NOTICE AND CALL OF A SPECIAL MEETING

Notice is hereby given that I, the President of the Devil's Den Water District, hereby call a SPECIAL MEETING of the Board of Directors of the Devil's Den Water District.

Said SPECIAL MEETING of the Board to be held on:

TUESDAY, APRIL 7, 2020 AT 7:00 PM
OR IMMEDIATELY FOLLOWING
THE REGULAR MEETING OF THE
UPPER SANTA CLARA VALLEY
JOINT POWERS AUTHORITY

TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING

PLEASE REFER TO THE AGENDA FOR CALL-IN INFORMATION

Enclosed with and as part of this Notice and Call is an Agenda for the meeting.

Signed: E. G. "Jerry" Gladbach
President

Date: 3-27-2020

Posted on April 1, 2020.

27234 BOUQUET CANYON ROAD • SANTA CLARITA, CALIFORNIA 91350-2173
PHONE NUMBER:661 297•1600 • FAX 661 297•1611

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DEVIL'S DEN WATER DISTRICT
BOARD OF DIRECTORS
SPECIAL MEETING AGENDA

SANTA CLARITA VALLEY WATER AGENCY
RIO VISTA WATER TREATMENT PLANT
27234 BOUQUET CANYON ROAD
SANTA CLARITA, CA 91350

TUESDAY, APRIL 7, 2020 AT 7:00 PM
OR IMMEDIATELY FOLLOWING
THE REGULAR MEETING OF THE
UPPER SANTA CLARA VALLEY
JOINT POWERS AUTHORITY

TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING

TELECONFERENCING NOTICE

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Director may call into an Agency Board meeting using the Agency's **Call-In Number 1 (866) 899-4679, Access Code 207-618-341 or GoToMeeting by clicking on the link** https://global.gotomeeting.com/join/207618341 without otherwise complying with the Brown Act's teleconferencing requirements.

Pursuant to the above Executive Order, the public may not attend the meeting in person. Any member of the public may listen to the meeting or make comments to the Board using the call-in number or GoToMeeting link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

We request that the public submit any comments in writing if practicable, which can be sent to ajacobs@scvwa.org or mailed to April Jacobs, Board Secretary, Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 4:30 PM the day of the meeting will be distributed to the Board members and posted on the Santa Clarita Valley Water Agency website prior to the start of the meeting. Anything received after 4:30 PM the day of the meeting will be posted on the SCV Water website the following day.

DEVIL'S DEN
WATER DISTRICT

BOARD OF DIRECTORS

PRESIDENT
E.G. "JERRY" GLADBACH

VICE PRESIDENT
WILLIAM C. COOPER

EDWARD A. COLLEY
ROBERT J. DIPRIMIO
R. J. KELLY

GENERAL MANAGER
MATTHEW G. STONE

GENERAL COUNSEL
BEST BEST, KRIEGER, LLP.

SECRETARY
APRIL JACOBS

1. REGULAR PROCEDURES

1.1. Call to Order

1.2. Public Comments – Members of the public may comment as to items not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so now or at the time each item is considered. (Comments may, at the discretion of the Board's presiding officer, be limited to three minutes for each speaker.)

1.3. Approval of the Agenda

2. GENERAL AGENDA ITEMS **PAGE**

3. ADJOURNMENT

***** Indicates Attachment

NOTICES

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning April Jacobs, Secretary to the Board of Directors, at (661) 297-1600, or in writing to Santa Clarita Valley Water Agency at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Santa Clarita Valley Water Agency, located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at http://www.yourscvwater.com.

Posted on April 1, 2020.

DRAFT

ITEM NO. 2.1

Minutes of the Annual Meeting of the Board of Directors of the Devil's Den Water District Board – November 5, 2019

The Annual meeting of the Board of Directors of the Devil's Den Water District Board was held at Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, at 8:01 PM on Tuesday, November 5, 2019 in the SCV Water Agency Boardroom. A copy of the Agenda is inserted in the Minute Book of the District preceding these minutes.

DIRECTORS PRESENT: Ed Colley, William Cooper, Robert DiPrimio and R. J. Kelly.

DIRECTORS ABSENT: Jerry Gladbach.

Also present: Keith Abercrombie, SCV Water Chief Operating Officer sitting in for Matthew Stone, DDWD General Manager; Tom Bunn, General Counsel; April Jacobs, Board Secretary; Eric Campbell, SCV Water Chief Financial and Administrative Officer; Rochelle Patterson, SCV Water Director of Finance and Administration; and a member of the public.

Vice President Cooper called the meeting to order at 8:01 PM. A quorum was present.

Upon motion of Director Kelly, seconded by Director DiPrimio and carried, the Agenda was approved by the following voice votes (Item 1.3):

President Gladbach	Absent	Vice President Cooper	Yes
Director Colley	Yes	Director DiPrimio	Yes
Director Kelly	Yes		

Upon motion of Director DiPrimio, seconded by Director Kelly and carried, the April 2, 2019 special Board meeting minutes were approved by the following voice votes (Item 2.1):

President Gladbach	Absent	Vice President Cooper	Yes
Director Colley	Yes	Director DiPrimio	Yes
Director Kelly	Yes		

Upon motion of Director Colley, seconded by Director Kelly and carried, the Board approved Director Gladbach as the voting delegate for Devil's Den Water District at the 2019 ACWA Fall Conference by the following voice votes (Item 2.2):

President Gladbach	Absent	Vice President Cooper	Yes
Director Colley	Yes	Director DiPrimio	Yes
Director Kelly	Yes		

Upon motion of Director Colley, seconded by Director DiPrimio and carried, the Board approved Resolution No. 19-01 changing/setting a regular Annual meeting date and place for the Devil's Den Water District Board of Directors by the following voice votes (Item 2.3):

President Gladbach	Absent	Vice President Cooper	Yes
Director Colley	Yes	Director DiPrimio	Yes
Director Kelly	Yes		

RESOLUTION NO. 19-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DEVIL'S DEN WATER DISTRICT CHANGING/SETTING A REGULAR ANNUAL MEETING DATE AND PLACE

WHEREAS, the Bylaws, Article IX, Section 1, provides the Board of Directors shall hold its regular meetings at such time and place as may be agreed upon by resolution; and

WHEREAS, the Annual Devil's Den Water District Board meeting was held on the first Tuesday in the month of November of each year following the regular Santa Clarita Valley Water Agency Board meeting which commenced at 6:30 PM at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 as set forth in Resolution No. 18-05; and

WHEREAS, due to audits being prepared towards the end of each calendar year for the Devil's Den Water District, Santa Clarita Valley Water Agency and Upper Santa Clara Valley Joint Powers Authority and then presented to the above Authority and Boards in February of each year and to be consistent, it would make sense to move the Annual Devil's Den Water District Board meeting to February of each year to receive and file the yearly audit reports; and

WHEREAS, the Devil's Den Water District Board of Directors desires to change the date of its Annual Meeting to the first Tuesday in the Month of February of each year following the regular Santa Clarita Valley Water Agency Board meeting.

