley Groundwater Basin Groundwater Sustainability Agencies – The Central Management Area Groundwater Sustainability Agency, Western Management Area Groundwater Sustainability Agency, and Eastern Management Area Groundwater Sustainability Agency manage adjacent portions of the same groundwater basin. The three groundwater sustainability agencies coordinate on basin-wide activities including the DWR annual report, the Proposition 68 Grant implementation, and the Action Plan for management of well production along the Lower Santa Ynez River. Cost-sharing agreements exist for joint basin activities, and grant components are managed jointly through SYRWCD as grantee.

Administrative Services – SYRWCD provides administrative services, including the Plan Manager and Board Secretary, under an Administrative Services Contract.

Note 7 – Sustainable Groundwater Management Act

The Sustainable Groundwater Management Act (SGMA) was approved by the State of California in 2014 to provide a framework for sustainable management of groundwater resources. Under the requirements of SGMA, the Agency is required to develop, adopt, and implement a Groundwater Sustainability Plan (GSP). The Agency's GSP was submitted to the California Department of Water Resources in January 2022 and was approved by DWR on January 18, 2024, with Recommended Corrective Actions to be addressed in the five-year GSP update. The Agency continues to work on compliance with SGMA, including implementation of the monitoring network, annual reporting to DWR, and engagement of outside consultants to assist in these efforts. The basin is required to achieve sustainability by 2042.

Note 8 – Commitments and Contingencies

Grant Awards – The Agency participates in the \$5.5 million DWR Sustainable Groundwater Management Act Implementation Grant. Grant funds received by the Agency are subject to audit by the grantor agency. Such audit could lead to requests for reimbursements to the grantor for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

Litigation – In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. The Agency is not currently a party to any pending or threatened litigation as of June 30, 2024.

Note 9 – Joint Powers Agreement

The Agency was formed pursuant to a Joint Powers Agreement (JPA) among the following member agencies:

- Santa Ynez River Water Conservation District (4 weighted votes)
- City of Lompoc (2 weighted votes)
- Mission Hills Community Services District (1 weighted vote)
- Vandenberg Village Community Services District (1 weighted vote)
- Santa Barbara County Water Agency (non-voting member)

The JPA requires a supermajority of 75% of weighted votes (6 of 8 total weighted votes) for adoption of the annual budget. The Agency's fiscal year runs from July 1 through June 30. Article 13 of the JPA requires that the Agency maintain books and records in accordance with accounting procedures and practices applicable to public agencies.

The JPA's Cost Sharing and Reimbursement Agreement establishes the allocation of costs among the four financially participating member agencies based on the percentages noted above. Santa Barbara County Water Agency participates in governance only and has no financial obligations.

Note 10 – Intergovernmental Revenue and Grant Funding

The Agency is a beneficiary of a \$5,534,000 Sustainable Groundwater Management Act Implementation Grant awarded by the California Department of Water Resources under Proposition 68. The Santa Ynez River

Water Conservation District serves as the direct grantee on behalf of the three management area groundwater sustainability agencies located within the Santa Ynez River Valley Groundwater Basin, with funds allocated to each groundwater sustainability agency through a subgrant agreement. The grant requires no local cost match and is reimbursed quarterly in arrears.

Grant funds support project components including well extraction measurement and reporting, rate studies, annual reporting, Groundwater Sustainability Plan five-year updates, data analysis, infrastructure and monitoring improvements, and aquifer recharge. The State retains audit rights over grant expenditures, and default provisions require repayment with interest in the event of fraud, false statements, or failure to maintain grant-funded improvements.

Note 11 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the date of this report that have effective dates that may impact future financial presentations.

GASB Statement No. 102, *Certain Risk Disclosures* – In December 2023, the GASB issued Statement No. 102, which requires governments to disclose information about risks related to vulnerabilities due to certain concentrations or constraints that could result in a substantial impact on the government's ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements* – In April 2024, the GASB issued Statement No. 103, which improves key components of the financial reporting model to enhance effectiveness in providing information essential for decision-making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Agency is evaluating the impact of this statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – In September 2024, the GASB issued Statement No. 104, which establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Agency does not currently hold capital assets but will evaluate the impact of this statement as applicable.

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

To The Board of Directors
Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency

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 Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the Agency), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated May 27, 2026.

Report on 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) 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, 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not the 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.

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.

Moss, Levy & Hartzheim LLP

Santa Maria, California
May 27, 2026

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Communication with Those Charged with Governance at the Conclusion of the Audit

To The Board of Directors
Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency

We have audited the financial statements of the business-type activities, major fund, and the disclosures, which collectively comprise the basic financial statements of Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the “Agency”) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 29, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Accrued liabilities – Management’s estimate of accrued liabilities at year-end is based on an analysis of services received and invoices pending as of June 30, 2024. We evaluated the key factors and assumptions used to develop the accrued liabilities estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosures affecting the financial statements were:

Loans Payable to Member Agencies – As described in Note 4, the Agency classifies \$105,000 received from the Santa Ynez River Water Conservation District (\$25,000), Mission Hills Community Services District (\$40,000) and Vandenberg Village Community Services District (\$40,000) as loans payable rather than as capital contributions. The loans do not bear interest and do not have a formal repayment schedule. Repayment is contingent upon the Agency

establishing an independent revenue source sufficient to fund operations and reimburse member agencies.

Related Parties – The Agency has significant related party transactions with its member agencies, particularly the Santa Ynez River Water Conservation District, which serves as the grantee for the \$5.5 million California Department of Water Resources Sustainable Groundwater Management Act Implementation Grant, and provides 50% of the Agency’s member agency funding through loans. The nature and extent of these related party relationships and transactions are disclosed in Note 6 to the financial statements.

Commitments and Contingencies – The Agency participates in the \$5.5 million California Department of Water Resources Sustainable Groundwater Management Act Implementation Grant, which is subject to audit by the grantor agency and contains default provisions requiring repayment with interest. This matter is disclosed in Note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 27, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Santa Maria, California
May 27, 2026

Communication of Deficiencies and Other Matters

To The Board of Directors
Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency

In planning and performing our audit of the financial statements of the business-type activities, major fund, and the aggregate remaining fund information of Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the “Agency”) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency’s system of 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 Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency:

Lack of Formal Accounting Policies and Procedures – During our audit, we noted that the Agency lacks a comprehensive written accounting policies and procedures manual. Specifically, the Agency does not have a formal written investment policy, a formal net position classification policy, or formal year-end accrual procedures. We recommend the Agency develop and adopt a comprehensive accounting policies and procedures manual to strengthen internal controls over financial close and reporting, expenditures, and cash transactions, and to promote consistency and accountability in the Agency’s operations.

No Formal Fraud Risk Assessment or Whistleblower Policy – The Agency does not have a formal fraud risk assessment, fraud prevention policy, or whistleblower mechanism. The Committee

of Sponsoring Organizations of the Treadway Commission (COSO) Principle 8 emphasizes the importance of considering the potential for fraud when assessing risks to organizational objectives. Additionally, Government Code Section 53087.6 encourages local agencies to establish procedures for reporting fraud, waste, and abuse. We recommend the Agency develop and implement a formal fraud risk assessment process, adopt a fraud prevention policy, and establish a whistleblower mechanism to provide employees and stakeholders with a confidential means to report suspected fraud or misconduct.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim LLP

Santa Maria, California
May 27, 2026

Report of Independent Auditors and Financial Statements with
Required Supplementary Information

**Santa Ynez River Valley Groundwater Basin
Western Management Area
Groundwater Sustainability Agency**

June 30, 2025

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Report of Independent Auditors

To The Board of Directors
Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the “Agency”), as of and for the year ended June 30, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the major fund of the Agency, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally

accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2026, on our consideration of the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
May 27, 2026

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Santa Ynez River Valley Groundwater Basin

Western Management Area Groundwater Sustainability Agency

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

\$552,567 Total Assets	\$748,885 Total Liabilities	\$(196,318) Net Position
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Prepared by Agency Management

Introduction

As management of the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the "Agency" or "WMA GSA"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2025. This represents the Agency's second year of operations as a separate public entity following execution of the Joint Exercise of Powers Agreement (JPA) on November 28, 2023.

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements and accompanying notes, which follow this section.

Overview of the Financial Statements

The Agency's basic financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and Notes to the Basic Financial Statements. The Agency is reported as a single enterprise fund, using the full accrual basis of accounting, in a manner similar to a private business enterprise. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid.

Financial Highlights

The fiscal year ending June 30, 2025 represents the Agency's second year of operations under the JPA. Key financial highlights for the year include:

- Total assets at year-end were \$552,567, consisting of cash and cash equivalents of \$17,355 and grants receivable of \$534,262 due from the California Department of Water Resources under the Proposition 68 Sustainable Groundwater Management Act Grant Program.
- Total liabilities were \$748,885, including \$393,885 in accounts payable, and \$355,000 in noncurrent loans payable to member agencies (SYRWCD, Mission Hills Community Services District, Vandenberg Village Community Services District, and City of Lompoc).
- The Agency reported an unrestricted net position of \$(196,318). The negative net position or deficit reflects timing differences between expenditures incurred and grant-related expenses reimbursed quarterly in arrears.
- Total operating expenses were \$970,030, with operating revenues recognized during the fiscal year. The operating loss was partially offset by non-operating revenues.
- Nonoperating revenues totaled \$644,383, comprising grant revenues of \$644,253 from the Proposition 68 Sustainable Groundwater Management Grant Program, and interest income of \$130.

Analysis of Net Position

The Statement of Net Position presents the Agency’s assets, liabilities, and net position at the end of the fiscal year. The following table provides a summary of the Agency’s net position for FY 2024/2025 compared to FY 2023/2024:

Statement of Net Position Comparison	FY 2023/2024	FY 2024/2025	Increase/(decrease)
Assets			
Cash and cash equivalents	\$58,939	\$17,355	(\$41,584)
Grants receivable	\$182,035	\$534,262	\$352,227
Prepaid Expenses	\$0	\$950	\$950
Total assets	\$240,974	\$552,567	\$311,593
Liabilities			
Accounts payable	\$5,445	\$393,885	\$388,440
Deposits - well verification	\$1,200	\$0	(\$1,200)
Notes payable to member agencies	\$105,000	\$355,000	\$250,000
Total liabilities	\$111,645	\$748,885	\$637,240
Net Position			
Unrestricted	\$129,329	(\$196,318)	(\$325,647)
Total net position	\$129,329	(\$196,318)	(\$325,647)

At the end of FY 2024/2025, the Agency’s net position is a deficit of \$(196,318). The deficit reflects the timing differences between expenditures incurred and grant-related expenses reimbursed quarterly in arrears. Management expects the deficit to be reduced as outstanding grant reimbursements are received in subsequent periods and fees from groundwater extraction are established.

Analysis of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the Agency's operating results. The following table provides a summary of FY 2024/2025 as compared to FY 2023/2024:

Statement of Net Position Comparison	FY 2023/2024	FY 2024/2025	Increase/(decrease)
Operating Expenses			
General and administrative	\$3,760	\$104,293	\$100,533
Professional services	\$42,583	\$781,552	\$738,969
Legal expenses	\$18,441	\$49,373	\$30,932
Pump Fee Program	\$0	\$34,812	\$34,812
Total operating expenses	\$64,784	\$970,030	\$905,246
Operating loss	(\$64,784)	(\$970,030)	(\$905,246)
Nonoperating Revenues			
Grant revenues	\$182,035	\$644,253	\$462,218
Interest income	\$25	\$130	\$105
Member Contributions	\$12,053	\$0	(\$12,053)
Total nonoperating revenues	\$194,113	\$644,383	\$450,270
Change in net position	\$129,329	(\$196,318)	(\$325,647)
Net position, beginning of year	\$0	\$129,329	\$129,329
Net position, end of year	\$129,329	(\$196,318)	(\$325,647)

The Agency's expenses during fiscal year 2024-2025 increased from \$64,784 to \$970,030. These operational costs include professional services (\$781,552) for annual report preparation, Prop 68 Grant tasks and other GSA initiatives, legal expenses (\$49,373) for Board meeting support, contract review/development and Prop 218 to establish the groundwater extraction fee schedule, and general and administrative costs (\$104,293) for executive director and bookkeeping services, insurance and membership dues. These expenses were associated with Groundwater Sustainability Plan implementation, regulatory compliance, and Agency administration. Operating costs were offset by an increase in nonoperating revenues of \$450,270. Grant reimbursement revenues increased from \$182,035 to \$644,253 for expenses reimbursed under the Proposition 68 Sustainable Groundwater Management Grant Program.