NOW THEREFORE, BE IT RESOLVED,

1. Resolution No. 18-05 is hereby repealed effective November 5, 2019.

2. The Annual Meeting of the Board of Directors shall be held on the first Tuesday in February of each year following the regular Santa Clarita Valley Water Agency Board meeting which commences at 6:30 PM at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 commencing in the year 2020.

Upon motion of Director Kelly, seconded by Director DiPrimio and carried, the Board approved receiving and filing of the Third and Fourth Quarter Fiscal Year 2018/19 Investment Reports by the following voice votes (Item 2.4):

President Gladbach	Absent	Vice President Cooper	Yes
Director Colley	Yes	Director DiPrimio	Yes
Director Kelly	Yes		

Upon motion of Director Colley, seconded by Director Kelly and carried, the meeting was adjourned at 8:08 PM by the following voice votes (Item 3):

President Gladbach	Absent	Vice President Cooper	Yes
Director Colley	Yes	Director DiPrimio	Yes
Director Kelly	Yes		

April Jacobs, Board Secretary

ATTEST:

President

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ITEM NO.
2.2

DEVIL'S DEN WATER DISTRICT

DATE: March 27, 2020

TO: Devil's Den Water District Board of Directors

FROM: Rochelle Patterson
SCV Water Director of Finance and Administration

SUBJECT: Approve Receiving and Filing of the Devil's Den Water District June 30, 2019 Financial Statement

---

SUMMARY

To review Devil's Den Water District's (DDWD) June 30, 2019 Financial Statement prepared by Lance, Soll & Lunhard, LLP (LSL) which is combined with the Santa Clarita Valley Water Agency and Upper Santa Clara Valley Joint Powers Authority.

DISCUSSION

The June 30, 2019 Financial Statement (attached) is meant to give the reader a narrative overview and analysis of DDWD's financial performance during the period of July 1, 2018 to June 30, 2019.

The auditors gave the report an unmodified opinion, which is termed a clean opinion and is the highest opinion achieved. An unmodified opinion is the auditor's judgment that he has no reservation as to the fairness of presentation of Santa Clarita Valley Water Agency's (SCV Water) Financial Statement and their conformity with Generally Accepted Accounting Principles (GAAP). In the auditor's opinion, DDWD has presented fairly its financial position, results of operations, and changes in cash flows.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Devil's Den Water District Board of Directors receive and file the attached combined DDWD Financial Statement, which was included in SCV Water's Financial Statement, for the period of July 1, 2018 to June 30, 2019.

RP

Attachments

MGS

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March 6, 2020

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

We have audited the financial statements of the Santa Clarita Valley Water Agency (the Agency) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, 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 May 28, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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 the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2018-2019. 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 estimate(s) affecting the Agency's financial statements were:

> Management's estimates of its net pension liability and net other postemployment benefits liability based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other postemployment benefits liability in determining that they are 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 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.

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. These differences are described below. In addition, we detected misstatements as a result of audit procedures which were material, and were subsequently corrected by management. The details of these misstatements are described in a separate letter dated March 6, 2020.

Unadjusted Audit Differences	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
None noted.	$ -
Cumulative effect (before effect of prior year differences)	-
Effect of unadjusted audit difference - prior year	-
Cumulative effect (after effect of prior year differences)	$ -

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 March 6, 2020.

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.

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedules of plan contributions, the schedule of proportionate share of the net pension liability, the schedule of changes in net OPEB liability and related ratio which are 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.

We were engaged to report on the combining statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2018-2019 audit:

GASB Statement No. 83, *Certain Assets Retirement Obligations.*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.*

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2019-2020

GASB Statement No. 84, *Fiduciary Activities.*

GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statement No. 14 and No. 61.*

Fiscal year 2020-2021

GASB Statement No. 87, *Leases.*

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Fiscal year 2021-2022

GASB Statement No. 91, Conduit Debt Obligations.

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

<u>Restriction on Use</u>

This information is intended solely for the use of Board of Directors and management of Santa Clarita Valley Water Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lunghard, LLP

Brea, California

SCV WATER

27234 Bouquet Canyon Road, Santa Clarita, CA 91350

(661) 297-1600 | yourSCVwater.com

March 6, 2020

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 North Brea Boulevard, Suite 203
Brea, CA 92821-4056

This representation letter is provided in connection with your audit of the financial statements of Santa Clarita Valley Water Agency (the Agency) as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 6, 2020 the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 28, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, we are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the Agency is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may. be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the Agency and involves:

    - Management,

    - Employees who have significant roles in internal control, or

    - Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the Agency's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have a process to track the status of audit findings and recommendations.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

23) The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

29) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

30) The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

31) The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

33) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASB Statement No 84.

34) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

35) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

37) Provisions for uncollectible receivables have been properly identified and recorded.

38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

41) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

43) Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.

44) Inventory quantities at the financial statement dates were determined from physical counts or from the governmental unit's perpetual inventory records, which have been adjusted on the basis of physical inventories taken by competent employees during the year.

45) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

46) Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.

47) Unused lines of credit, collateral pledged to secure debt, certain contractual debt terms (such as significant defaults or termination events), and direct borrowings and private placements have been properly disclosed.