Capital Assets and Long-Term Obligations

Capital Assets – The Agency did not own any capital assets as of June 30, 2025.

Long-Term Obligations – As of June 30, 2025, the Agency had \$355,000 in non-interest-bearing loans payable to its member agencies under the JPA's Cost Sharing and Reimbursement Agreement, allocated \$150,000 to the Santa Ynez River Water Conservation District, \$71,250 to Mission Hills Community Services District,

\$71,250 to Vandenberg Village Community Services District, and \$62,500 to City of Lompoc. Repayment is expected by fiscal year 2027-2028, contingent upon the Agency establishing sufficient independent revenue.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for its member agencies, stakeholders, and the public. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to:

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Basic Financial Statements

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Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Statement of Net Position
June 30, 2025

ASSETS	
Cash and cash equivalents	\$ 17,355
Grants receivable	534,262
Prepaid expenses	<u>950</u>
Total assets	<u>552,567</u>
LIABILITIES	
Accounts payable	393,885
Noncurrent liabilities	
Notes payable to member agencies	<u>355,000</u>
Total liabilities	<u>748,885</u>
NET POSITION	
Unrestricted	<u>(196,318)</u>
Total net position	<u>\$ (196,318)</u>

See accompanying notes to basic financial statements.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2025

OPERATING EXPENSES	
General and administrative expense	\$ 104,293
Professional services	781,552
Legal expenses	49,373
Pump fee program	<u>34,812</u>
Total operating expenses	<u>970,030</u>
OPERATING LOSS	<u>(970,030)</u>
NONOPERATING REVENUES	
Grant revenue	644,253
Interest income	<u>130</u>
Total nonoperating revenues	<u>644,383</u>
Change in net position	<u>(325,647)</u>
NET POSITION, beginning of year	<u>129,329</u>
NET POSITION, end of year	<u><u>\$ (196,318)</u></u>

See accompanying notes to basic financial statements.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Statement of Cash Flows
Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to vendors	\$ (583,740)
Net cash used in operating activities	<u>(583,740)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from grants received	292,026
Proceeds from loans from member agencies	<u>250,000</u>
Net cash provided by noncapital financing activities	<u>542,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>130</u>
Net cash provided by investing activities	<u>130</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(41,584)
CASH AND CASH EQUIVALENTS, beginning of year	<u>58,939</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 17,355</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (970,030)
Change in assets and liabilities	
Prepaid expenses	(950)
Deposits	(1,200)
Accounts payable	<u>388,440</u>
Net cash used in operating activities	<u><u>\$ (583,740)</u></u>

See accompanying notes to basic financial statements.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Notes to Basic Financial Statements
June 30, 2025

Note 1 – Reporting Entity

The Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the “Agency”) is a Joint Powers Authority formed on August 23, 2023, effective November 28, 2023, pursuant to the Joint Exercise of Powers Act and the Sustainable Groundwater Management Act of 2014. The Agency is responsible for the sustainable management of groundwater resources within the Western Management Area of the Santa Ynez River Valley Groundwater Basin, a medium-priority coastal basin located in Santa Barbara County, California. The Western Management Area is one of three management areas within the Basin and encompasses approximately 134 square miles.

The Agency is governed by a five-member Board of Directors, with one representative appointed by each of the following member agencies: City of Lompoc, Vandenberg Village Community Services District, Mission Hills Community Services District, Santa Ynez River Water Conservation District, and Santa Barbara County Water Agency (non-voting member with no financial responsibility). The Board of Directors is charged with exercising the powers of the Agency, including decision-making, designation of management, approval of contracts, development of rates and fees, and adoption of the Agency's policies.

Note 2 – Summary of Significant Accounting Policies

A. 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 providing services on a continuing basis be financed or recovered primarily through user charges. The accounting methods and procedures adopted by the Agency conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental enterprise funds. Accordingly, the financial statements are presented in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as it specifically relates to enterprise funds.

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.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses result from exchange transactions associated with the principal activity of the Agency. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to enterprise funds. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency is a limited-purpose government engaged solely in business-type activities; accordingly, activities are reported as an enterprise fund.

C. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

The Agency's cash is held in a single financial institution and at year-end was covered by Federal depository insurance. The Agency defines cash equivalents as highly liquid investments with original maturities of three months or less at the time of purchase. The Agency does not have any cash equivalents as of June 30, 2025.

E. Grants Receivable

Grants receivable represent amounts due from the California Department of Water Resources (DWR) under the Sustainable Groundwater Management Grant Program, which supports implementation of the Sustainable Groundwater Management Act.

The grant operates on a cost-reimbursement basis, whereby the Agency incurs eligible expenditures that are submitted to DWR through the fiscal agent, the Santa Ynez River Water Conservation District, for reimbursement on a quarterly basis. Grants receivable are recognized when all eligibility requirements have been met as the grant constitutes a voluntary nonexchange transaction.

Grants receivable balance was \$534,262 as of June 30, 2025. Management considers grants receivable to be fully collectible; accordingly, no allowance for uncollectible amounts has been recorded.

F. Capital Assets

All property, plant, and equipment acquired or constructed over \$5,000 is capitalized at historical cost. Depreciation is recorded on a straight-line basis over the estimated useful life. The Agency did not own any capital assets as of June 30, 2025.

G. Net Position

The Agency is required to report the difference between assets and liabilities as net position. Net position is classified in the following categories:

Net investment in capital assets – This category consists of capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2025, the Agency did not have any capital assets or capital-related debt.

Restricted – This category consists of net assets that have external constraints placed on them by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2025, the Agency did not have restricted net position.

Unrestricted – This category consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets".

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Notes to Basic Financial Statements
June 30, 2025

H. Loans Payable to Member Agencies

The Agency receives monetary assistance from member agencies through loans under the Joint Powers Agreement's Cost Sharing and Reimbursement Agreement. Costs are allocated 50% to Santa Ynez River Water Conservation District, 25% to City of Lompoc, 12.5% to Mission Hills Community Services District, and 12.5% to Vandenberg Village Community Services District.

I. Grant Revenue

The Agency recognizes grant revenue on a cost-reimbursement basis as eligible expenditures are incurred and the conditions of the grant agreement have been met. Grant funds received in advance of eligible expenditures, if any, are recorded as unearned revenue. Amounts expended but not yet reimbursed are recognized as receivables.

J. Subsequent Events

Subsequent events have been evaluated through May 27, 2026, the date the financial statements were available to be issued.

The Board adopted a groundwater management fee effective July 1, 2025. The fee is a volumetric groundwater extraction charge based on reported pumping and is expected to generate approximately \$380,000 in fiscal year 2025-2026. The majority of fee revenue will be collected through the Santa Barbara County tax roll. This fee establishes an independent revenue source for the Agency and is expected to support its financial self-sufficiency.

Note 3 – Cash

On June 30, 2025, the Agency had the following cash on hand:

Cash in bank and on hand	<u>\$ 17,355</u>
Total cash, Statement of Net Position	<u>\$ 17,355</u>

The Agency's cash is held in a single financial institution in demand deposit accounts. The Agency does not maintain a formal investment policy and does not hold any investments as of June 30, 2025.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be returned. Cash balances held in banks are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2025, the Agency's bank balance did not exceed the FDIC insurance limit and was therefore fully insured. The Agency does not have a formal policy for custodial credit risk for deposits.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Notes to Basic Financial Statements
June 30, 2025

Note 4 – Loans Payable to Member Agencies

As of June 30, 2025, loans payable to member agencies consisted of the following:

Santa Ynez River Water Conservation District	\$	150,000
Mission Hills Community Services District		71,250
Vandenberg Village Community Services District		71,250
City of Lompoc		<u>62,500</u>
Total loans payable to member agencies	\$	<u>355,000</u>

The loans were made pursuant to the Joint Powers Agreement's Cost Sharing and Reimbursement Agreement and do not accrue interest. Repayment is expected by fiscal year 2027-2028 and is contingent upon the Agency establishing an independent revenue source sufficient to fund operations and reimburse member agencies. There is no formal repayment schedule, and the loans are not subordinated to any other obligations of the Agency.

Note 5 – Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Agency maintains insurance coverage through the Association of California Water Agencies Joint Powers Insurance Authority and the Groundwater Sustainability Risk Management Association. There have been no reductions in insurance coverage from coverage in the prior year and no settlements have exceeded insurance coverage.

Note 6 – Related Parties

The following related-party relationships and transactions existed during the year ended June 30, 2025:

Member Agency Loans – The Agency has received loans from member agencies totaling \$355,000 to fund operations.

Santa Ynez River Valley Groundwater Basin Groundwater Sustainability Agencies – The Central Management Area Groundwater Sustainability Agency, Western Management Area Groundwater Sustainability Agency, and Eastern Management Area Groundwater Sustainability Agency manage adjacent portions of the same groundwater basin. The three groundwater sustainability agencies coordinate on basin-wide activities including the DWR annual report, the Proposition 68 Grant implementation, and the Action Plan for management of well production along the Lower Santa Ynez River. Cost-sharing agreements exist for joint basin activities.

Santa Ynez River Water Conservation District (SYRWCD) – SYRWCD is a Joint Powers Agreement member agency providing 50% of the Agency's member agency funding. SYRWCD also serves as the grantee for the \$5.5 million DWR Sustainable Groundwater Management Implementation Grant on behalf of the three basin Groundwater Sustainability Agencies with funds passed through to the Agency under a Subgrant Agreement.

Santa Ynez River Valley Groundwater Basin
Western Management Area Groundwater Sustainability Agency
Notes to Basic Financial Statements
June 30, 2025

Administrative Services – For the majority of the fiscal year ended June 30, 2025, SYRWCD provided administrative services to the Agency, including the Plan Manager and Board Secretary functions. In April 2025, the Agency transitioned these services to Confluence Engineering Solutions.

Note 7 – Sustainable Groundwater Management Act

The Sustainable Groundwater Management Act (SGMA) was approved by the State of California in 2014 to provide a framework for sustainable management of groundwater resources. Under the requirements of SGMA, the Agency is required to develop, adopt, and implement a Groundwater Sustainability Plan (GSP). The Agency's GSP was submitted to the California Department of Water Resources in January 2022 and was approved by DWR on January 18, 2024, with Recommended Corrective Actions to be addressed in the five-year GSP update. The Agency continues to work on compliance with SGMA, including implementation of the monitoring network, annual reporting to DWR, and engagement of outside consultants to assist in these efforts. The basin is required to achieve sustainability by 2042.

Note 8 – Commitments and Contingencies

Grant Awards – The Agency participates in the \$5.5 million DWR Sustainable Groundwater Management Act Implementation Grant. Grant funds received by the Agency are subject to audit by the grantor agency. Such audit could lead to requests for reimbursements to the grantor for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

Litigation – In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. The Agency is not currently a party to any pending or threatened litigation as of June 30, 2025.

Note 9 – Joint Powers Agreement

The Agency was formed pursuant to a Joint Powers Agreement (JPA) among the following member agencies:

- Santa Ynez River Water Conservation District (4 weighted votes)
- City of Lompoc (2 weighted votes)
- Mission Hills Community Services District (1 weighted vote)
- Vandenberg Village Community Services District (1 weighted vote)
- Santa Barbara County Water Agency (non-voting member)

The JPA requires a supermajority of 75% of weighted votes (6 of 8 total weighted votes) for adoption of the annual budget. The Agency's fiscal year runs from July 1 through June 30. Article 13 of the JPA requires that the Agency maintain books and records in accordance with accounting procedures and practices applicable to public agencies.

The JPA's Cost Sharing and Reimbursement Agreement establishes the allocation of costs among the four financially participating member agencies. Santa Barbara County Water Agency participates in governance only and has no financial obligations.

Note 10 – Intergovernmental Revenue and Grant Funding

The Agency is a beneficiary of a \$5,534,000 Sustainable Groundwater Management Act Implementation Grant awarded by the California Department of Water Resources. The Santa Ynez River Water Conservation District serves as the direct grantee on behalf of the three management area groundwater sustainability agencies located within the Santa Ynez River Valley Groundwater Basin, with funds allocated to each groundwater sustainability agency through a subgrant agreement. The grant requires no local cost match and is reimbursed quarterly in arrears.