48) We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

49) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

50) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

51) With respect to the combining statements:

    a) We acknowledge our responsibility for presenting the combining statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b) If the combining statements is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: ______________________ Signature: ______________________

Title: Director of Finance and Administration Title: Controller

Summary of Audit Differences

Name of Governmental Unit: Santa Clarita Valley Water Agency

Date of Combined Balance Sheet: June 30, 2019

Opinion Unit, Fund Type or Fund: All Funds

Unadjusted Audit Differences	Cause	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
None noted.		$ -
Cumulative effect (before effect of prior year differences)		-
Effect of unadjusted audit difference - prior year		-
Cumulative effect (after effect of prior year differences)		$ -

SANTA CLARITA VALLEY WATER AGENCY

FOR THE YEAR ENDED JUNE 30, 2019

ANNUAL FINANCIAL REPORT

Focused on YOU

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SANTA CLARITA VALLEY WATER AGENCY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2019

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SANTA CLARITA VALLEY WATER AGENCY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Clarita Valley Water Agency, (the Agency), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Santa Clarita Valley Water Agency, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of plan contributions, the schedule of proportionate share of the net pension liability, the schedule of changes in net OPEB liability and related ratio, be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
March 6, 2020

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Santa Clarita Valley Water Agency (Agency) introduces the financial statements of the Agency for the period ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

OVERVIEW

Historically, residents and businesses of the Santa Clarita Valley were served by several separate water suppliers. It was an inherently fragmented structure that from time to time resulted in redundancies, interagency conflict and barriers to integrated regional water management. While the region's water suppliers provided reliable and cost-effective water service, there was strong consensus that even greater efficiencies, effectiveness and enhanced regional water management could be achieved on behalf of the Santa Clarita Valley's 350,000 residents and thousands of businesses. This fundamental truth was the basis for pursuing Senate Bill 634 (Wilk) which created a new public water agency for the region now known as SCV Water.

SCV Water was created by SB 634 (Act), which went into effect on January 1, 2018. The goal of SB 634 was to create a new agency that could capitalize on economies of scale and reduce costs of operations, maintenance and capital investment, while enhancing integrated resource management, thereby saving customers money while at the same time improving service delivery. As articulated in the Act, the purpose of SCV Water is to unify and modernize water resource management within the Santa Clarita Valley through the efficient, sustainable, and affordable provision, sale, management and delivery of surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale throughout SCV Water, and to do so in a manner that promotes the sustainable stewardship of natural resources in the Santa Clarita Valley.

A key goal was to align functions previously organized across the three separate retail entities to support water services of a single organization. It will provide water service to customers within the service boundary previously serviced Castaic Lake Water Agency/Santa Clarita Water Division (SCWD), a division of CLWA, Newhall County Water District (NCWD) and Valencia Water Company (VWC).

The combining statement includes:

- Wholesale/Regional Division (previously CLWA)
- Newhall Water Division (previously NCWD)
- Santa Clarita Water Division (previously a division of CLWA)
- Valencia Water Division (previously VWC)
- Upper Santa Clara Valley Joint Powers Authority
- Devil's Den Water District
- Groundwater Sustainability Agency

Financial Highlights

- As of June 30, 2019, the Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $630.76 million (net position). Of this balance, unrestricted net position amounted to $173.20 million.
- The Agency's total operating revenues amounted to $124.95 million during the period.
- The Agency's total operating expenses amounted to $109.55 million during the period.

REQUIRED FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements, which are comprised of the following: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

- The *Statement of Net Position* presents information on all the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or weakening. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all its costs through its rates and other charges. However, one must consider other nonfinancial factors such as changes in economic or environment conditions, population growth, and new or changed government legislation.

- The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

- The *Statement of Cash Flows* presents information on cash receipts and payments for the fiscal year. From this statement, the reader can obtain comparative information on the sources and uses of the Agency's cash. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

- The *Notes to the Financial Statements* provide additional information that is essential to fully understand the data supplied in each of the specific financial statements listed above.

The Agency's financial statements are comprised of four divisions as follows: (1) Regional Water Division (formerly CLWA); (2) Santa Clarita Water Division; (3) Newhall Water Division (formerly NCWD); and (4) Valencia Water Division (formerly VWC). The Agency's records are maintained(spacing)on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water service to the customers of the Agency are financed primarily through user charges. See the detailed historical information of the Agency on Note 1 to the basic financial statements.

Financial Analysis of the Agency

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

These two statements report the Agency's *net position* and changes in them. Think of the Agency's net position – the difference between assets, and deferred outflows of resources, and liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or *financial position*. Over time, *increases or decreases* in the Agency's net position are one indicator of whether its *financial health* is improving or deteriorating. One will need to consider other non-financial factors however, such as changes in the Agency's property tax base and the types of grants the Agency applies for to assess the *overall financial health* of the Agency.

Statements of Net Position (condensed)

	2019
Assets	
Current and Other Assets	$ 211,718,497
Restricted	22,823,465
Noncurrent	796,246,824
Total Assets	**1,030,788,786**
Deferred Outflows of Resources	
Deferred Pension Outflows	5,252,810
Deferred OPEB Outflows	3,908,619
Loss on Defeasance of Debt	1,322,398
Total Deferred Outflows of Resources	**10,483,827**
Liabilities	
Current Liabilities	49,698,477
Restricted	3,541,479
Noncurrent Liabilities	352,882,507
Total Liabilities	**406,122,463**
Deferred Inflows of Resources	
Deferred Pension Inflows	1,110,836
Deferred OPEB Inflows	3,282,005
Total Deferred Inflows of Resources	**4,392,841**
Net Position	
Net Investment in Capital Assets	384,808,121
Restricted	72,753,409
Unrestricted	173,195,779
Total Net Position	**$ 630,757,309**

Statement of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the period ended June 30, 2019, the Agency's, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $630.76 million. The Agency's net position is made-up of three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

By far the largest portion of the Agency's net position (approximately 60% as of June 30, 2019) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are *not* available for future spending. See Note 10 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

	2019
Operating Revenues:	
Water Consumption Sales and Services	$ 93,527,684
Other Charges and Services	31,419,497
Total Operating Revenues	**124,947,181**
Operating Expenses:	
Source of Supply	24,329,974
Pumping Plant	6,292,006
Transmission and Distribution	6,196,650
Water Treatment	6,992,606
Administrative and General	20,016,744
Depreciation Expense	31,263,128
Maintenance	3,263,353
Engineering	2,298,810
Water Quality	2,278,908
Water Resources	6,322,518
Management	292,409
Total Operating Expenses	**109,547,106**
Operating Income (Loss)	15,400,075
Nonoperating Revenues (Expenses):	
Taxes	58,205,621
Interest Revenue	7,466,695
Interest Expense	(17,477,548)
Other Revenue (Expense)	1,905,933
State Water Contract	(20,182,520)
Gain (loss) on Disposal of Capital Assets	(824,686)
Total Nonoperating Revenues (Expenses)	**29,093,495**
Income (Loss) Before Capital Contributions	44,493,570
Capital Contributions	4,518,938
Change in Net Position	49,012,508
Net Position:	
Beginning of Year, as previously reported	581,421,048
Restatements	323,753
Beginning of Fiscal Year, as restated	581,744,801
End of Fiscal Year (Should be on prior page)	**$ 630,757,309**

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

A closer examination of the components of net position reveals that:

The Agency's net position amounted to $630.76 million as of June 30, 2019, which is comprised of an increase in net position of $49.01 million before restatements.

The Agency's total revenues amounted to $192.53 million. Operating revenues amounted to $124.95 million and is comprised of water consumption sales and services of $93.53 million, and other charges and services of $31.42 million.

Nonoperating revenues amounted to $67.58 million and are comprised of 58.21 million in property taxes, $7.47 million in interest earnings and 1.91 million in other revenue.

The Agency's total expenses (including depreciation expense) amounted to $148.03 million. Operating expenses amounted to $109.55 million, and is comprised of depreciation expense of $31.26 million, source of supply of $24.33 million, administration and general expense of $20.02 million, pumping expense of $6.29 million, water treatment of $6.99 million, water resources of $6.32 million, transmission and distribution of $6.20 million, maintenance expense of $3.26 million, engineering expense of $2.30 and water quality expense of $2.28 million.

Nonoperating expenses amounted to $38.48 million and are comprised of $20.18 million in state water contract expenses, interest expense of $17.48 million and $.82 million on disposal of capital assets.

Capital Assets and Debt Administration

The Agency's capital assets as of June 30, 2019, totaled $731.45 million (net of accumulated depreciation).

Capital Assets

	2019
Capital Assets, not being depreciated	
Non-depreciable Assets	$ 93,413,357
Capital Assets, net - being depreciated	
Depreciable Assets	1,105,766,022
Accumulated Depreciation and Amortization	(467,731,875)
Subtotal	638,034,147
Total Capital Assets, net	**$ 731,447,504**

This investment in capital assets includes land, transmission and distribution systems, pumping plants and rights, buildings and structures, equipment, vehicles, and construction-in process.

Major capital asset additions included upgrades to state water project rights, upgrades to water tanks and mains, meter installations, and developer contributions to the water retail enterprise's transmission and distribution system. A significant portion of these additions were constructed by the Agency and/or subcontractors and transferred out of construction-in-process upon completion of these various projects. The capital assets of the Agency are more fully analyzed in Note 6 to the basic financial statements.

Long-Term Debt Administration

	2019
Certificates of Participation	$ 132,453,983
Revenue Bonds	217,040,224
Notes Payable	2,573,780
Total Long-Term Debt	**$ 352,067,987**

Long-term Debt

At June 30, 2019, the Agency had $352.07 million in long-term debt of which $19.35 million is considered a current liability. The long-term debt position of the Agency is more fully analyzed in Note 9 to the basic financial statements.

Conditions Affecting Current Financial Position

Expanding in Infrastructure – Management has identified a need to invest in the Agency's infrastructure and Capital Improvement Program (CIP). As the Agency's infrastructure continues to expand, the Agency understands the importance of monitoring the impacts of CIP projects on operating expenditures.

Each major CIP project that becomes operational adds new complexity and costs to the Agency's overall system. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. The current CIP includes several water quality and pipeline projects that will not have significant operating costs. However, the future development of the recycled water program will have significant operating costs that should be identified as part of the planning process.

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Director of Finance and Administration at 27234 Bouquet Canyon Road, Santa Clarita, California 91350-2173 or (661) 297-1600.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF NET POSITION
JUNE 30, 2019

	2019
Assets:	
Current:	
Cash and cash equivalents	$ 19,914,446
Investments	162,916,342
Receivables:	
Accounts	12,645,868
Property tax	1,311,741
Accrued interest	806,911
Accounts - other	6,396,437
Prepaid costs	5,580,695
Materials and supplies inventory	2,146,057
Restricted:	
Cash and cash equivalents	4,712,305
Investments	10,147,536
Cash with fiscal agent	5,863,580
Receivables:	
Property tax	1,216,962
Accrued interest	345,984
Accounts - other	537,098
Total Current Assets	**234,541,962**
Noncurrent:	
Investments - restricted	64,728,731
Net OPEB asset	70,589
Capital assets - not being depreciated	93,413,357
Capital assets - net of accumulated depreciation	638,034,147
Total Noncurrent Assets	**796,246,824**
Total Assets	**1,030,788,786**
Deferred Outflows of Resources:	
Deferred pension outflows	5,252,810
Deferred OPEB outflows	3,908,619
Loss on defeasance of debt	1,322,398
Total Deferred Outflows of Resources	**10,483,827**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF NET POSITION
JUNE 30, 2019

	2019
Liabilities:	
Current:	
Accounts payable	9,189,866
Accounts payable - restricted	3,541,479
Accrued liabilities	639,826
Accrued interest	5,043,508
Unearned revenues	953,059
Deposits payable	98,168
Advances for construction	9,864,255
Other current liabilities	3,800,765
Accrued compensated absences	488,309
Certificate of participation	8,915,000
Notes payable	530,721
Revenue bonds	10,175,000
Total Current Liabilities	**53,239,956**
Noncurrent:	
Net OPEB liability	5,629,779
Net pension liability	13,340,534
Accrued compensated absences	1,464,928
Certificate of participation	123,538,983
Notes payable	2,043,059
Revenue bonds	206,865,224
Total Noncurrent Liabilities	**352,882,507**
Total Liabilities	**406,122,463**
Deferred Inflows of Resources:	
Deferred pension inflows	1,110,836
Deferred OPEB inflows	3,282,005
Total Deferred Inflows of Resources	**4,392,841**
Net Position:	
Net investment in capital assets	384,808,121
Restricted	72,753,409
Unrestricted	173,195,779
Total Net Position	**$ 630,757,309**

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2019

	2019
Operating Revenues:	
Water consumption sales and services	$ 93,527,684
Other charges and services	31,419,497
Total Operating Revenues	**124,947,181**
Operating Expenses:	
Source of supply	24,329,974
Pumping	6,292,006
Transmission and distribution	6,196,650
Water Treatment	6,992,606
Administration and general	20,016,744
Depreciation expense	31,263,128
Maintenance	3,263,353
Engineering	2,298,810
Water Quality	2,278,908
Water Resources	6,322,518
Management	292,409
Total Operating Expenses	**109,547,106**
Operating Income (Loss)	15,400,075
Nonoperating Revenues (Expenses):	
Taxes	58,205,621
Interest revenue	7,466,695
Interest expense	(17,477,548)
Other revenue (expenses)	1,905,933
State Water Contract	(20,182,520)
Gain (loss) on disposal of capital assets	(824,686)
Total Nonoperating Revenues (Expenses)	**29,093,495**
Income (Loss) Before Capital Contributions	44,493,570
Capital Contributions	4,518,938
Changes in Net Position	49,012,508
Net Position:	
Beginning of Year, as previously reported	581,421,048
Restatements	323,753
Beginning of Fiscal Year, as restated	581,744,801
End of Fiscal Year	**$ 630,757,309**