Grant funds support project components including well extraction measurement and reporting, rate studies, annual reporting, Groundwater Sustainability Plan five-year updates, data analysis, infrastructure and monitoring improvements, and aquifer recharge. The State retains audit rights over grant expenditures, and default provisions require repayment with interest in the event of fraud, false statements, or failure to maintain grant-funded improvements.

Note 11 – Negative Net Position

The Agency reported a negative net position of \$(196,318) at June 30, 2025. The deficit reflects timing differences between expenditures incurred under the Department of Water Resources Sustainable Groundwater Management Act Implementation Grant and the related reimbursements received through the Santa Ynez River Water Conservation District. The Agency funds operations through member agency loans as needed. Management expects the deficit to be reduced as outstanding grant reimbursements are received in subsequent periods and fees from extraction are established.

Note 12 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the date of this report that have effective dates that may impact future financial presentations.

GASB Statement No. 103, *Financial Reporting Model Improvements* – In April 2024, the GASB issued Statement No. 103, which improves key components of the financial reporting model to enhance effectiveness in providing information essential for decision-making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Agency is evaluating the impact of this statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – In September 2024, the GASB issued Statement No. 104, which establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Agency does not currently hold capital assets but will evaluate the impact of this statement as applicable.

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

To The Board of Directors
Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency

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 Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the Agency), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated May 27, 2026.

Report on 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) 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, 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not the 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.

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.

Moss, Levy & Hartzheim LLP

Santa Maria, California
May 27, 2026

DRAFT

Communication with Those Charged with Governance at the Conclusion of the Audit

To The Board of Directors
Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency

We have audited the financial statements of the business-type activities, major fund, and the disclosures, which collectively comprise the basic financial statements of Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the “Agency”) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 29, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2025. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Accrued liabilities – Management’s estimate of accrued liabilities at year-end is based on an analysis of services received and invoices pending as of June 30, 2025. We evaluated the key factors and assumptions used to develop the accrued liabilities estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosures affecting the financial statements were:

Loans Payable to Member Agencies – As described in Note 4, the Agency classifies \$355,000 received from the Santa Ynez River Water Conservation District (\$150,000), Mission Hills Community Services District (\$71,250), Vandenberg Village Community Services District (\$71,250), and City of Lompoc (\$62,500) as loans payable rather than as capital contributions. The loans do not bear interest and do not have a formal repayment schedule. Repayment is

contingent upon the Agency establishing an independent revenue source sufficient to fund operations and reimburse member agencies.

Related Parties – The Agency has significant related party transactions with its member agencies, particularly the Santa Ynez River Water Conservation District, which serves as the grantee for the \$5.5 million California Department of Water Resources Sustainable Groundwater Management Act Implementation Grant, and provides 50% of the Agency’s member agency funding through loans. The nature and extent of these related party relationships and transactions are disclosed in Note 6 to the financial statements.

Commitments and Contingencies – The Agency participates in the \$5.5 million California Department of Water Resources Sustainable Groundwater Management Act Implementation Grant, which is subject to audit by the grantor agency and contains default provisions requiring repayment with interest. This matter is disclosed in Note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 27, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Santa Maria, California
May 27, 2026

Communication of Deficiencies and Other Matters

To The Board of Directors
Santa Ynez River Valley Groundwater Basin Western Management Area
Groundwater Sustainability Agency

In planning and performing our audit of the financial statements of the business-type activities, major fund, and the aggregate remaining fund information of Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (the "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 Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency's system of 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 Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency:

Lack of Formal Accounting Policies and Procedures – During our audit, we noted that the Agency lacks a comprehensive written accounting policies and procedures manual. Specifically, the Agency does not have a formal written investment policy, a formal net position classification policy, or formal year-end accrual procedures. We recommend the Agency develop and adopt a comprehensive accounting policies and procedures manual to strengthen internal controls over financial close and reporting, expenditures, and cash transactions, and to promote consistency and accountability in the Agency's operations.

No Formal Fraud Risk Assessment or Whistleblower Policy – The Agency does not have a formal fraud risk assessment, fraud prevention policy, or whistleblower mechanism. The Committee

of Sponsoring Organizations of the Treadway Commission (COSO) Principle 8 emphasizes the importance of considering the potential for fraud when assessing risks to organizational objectives. Additionally, Government Code Section 53087.6 encourages local agencies to establish procedures for reporting fraud, waste, and abuse. We recommend the Agency develop and implement a formal fraud risk assessment process, adopt a fraud prevention policy, and establish a whistleblower mechanism to provide employees and stakeholders with a confidential means to report suspected fraud or misconduct.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim LLP

Santa Maria, California
May 27, 2026

FIRST AMENDMENT
TO JOINT EXERCISE OF POWERS AGREEMENT FOR
SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN WESTERN
MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY

This Agreement is made and effective as of _____, 2026 (“Effective Date”), pursuant to the California Joint Exercise of Powers Act (Govt. Code, §§ 6500, et seq.) by and among the City of Lompoc (“Lompoc”); Mission Hills Community Services District (“Mission Hills”); Vandenberg Village Community Services District (“Vandenberg”); Santa Ynez River Water Conservation District (“SYRW”); and Santa Barbara County Water Agency (“Santa Barbara”) and is the First Amendment of that certain “Joint Exercise of Powers Agreement Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency” dated November 28, 2023 (“JPA”).

The JPA is amended in the following:

A. Article 2.7 is amended to read as follows:

“Article 2.7 “Director(s)” and “Alternate Director(s)” means a Director, Alternate Director, appointed by a Member or appointed by the Directors representing the Members pursuant to Articles 7.2 and 7.3, or an Agricultural Representative Director or Alternate Director appointed pursuant to Article 7.8.”

B. Article 2.16 is added to read as follows:

“Article 2.16 “Agricultural Representative” means an individual appointed pursuant to Article 7.8 to serve on the Board of Directors as a voting member for the purpose of representing the agricultural interests within the WMA.”

C. Articles 6.2(a) and (b) are amended to read as follows:

- “(a) The approval of the Board of Directors as specified in Article 11.3;
- (b) Amendment of the Agreement in accordance with Article 17.2; and”

Commented [IS1]: Current JPA cite the wrong Articles (12.3 and 18.2) this fixes that.