See Notes to Financial Statements

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	2019
Cash Flows from Operating Activities:	
Cash received from customers and users	$ 120,546,079
Cash paid to suppliers for goods and services	(55,694,643)
Cash paid to employees for services	(21,653,445)
Net Cash Provided (Used) by Operating Activities	**43,197,991**
Cash Flows from Non-Capital Financing Activities:	
Repayment made to other funds	(3,665,695)
Repayment received from other funds	3,665,695
Proceeds from property taxes	58,813,439
Payments for state water contract	(20,182,520)
Proceeds from non-operating revenues	1,905,933
Net Cash Provided (Used) by Non-Capital Financing Activities	**40,536,852**
Cash Flows from Capital and Related Financing Activities:	
Capital contributions	4,518,938
Acquisition and construction of capital assets	(26,917,107)
Principal paid on capital debt	(18,735,972)
Interest paid on capital debt	(15,558,478)
Proceeds from sales of capital assets	28,535
Net Cash Provided (Used) by Capital and Related Financing Activities	**(56,664,084)**
Cash Flows from Investing Activities:	
Interest received	7,113,854
Net Cash Provided (Used) by Investing Activities	**7,113,854**
Net Increase (Decrease) in Cash and Cash Equivalents	**34,184,613**
Cash and Cash Equivalents at Beginning of Year	234,098,327
Cash and Cash Equivalents at End of Year	**$ 268,282,940**

See Notes to Financial Statements

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	2019
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ 15,400,075
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:	
Depreciation	31,263,128
(Increase) decrease in accounts receivable	(3,774,168)
(Increase) decrease in inventory	(173,979)
(Increase) decrease in prepaid expense	130,033
Increase (decrease) in accounts payable	1,711,342
Increase (decrease) in due to other governments	(1,738)
Increase (decrease) in deposits payable	450,797
Increase (decrease) in advances for construction	(690,041)
Increase (decrease) in unearned revenue	(725,102)
Increase (decrease) in accrued liabilities	1,459,698
Increase (decrease) in net OPEB liability and related items	(2,591,417)
Increase (decrease) in net pension liability and related items	354,875
Increase (decrease) in compensated absences	384,488
Total Adjustments	**27,797,916**
Net Cash Provided (Used) by Operating Activities	**$ 43,197,991**
Non-Cash Investing, Capital, and Financing Activities:	
Amortization of Premiums/Discounts	$ 1,718,427

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Note 1: Reporting Entity and Summary of Significant Accounting Policies

a. Organization and Operations of the Reporting Entity

The Santa Clarita Valley Water Agency (Agency) was established on January 1, 2018, pursuant to California Senate Bill 634 (SB-634). On October 15, 2017, the Governor of the State of California signed into law SB-634, which reorganized Castaic Lake Water Agency (CLWA) and Newhall County Water District (NCWD) to create the Agency, effective January 1, 2018.

On January 22, 2018, Valencia Water Company (VWC) was fully transitioned into the Agency through a Plan of Dissolution which was approved by VWC's Board of Directors at a special meeting on December 28, 2017. Subsequent to the dissolution, VWC is accounted for as an enterprise fund, called the Valencia Water Division, within the Agency.

The Castaic Lake Water Agency Financing Corporation (Corporation) was formed in 1990. The Corporation is a California nonprofit public benefit corporation formed to assist CLWA by acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by CLWA and leasing or selling such property to CLWA and as such has no employees or other operations. Although the Corporation is legally separate, it is included as a blended component unit of CLWA, as it is in substance part of CLWA's operations. There are no separate basic financial statements prepared for the Corporation.

On October 25, 1988, CLWA purchased land and equipment owned by Producers Cotton Oil Company. Of the 8,459 acres of land purchased in Kern and Kings Counties, approximately, 7,759 acres are within the Devil's Den Water District (District). The District encompasses 8,676 acres. The cost of acquiring the land and equipment was approximately $5.0 million. The land is being leased to an outside party by CLWA under terms of an operating lease agreement. The annual lease payments received by CLWA range from $105 to $150 per acre foot of all water supplied to the leased property. The accompanying basic financial statements contain all above-mentioned land and water allocation transactions.

The criteria used in determining the transfer of operations is based on the provisions of Governmental Accounting Standards Board (GASB) No. 69, *Government Combinations and Disposals of Government Operations*. The effective transfer date of operations of CLWA and NCWD to the Agency was January 1, 2018, while the effective transfer date of operations of VWC to the Agency was January 23, 2018. These are the dates where the Agency obtained control of the assets and deferred outflows of resources and became obligated for the liabilities and deferred inflows of resources of the operations of CLWA and NCWD. The Agency recognized the carrying values of assets, deferred outflows of resources, liabilities and deferred inflows of resources of CLWA and NCWD as of January 1, 2018, and VWC as of January 23, 2018. The net position received or assumed by the Agency is reported as a special item in the statement of revenues, expenses and changes in net position in the period in which the transfer occurs.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and Measurement Focus

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

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses.

Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the Agency are charges for services directly related to the operations of the Agency. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the Agency. Taxes, operating grants, and other items not properly included among operating revenues are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

c. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial accounting principles.

d. Cash and Cash Equivalents

Substantially all of the Agency's cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

e. Use of Estimates

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

f. Investments and Investment Policy

The Agency has adopted an investment policy in accordance with the provisions of California Government Code Section 53601 and directing the Treasurer to deposit funds in financial institutions.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. The Agency's policy is to hold its investments until maturity or until market values equal or exceed cost.

g. Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on valuation inputs used to measure the fair value of the assets, as follows:

Level 1 – Valuation is based on quoted prices in active markets for identical assets.