D. Article 7.1 is amended to read as follows:

“Article 7.1 Formation of the Board of Directors. The WMA GSA shall be governed by a Board of Directors (“Board”). Directors shall include one representative from each of the Members identified in Article 6.1, and one Agricultural Representative appointed pursuant to Article 7.8.”

E. Article 7.2 is amended to read as follows:

“Article 7.2 Appointment of Director. Directors shall be appointed by the representative Member’s governing body. Each Director representing a Member shall be an elected official or member of management of the appointing Member. This provision shall not be applicable to the Agricultural Representative Director position which shall be filled pursuant to Article 7.8 and subject to Article 7.9.”

F. Article 7.8 is added to read as follows:

“Article 7.8 Appointment of Agricultural Representative Director. The Agricultural Representative Director shall be appointed pursuant to the nomination policy adopted by the Board of Directors, and as may be amended from time to time. Approval of said nomination shall be by a majority of the Board as provided for in Article 11.3(a).”

Commented [IS2]: Either need direction from the Board as to the nomination policy or leave this language which let's the Board set it via another document.

G. Article 7.9 is added to read as follows:

“Article 7.9 Requirements for Agricultural Representative. The Agricultural Representative Director shall be appointed as set forth in Article 7.8 and shall serve for the term set forth in the nomination policy adopted by the Board of Directors or until resignation or removal by a Supermajority Approval of the Board per Article 11.3(b). The Agricultural Representative shall serve on the Board for the purpose of representing the agricultural interests within the WMA and should be adequately qualified to represent said interests and pursuant to the nomination policy adopted by the Board of Directors, which may be amended from time to time.”

H. Article 11.2 is amended to read as follows:

“Article 11.2 Director Votes. Voting by the Board of Directors shall be weighed as follows:

- (a) The Director Representing Lompoc shall have two (2) votes;
- (b) The Director Representing Vandenberg Village shall have one (1) vote;
- (c) The Director Representing Mission Hills shall have one (1) vote;
- (d) The Director Representing SYRWCD shall have two (2) votes;
- (e) The Director Representing Santa Barbara shall be a non-voting member;
- (f) The Agricultural Representative Director shall have (2) votes.”

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the Members have executed this First Amendment of the Joint Exercise of Powers Agreement for Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency dated November 28, 2023, to be effective on the date stated above.

CITY OF LOMPOC
A California Municipal Corporation
100 Civic Center Plaza
Lompoc, California 93438-8001

MISSION HILLS COMMUNITY SERVICES DISTRICT
1550 Burton Mesa Blvd.
Lompoc, California 93436

By: _____
(Print name) _____
(Title) _____
Date: _____

By: _____
(Print name) _____
(Title) _____
Date: _____

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
3745 Constellation Road
Lompoc, California 93436-1401

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
P.O. Box 719
Santa Ynez, CA 93460

By: _____
(Print name) _____
(Title) _____
Date: _____

By: _____
(Print name) _____
(Title) _____
Date: _____

(Signatures Continued on the Following Page)

SANTA BARBARA COUNTY WATER AGENCY

ATTEST:

INSERT NAME
County Executive Officer
Clerk of the Board, Ex Officio Clerk of the
Santa Barbara County Water Agency

**SANTA BARBARA COUNTY WATER
AGENCY:**

By: _____
Deputy Clerk

By: _____
Chair, Board of Directors

Date: _____

RECOMMENDED FOR APPROVAL:

Santa Barbara County Water Agency

APPROVED AS TO FORM:

Risk Management

By: _____
Department Head

By: _____
Risk Management

APPROVED AS TO FORM:

INSERT NAME
County Counsel

**APPROVED AS TO ACCOUNTING
FORM:**

INSERT NAME
Auditor-Controller

By: _____
Deputy County Counsel

By: _____
Deputy

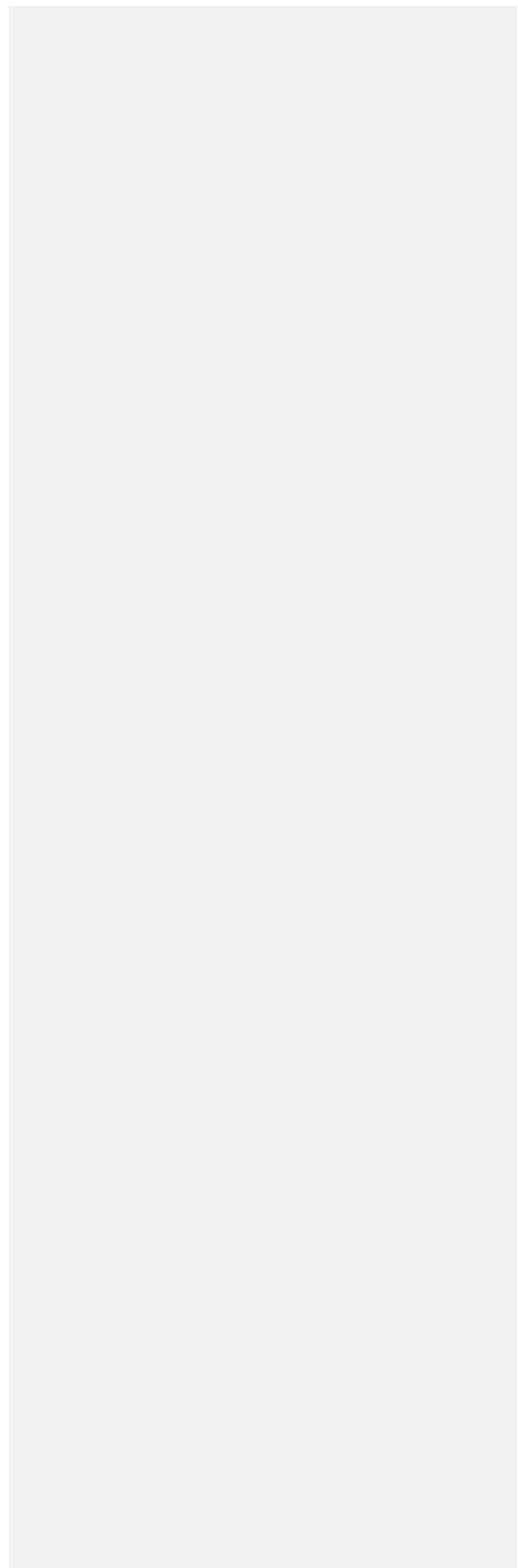
ACKNOWLEDGED AND APPROVED BY:

SANTA YNEZ RIVER VALLEY
GROUNDWATER BASIN WESTERN
MANAGEMENT AREA GROUNDWATER
SUSTAINABILITY AGENCY

By: _____
Secretary to the Board of Directors

By: _____
Chairman

DRAFT



General Questions and Answers regarding the potential addition of an Ag Director to the WMA GSA Board. Responses are in **green text**.

Introduction:

The Santa Ynez River Valley Western Management Area Groundwater Sustainability Agency (WMA GSA) Board of Directors (Board) provided direction in July 2024 for addition of a non-voting Agriculture Director (Ag Director) through the process of an amendment to the existing Joint Powers Authority (JPA) agreement. The draft amendment, providing for the addition of a non-voting Ag Director, was reviewed by JPA member agency boards and was adopted by 3 of the 5 member agencies' boards. Without further traction on the addition of a non-voting Ag Director, the proposed enabling amendment to the JPA has since been suspended in draft. In September 2025, the concept of adding a voting Ag Director (instead of a non-voting Ag Director) to the WMA GSA Board was broached at the staff level. Subsequent focused staff meetings were held in October 2025. Following conclusion of the second focused staff meeting on October 30, 2025, a list of questions related to the potential addition of a voting Ag Director to the WMA GSA Board. Responses to these questions from the WMA GSA staff are provided below.

Questions/Comments

- How is adding a voting Ag Director advantageous to the WMA GSA?
 - The addition of a voting Ag Director would give the WMA GSA Board input from the agricultural community and help ensure diversity of WMA groundwater users on the WMA GSA Board. A permanent Ag Director with a vote would provide the GSA with an agricultural perspective to implement the WMA's Groundwater Sustainability Plan (GSP). This input and perspective will help WMA GSA consider all users and uses of groundwater when making future decisions regarding groundwater management in the WMA.
- Who would be the Ag Director? Are they a member of a Public or Private entity?
 - The Ag Director would likely be a private citizen nominated by the Santa Ynez Water Group, an established stakeholder group in the Basin, and endorsed by agricultural organizations such as the Farm Bureau, Growers and Shippers, and the Vintners Association. If the same approach used in the Eastern Management Area (EMA) to select an Ag Director was utilized by the WMA, the Ag Director would be a private citizen with interest in an agricultural enterprise, that lives in the WMA, is nominated by the Santa Ynez Water Group (with endorsement of agriculture groups), and vetted and approved by the WMA GSA Board.

- What are the voting structure options being considered for the addition of a voting Ag Director and how do these options affect changes compared to the current JPA voting structure?
 - **Under the current JPA voting structure**, the Conservation District (SYRWCD), has 50% of the total vote shares, while the City of Lompoc (Lompoc), Mission Hills Community Services District (Mission Hills CSD), and Vandenberg Village CSD have 25%, 12.5%, and 12.5%, respectively.
 - Majority (more than 50% of the vote):
 - the SYRWCD only needs **one (1)** other voting member to align with them.
 - Lompoc, Mission Hills CSD, and Vandenberg Village CSD cannot form a Majority independent of the SYRWCD.
 - Supermajority (75% or more of the vote):
 - The only way to form a Supermajority is if the SYRWCD is joined by a minimum of either Lompoc or both CSDs.
 - **If a change to the voting structure is desired**, there are multiple ways to structure the potential addition of a voting Ag Director. Based on discussions with WMA GSA Agency representatives the following two scenarios were developed and evaluated (Option A and Option B):
 - **Option A: Reduction in SYRWCD Vote Scenario.** In this scenario, the SYRWCD gives two of its four votes to the Ag Director. The vote share of SYRWCD, Lompoc, and the Ag Director would be equal (25% each) while the two CSDs would each make up 12.5% of the vote share. Lompoc and the two CSDs retain their current share of the votes.
 - Majority (more than 50% of the vote):
 - the SYRWCD (25%) would need to be joined by **either** Lompoc (25%) or the Ag Director (25%), plus **one (1)** of the CSDs (12.5%), *or* joined by **both** CSDs (25%) plus **one (1)** other voting member (25%),
 - Lompoc (25%), Ag Director (25%), and **one (1)** of the CSDs (12.5%) could form a Majority independent of the SYRWCD

- Supermajority (75% or more of the vote):
 - the SYRWCD (25%) would need to be joined by **both** Lompoc (25%) and the Ag Director (25%), *or* joined by **both** CSDs (25%) plus **one (1)** other voting member (25%) (same as for Majority Approval),
 - Lompoc (25%), Ag Director (25%), and **both** CSDs (25%) together could form a Supermajority independent of the SYRWCD
 - **Option B:** *One vote per Director scenario.* In this scenario, all voting members have the same number of votes (each with 20% of the vote).
 - Majority (more than 50% of the vote): A minimum of **three (3)** voting members would need to come together for a Majority Approval.
 - Supermajority (75% or more of the vote): A minimum of **four (4)** voting members would need to come together for a Supermajority. (*Note: under this scenario member agencies might want to require Supermajority approval for additional items*).
 - **Option C:** If addition of a non-voting Ag Director is desired there would be no changes to the current JPA voting structure.
- The Conservation District is already representing Ag so why do we need an Ag Representative?
 - The current SYRWCD representative on the WMA Board happens to be a member of the agricultural community but is representing the District which includes Ag and non-Ag users of groundwater and underflow. SYRWCD directors are elected out of a large population that is majority non-Ag. There is a chance that a future SYRWCD appointee to the WMA board will not be a member of the Ag community.
- Who does the Ag Director represent?
 - The intention would be that the Ag Director would represent the views of the WMA agricultural community. This could be reviewed further if/when WMA carries out an Ag Director selection process.
- What is Agriculture's motivation for having a voting director?