Level 2 – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

h. Property Taxes and Assessments

The Counties of Los Angeles and Ventura Assessor's Offices assesses all real and personal property within each respective County each year. The Counties of Los Angeles and Ventura Tax Collector's Offices bills and collects the Agency's share of property taxes and/or tax assessments. The Counties of Los Angeles and Ventura Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

Property taxes receivable at year-end are related to property taxes and tax assessments collected by the Counties of Los Angeles and Ventura, which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

i. Accounts Receivable

The Agency extends credit to customers in the normal course of operations. An allowance for doubtful accounts has been recorded based on an estimate of uncollectible accounts.

j. Materials and Supplies Inventory

Materials and supplies inventory consist primarily of water meters, pipe and pipe fittings for construction and repair to the Agency's retail water transmission and distribution system. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

k. Prepaid Expenses

Certain payments to vendors reflect cost or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

l. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at $5,000. Improvement to existing capital assets will be presumed to extend the useful life or increase the capacity of performance of the related capital asset and, therefore, will be subject to capitalization if the cost of the improvement meets the $5,000 threshold. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

Depreciation will be calculated based on the assets in service at the beginning of the fiscal year and is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Franchise and consents – 20 years
- Other Intangible plan – 20 years
- Organizational costs – 33 years
- Structures and Improvements – 30 years
- Wells – 30 years
- Pumping Equipment – 20 years
- Castaic Turnout – 50 years
- Other Pumping Equipment – 30 years
- Water Treatment Equipment – 30 years
- Treatment Structures – 35 years
- Treatment Plant – 50 years
- Reservoirs and Tanks – 50 years
- Transmission and Distribution mains – 50 years
- Fire mains – 50 years
- Services – 30 years
- Meters and Meter installation – 20 years
- Hydrants – 30 years
- Computer Hardware and Software – 5 years
- Office Furniture and Equipment – 10 years
- Vehicles – 10 years
- Stores Equipment – 10 years
- Lab Equipment – 5 years
- Communications Equipment – 7 years
- Power Operating Equipment – 10 years
- Tools, Shop and Garage – 10 years
- Other General Plant Equipment – 8 years
- Sewer Plant – 51 years
- Sewer Lift Stations – 50 years
- Maintenance Facility – 30 years
- Lighting and Roads – 25 years
- Fencing – 15 years

m. Pensions

For the purposes of measuring the net pension liability and deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS website.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2017
- Measurement Date: June 30, 2018
- Measurement Period: July 1, 2017 to June 30, 2018

n. Compensated Absences

The Agency's policy is to permit employees to accumulate earned vacation with maximum hours ranging between 200 and 400 hours, based on years of service, and 480 hours of sick leave. Accumulated vacation and sick time is accrued at year-end to account for the Agency's obligation to the employees for the amount owed.

Vacation accrual increases to 120 hours for each full year of continuous service after 5 years until completion of 10 years of continuous service. After completion of 10 full years, vacation leave shall accrue at the rate of 160 hours per year.

Sick leave shall accrue year after year above the 96 hours accrued in that year. Sick leave shall accrue at the rate of eight hours per month for full time employees commencing on January 1 of each year. Sick leave shall accrue on a pro-rata basis. In the event that an employee has a sick leave accrual of more than 480 hours in any calendar year, the Agency will pay the employee 50% of the value of any unused sick leave in excess of 480 hours as a cash bonus. This bonus shall be based on leave balance on December 31 and is typically paid within 3 months of that date.

o. Post-employment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency’s Retiree Health Plan and additions to/deductions from the Agency’s fiduciary net position have been determined on the same basis as they are reported by the Agency. For this purpose, the Agency recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

p. Water Sales

Water sales, retail and wholesale, are billed on a monthly cyclical basis. Estimated unbilled water revenue through June 30, has been accrued at year-end.

q. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the Agency by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

r. Net Position

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

- *Net Investment in Capital Assets Component of Net Position* – This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.

- *Restricted Component of Net Position* – This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.

- *Unrestricted Component of Net Position* **–** This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

s. Budgetary Policies

The Agency follows specific procedures in establishing the budgetary data reflected in the financial statements. Each April, the Agency's General Manager and Assistant General Manager prepare and submit a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all enterprise funds. Annual budgets are adopted on the accrual basis for the proprietary fund. The adopted budget becomes operative on July 1.

Note 2: Cash and Investments

Cash and investments as of June 30th, are classified in the Statement of Net Position as follows:

	2019
Cash and cash equivalents	$ 19,914,446
Cash and cash equivalents (restricted)	4,712,305
Cash and cash equivalents with fiscal agent	5,863,580
Investments - current	162,916,342
Investments - current (restricted)	10,147,536
Investment - non-current	64,728,731
Total cash and investments	$ 268,282,940

Cash and investments as of June 30th, consist of the following:

	2019
Cash on hand	$ 3,775
Deposits with financial institutions	24,622,976
Cash with fiscal agent	5,863,580
Investments	237,792,609
Total cash and investments	$ 268,282,940

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

Note 2: Cash and Investments (Continued)

Authorized Investment	Maximum	Maximum Percentage	Maximum Investment
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency and Sponsored Enterprise	5 years	None	None
Banker's Acceptances	180 days	30%	5%
Medium Term Notes	5 years	30%	5%
Commercial Paper	270 days	10%	5%
Certificates of Deposit and Time Deposits	5 years	30%	10%
Municipal Obligations	5 years	30%	5%
Repurchase agreements	30 days	10%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
Los Angeles County Pooled Investment Fund (LACPIF)	N/A	30%	None
Investment Trust of California (CalTRUST)	N/A	20%	None
Money Market Mutual Funds	N/A	20%	10%
Investment Contract	30 years	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy.

Los Angeles County Pooled Investment Fund

The Los Angeles County Pooled Investment Fund (LACPIF) is a pooled investment fund program governed by the County of Los Angeles Board of Supervisors and administered by the County of Los Angeles Treasurer and Tax Collector. Investments in LACPIF are highly liquid as deposits, and withdrawals can be made at any time without penalty. LACPIF does not impose a maximum investment limit. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the fair value provided by LACPIF for the Agency's LACPIF portfolio.

Los Angeles County Pooled Investment Fund, continued

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- No limit of transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement rounded to the next highest dollar.
- Prior to funds transfer, an authorized person must complete a deposit or withdrawal form and fax to LACPIF.

The County of Los Angeles' bank deposits are either Federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of Los Angeles's Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of Los Angeles Auditor-Controller's Office – 500 West Temple Street – Los Angeles, California 90012.