- Having a voting Ag Director seat on the WMA board would provide a permanent voice for the agriculture community. The agriculture community feels that this is important because with the WMA GSA's adoption of the groundwater extraction fee, the agricultural community will shoulder a large portion of the financial burden for the operation of the WMA GSA, implementation of the GSP, and compliance with the Sustainable Groundwater Management Act (SGMA).
- What is the Santa Ynez Water Group and who are their members?
 - The Santa Ynez Water Group is a 501(c)(6) nonprofit mutual benefit corporation registered in Tustin, California. According to public nonprofit and business filings it is organized to advance the interests of landowners within the Santa Ynez River Valley Groundwater Basin and its activities include developing and promoting policies related to sustainable groundwater use for the basin and supporting the interests of its members in that context. The board members include Laura Hagen (president as of 2023), Doug Circle (CEO), Kevin Merrill (Secretary), Mary Heyden (CFO/treasurer), Larry Lahr and Ben Merz (Vice presidents). The full membership roster is unknown.
- What is the process for selecting an Ag Director?
 - The WMA GSA Board provided direction in July 2024 for a non-voting Ag Director. The process laid out at the time could be utilized for selection of a voting Ag Director. The relevant language is stated here: "The Agricultural Representative Director shall be appointed pursuant to the nomination policy adopted by the voting Directors, and as may be amended from time to time. Approval of said nomination shall be by a majority of the Board"
 - We are not aware that a WMA GSA nomination policy was developed, but potentially the WMA GSA could consider utilizing the EMA GSA's Ag Director nomination policy, in which the Ag Director would be a private citizen with interest in an agricultural enterprise, that lives in the WMA, is nominated by the Santa Ynez Water Group (with endorsement of agriculture groups), and vetted and approved by the WMA GSA Board.

2026 Rate Schedule

Confluence Engineering Solutions



Classification	Billing Rate (\$/hour)
Principal Engineer	\$265
Senior Engineer/Hydrogeologist	\$245
Project Engineer/Hydrogeologist	\$190
Associate Engineer	\$165
Bookkeeper	\$155
Assistant Engineer	\$155
Engineering Assistant	\$135

Direct expenses (e.g. travel, mileage (per IRS Rates), delivery/copy services, subconsultant services) will be invoiced with a 10% processing fee.

Confluence Engineering Solutions, Inc. reserves the right to revise our standard billing rates on an annual basis and personnel classifications may be added as necessary.



Standard Billing Rate Schedule

Professional Fees

Principal	\$266.00	Per Hour
Special Project Director	\$266.00	Per Hour
Project Manager, Senior	\$231.00	Per Hour
Supervisor I	\$231.00	Per Hour
Supervising Soil Scientist	\$215.00	Per Hour
Supervisor II	\$215.00	Per Hour
Supervisor III	\$209.00	Per Hour
Senior I	\$187.00	Per Hour
Senior II	\$169.00	Per Hour
Senior III	\$152.00	Per Hour
Construction Manager	\$152.00	Per Hour
Construction Manager / Oversight	\$135.00	Per Hour
Senior Construction Inspector	\$135.00	Per Hour
Senior Field Geologist	\$152.00	Per Hour
Senior Associate	\$146.00	Per Hour
Associate I	\$140.00	Per Hour
Associate II	\$132.00	Per Hour
Associate III	\$125.00	Per Hour
Associate Soil Scientist	\$125.00	Per Hour
Senior Assistant	\$116.00	Per Hour
Assistant I	\$111.00	Per Hour
Assistant II	\$106.00	Per Hour
Assistant Soil Scientist	\$106.00	Per Hour
Assistant III	\$101.00	Per Hour
GIS Manager	\$140.00	Per Hour
GIS Specialist I	\$114.00	Per Hour
GIS Specialist II	\$104.00	Per Hour
Technical Illustrator	\$101.00	Per Hour
AutoCAD Technician	\$101.00	Per Hour
Soil Technician	\$88.00	Per Hour
Aide I	\$81.00	Per Hour
Aide II	\$70.00	Per Hour
Aide III	\$65.00	Per Hour
Project Coordinator I	\$152.00	Per Hour
Project Coordinator II	\$111.00	Per Hour
Project Coordinator III	\$101.00	Per Hour
Contract Management	\$116.00	Per Hour
Administrative I	\$81.00	Per Hour
Administrative II	\$75.00	Per Hour
Administrative III	\$70.00	Per Hour

Effective January 1, 2026

Direct Expense Rates

Expense Description	Billing Rate
Mileage	\$* / Mile
Reproduction: Black & White (In-House)	\$0.15 / Page
Reproduction: Color - 8.5" x 11" (In-House)	\$0.89 / Page
Reproduction: Color - 11" x 17" (In-House)	\$1.89 / Page
Plotter Reproduction (In-House)	\$1.50 / Sq. Ft.
Survey Equipment	\$120.00 / Day

Notes:

- 1) * Mileage is billed at the current IRS approved mileage rate and may be subject to change.
- 2) Subcontractor services will be charged at cost plus 10% administration fee.
- 3) All other project reimbursable expenses (i.e. telephone, commercial transportation, meals, lodging, postage, outside reproduction, etc.) will be billed at cost.
- 4) Testimony fees are 150% of standard rates and apply to depositions, court time and time spent on stand-by at attorney's request. Travel time and preparation time is charged at standard rates. Stetson Engineers Inc. authorizes only staff at associate classification or higher to testify as expert witnesses.

Table 1. Proposed Key Dates for Santa Ynez River Valley Groundwater Basin 5-Year Periodic Evaluation and Potential Plan Amendments

	Using Extension of Grant thru 12/31/2026	
Set of Early Release Draft Sections to GSA Managers	5/15/2026	PHASE 2 ADMIN DRAFT 5/1/26
Admin Draft Periodic Evaluation	6/15/2026	
GSA staff comment period on PE 15 days	6/30/2026	
Decision Deadline for Outline of Plan Amendments by GSAs	6/30/2026	
Admin Draft Plan Amendment	8/1/2026	
GSA staff comment period PA 15 days	8/15/2026	
Notice for Adoption of Potential Plan Amendment (90-days)	9/1/2026	PHASE 3 PUBLIC DRAFT 9/1/26
Draft Periodic Evaluation and Plan Amendment Released	9/1/2026	
Draft Periodic Evaluation and Plan Amendment Comment Period (45 days)	9/1-10/15/2026	
Final Periodic Evaluation/Plan Amendment for Board Approval/ Public Hearing	12/7-18/2026 ?	
Submittal to DWR	12/31/2026	PHASE 4 FINAL DRAFT 1/1/27
Comment Period on DWR Site (60-days)	1/1/2027 - 3/1/2027	

Cumulative Budget for Periodic Evaluation (WMA and CMA)