Note 2: Cash and Investments (Continued)

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Agency's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of $5,000, in increments of $1,000 dollars.
- Withdrawals of $10,000,000 or more require 24 hours advance notice.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction or schedule the transaction on LAIF's website.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

Note 2: Cash and Investments (Continued)

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to $250,000 is federally insured, and the remaining balance is collateralized in accordance with the California Government Code; however, the collateralized securities are not held in the Agency's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date at June 30, 2019:

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months or Less	13 to 24 months	25-60 months
Federal Farm Credit Bank	$ 36,861,002	$ 18,438,711	$ 16,421,202	$ 2,001,089
Federal National Mortgage Association	18,946,950	-	18,946,950	-
Federal Home Loan Bank	19,937,319	9,964,050	3,483,299	6,489,970
Federal Home Loan Mortgage Corp	17,510,675	-	15,008,150	2,502,525
Freddie Mac	6,515,186	-	4,514,898	2,000,288
Fannie Mae	2,987,816	1,992,895	994,921	-
Local Agency Investment Fund (LAIF)	61,354,264	61,354,264	-	-
Los Angeles County Pooled Investment Fund	46,170,942	46,170,942	-	-
Certificates of Deposit	11,443,478	3,744,651	6,417,479	1,281,348
Commerical Paper	11,923,330	3,234,017	3,538,893	5,150,420
Money Market Funds	4,141,647	4,141,647	-	-
Total	**$ 237,792,609**	**$ 149,041,177**	**$ 69,325,792**	**$ 19,425,640**

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Agency investments are as follows:

Issuer	Investment Type	Bank
Federal Farm Credit Bank	Federal agency securities	$ 36,861,002
Federal National Mortgage Association	Federal agency securities	18,946,950
Federal Home Loan Bank	Federal agency securities	19,937,319
Federal Home Loan Mortgage Corp	Federal agency securities	17,510,675
		$ 93,255,947

Note 2: Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of year- end for each investment type.

Credit ratings of investments and cash equivalents as of June 30, 2019, were as follows:

Investment Type	Total	Legal Rating	From Disclosure	AAA	Not Rated
Federal Farm Credit Bank	36,861,002	N/A	$ -	$ 36,861,002	$ -
Federal National Mortgage Association	18,946,950	N/A	-	18,946,950	-
Federal Home Loan Bank	19,937,319	N/A	-	19,937,319	-
Federal Home Loan Mortgage Corp	17,510,675	N/A	-	17,510,675	-
Freddie Mac	6,515,186	N/A	-	6,515,186	-
Fannie Mae	2,987,816	N/A	-	2,987,816	-
Local Agency Investment Fund (LAIF)	61,354,264	N/A	-	-	61,354,264
Los Angeles County Pooled Investment Fund	46,170,942	N/A	-	-	46,170,942
Certificates of Deposit	11,443,478	N/A	11,443,478	-	-
Commerical Paper	11,923,330	N/A	11,923,330	-	-
Money Market	4,141,647	AAA	4,141,647	-	-
	$ 237,792,609		$ 27,508,455	$ 102,758,948	$ 107,525,206

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2019, are as follows:

		Fair Value Measurement Using		
Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Signigicant Other Observable Inputs (Level 2)	Signigicant Other Unobservable Inputs (Level 3)
Federal Agencies	$ 102,758,948	-	102,758,948	-
Certificates of Deposit	11,443,478	-	11,443,478	-
Commercial Paper	11,923,330	11,923,330	-	-
Money Market Funds	4,141,647	4,141,647	-	-
Total investments measured at fair value	130,267,403	16,064,977	114,202,426	-
Investments measured at amortized cost				
Local Agency Investment Fund (LAIF)	61,354,264			
Los Angeles County Pooled Investment Fund (LACPIF)	46,170,942			
Total	$ 237,792,609			

Note 3: Interfund Receivables and Payables

Receivable Fund	Payable Fund	Amount
Acquisition Interfund Loan		
Regional Water Division	Valencia Water Division	$ 68,615,536
2018 Series A Revenue Bonds		
Regional Water Division	Valencia Water Division	26,735,000
	Total	$ 95,350,536

Advances from the Regional Water Division to the Valencia Water Division are to provide funds for the acquisition of Valencia Water Company and amount to $68,615,536 at June 30, 2019. See pages 54 through 61 of the supplemental information for more detailed information. The advance bears annual interest at 4.46%. The advance plus any accrued interest is due June 30, annually starting in fiscal year 2019.

Principal and estimated interest payments on the advances are as follows:

Year	Principal	Interest	Total
2020	$ 1,657,607	$ 3,059,988	$ 4,717,595
2021	1,733,468	2,984,127	4,717,595
2022	1,812,800	2,904,795	4,717,595
2023	1,895,763	2,821,832	4,717,595
2024	1,982,523	2,735,072	4,717,595
2025-2029	11,359,518	12,228,457	23,587,975
2030-2034	14,207,923	9,380,052	23,587,975
2035-2039	17,770,567	5,817,408	23,587,975
2040-2043	16,195,367	2,675,012	18,870,379
Total	68,615,536	$ 44,606,743	$ 113,222,279
Less current portion	(1,657,607)		
Total non-current	$ 66,957,929		

Detailed information of the 2018 Series A Revenue Bonds is shown on page 41-42 under Note 9.

Note 4 Deferred Contribution Plan

457 Deferred Compensation Savings Plan

The Agency has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the Agency has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

For the benefit of its employees, the Agency participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency, and are not subject to claims of the Agency's general creditors. Market value of all plan assets held in trust by Lincoln Financial Services at June 30, 2019, was $19,119,115.

401(a) Defined Benefit Plan

For the benefit of its employees, the Agency participates in a 401(a) Retirement Plan Program. The purpose of this 401(a) Plan is to provide a retirement benefit for public employees who fully contribute to their 457 Program. Generally, the Agency will match up to a certain amount for employees who fully contribute to their 457 Plan for the year. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the retirement benefit for income tax purposes.

Federal law requires defined benefit assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency, and are not subject to claims of the Agency's general creditors. Market value of all plan assets held in trust by Lincoln Financial Services at June 30, 2019, was $949,273.

Note 5: Compensated Absences

Compensated absences are comprised of unpaid vacation leave, sick leave, personal, and other leave which is accrued as earned. The Agency's liability for compensated absences is determined annually and the changes were as follows:

Balance July 1, 2018	Earned	Taken	Balance June 30, 2019	Current Portion	Long Portion
$ 1,635,322	$ 2,232,405	$ 1,914,490	$ 1,953,237	$ 488,309	$ 1,464,928

The following tables below reflect the changes in compensated absences for each Division as of June 30, 2019:

Regional Water Division

Balance July 1, 2018	Earned	Taken	Balance June 30, 2019	Current Portion	Long Portion
$ 799,207	$ 967,809	$ (824,047)	$ 942,969	$ 235,742	$ 707,227

Santa Clarita Water Division

Balance July 1, 2018	Earned	Taken	Balance June 30, 2019	Current Portion	Long Portion
$ 384,402	$ 557,642	$ (524,565)	$ 417,479	$ 104,370	$ 313,109

Newhall Water Division

Balance July 1, 2018	Earned	Taken	Balance June 30, 2019	Current Portion	Long Portion
$ 176,136	$ 308,219	$ (231,563)	$ 252,792	$ 63,198	$ 189,594

Valencia Water Division

Balance July 1, 2018	Earned	Taken	Balance June 30, 2019	Current Portion	Long Portion
$ 275,577	$ 398,735	$ (334,315)	$ 339,997	$ 84,999	$ 254,998

Note 6: Capital Assets

Changes in capital assets for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Santa Clarita Water Agency				
Capital assets, not being depreciated				
Non-depreciable assets	$ 101,010,916	$ 16,172,591	$ (23,770,150)	$ 93,413,357
Capital assets, net - being depreciated				
Depreciable assets	1,072,807,511	33,669,844	(711,333)	1,105,766,022
Accumulated depreciation and amortization	(437,169,627)	(31,263,132)	700,884	(467,731,875)
Subtotal	635,637,884	2,406,712	(10,449)	638,034,147
Total capital assets, net	$ 736,648,800	$ 18,579,303	$ (23,780,599)	$ 731,447,504

Note 6: Capital Assets (Continued)

Changes in capital assets for the year ended June 30, 2019, were as follows:

Regional Water Division

	Balance June 30, 2018	Reclasses	Adjusted Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:						
Land and land rights	$ 28,372,111	$ -	$ 28,372,111	$ -	$ -	$ 28,372,111
Construction in-process	37,336,278	-	37,336,278	6,437,298	(16,186,399)	27,587,177
Total non-depreciable assets	65,708,389	-	65,708,389	6,437,298	(16,186,399)	55,959,288
Depreciable assets:						
Contractual state water project rights	147,857,959	-	147,857,959	3,616,264	-	151,474,223
Contractual water rights-other agencies	97,382,021	-	97,382,021	6,384,794	-	103,766,815
Treatment Plant	169,342,290	(6,926,581)	162,415,709	12,215,732	-	174,631,441
Water mains	26,747,245	-	26,747,245	-	-	26,747,245
Reservoirs and tanks	1,649,965	-	1,649,965	74,890	-	1,724,855
Reclaimed Water	4,976,162	-	4,976,162	-	-	4,976,162
Control System	169,208,665	5,492,297	174,700,962	3,933,519	-	178,634,481
Castic turnout	398,243	-	398,243	-	-	398,243
Services and Meters	153,965	-	153,965	-	-	153,965
Maintenance Facility	188,310	-	188,310	-	-	188,310
Large tools and equipment	607,721	-	607,721	122,625	(35,073)	695,273
Furniture and Fixtures	144,136	-	144,136	-	-	144,136
Vehicles	402,799	-	402,799	28,970	(101,654)	330,115
Office Equipmnet	1,553,582	-	1,553,582	219,454	(41,360)	1,731,676
Summit Building	-	1,434,284	1,434,284	-	-	1,434,284
Total depreciable assets	620,613,063	-	620,613,063	26,596,248	(178,087)	647,031,224
Accumulated depreciation and amortization:						
Contractual state water project rights	(77,216,039)	-	(77,216,039)	(3,071,883)	-	(80,287,922)
Contractual water rights-other agencies	(27,756,687)	-	(27,756,687)	(4,113,107)	-	(31,869,794)
Treatment Plant	(68,067,395)	(3,029,625)	(71,097,020)	(5,376,124)	-	(76,473,144)
Water mains	(11,683,535)	-	(11,683,535)	(534,945)	-	(12,218,480)
Reservoirs and tanks	(1,253,957)	-	(1,253,957)	(32,999)	-	(1,286,956)
Reclaimed Water	(2,182,149)	-	(2,182,149)	(139,285)	-	(2,321,434)
Control System	(52,648,600)	2,837,471	(49,811,129)	(4,841,556)	-	(54,652,685)
Castic turnout	(302,668)	-	(302,668)	(7,965)	-	(310,633)
Services and Meters	(147,153)	-	(147,153)	(3,948)	-	(151,101)
Maintenance Facility	(188,310)	-	(188,310)	-	-	(188,310)
Large tools and equipment	(180,198)	-	(180,198)	(36,061)	35,075	(181,184)
Furniture and Fixtures	(107,743)	-	(107,743)	(13,116)	-	(120,859)
Vehicles	(278,030)	-	(278,030)	(63,477)	101,652	(239,855)
Office Equipment	(1,275,581)	-	(1,275,581)	(90,505)	41,360	(1,324,726)
Summit Building	-	192,154	192,154	(64,848)	-	127,306
Total accumulated depreciation and amortization	(243,288,045)	-	(243,288,045)	(18,389,819)	178,087	(261,499,777)
Total depreciable assets, net	377,325,018	-	377,325,018	8,206,429	-	385,531,447
Total capital assets, net	$ 443,033,407	$ -	$ 443,033,407	$ 14,643,727	$ (16,186,399)	$ 441,490,735

A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Agency's Regional water division, totaled $18,389,819.

Note 6: Capital Assets (Continued)

Santa Clarita Water Division

Changes in capital assets for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land and land rights	$ 891,550	$ -	$ -	$ 891,550
Construction in-process	17,788,040	4,143,474	(2,794,381)	19,137,133
Total non-depreciable assets	18,679,590	4,143,474	(2,794,381)	20,028,683
Depreciable assets:				
Transmission/Distribution	69,466,031	1,192,910	-	70,658,941
Reservoirs/Tanks	28,076,086	382,720	(57,963)	28,400,843
Services	17,448,019	701,308	-	18,149,327
Hydrants	8,828,643	195,626	-	9,024,269
Boosters	11,091,414	139,834	(9,043)	11,222,205
Meters	6,899,660	-	-	6,899,660
Wells	2,586,073	-	(5,933)	2,580,140
Structures and improvements	7,735,806	81,434	-	7,817,240
Machinery and equipment	8,648,621	62,273	-	8,710,894
Trasportation equipment	1,822,408	-	(112,294)	1,710,114
General Plant	97,892	36,229	-	134,121
Total depreciable assets	162,700,653	2,792,334	(185,233)	165,307,754
Accumulated depreciation and amortization:				
Transmission/Distribution	(21,166,847)	(1,200,576)	-	(22,367,423)
Reservoirs/Tanks	(14,848,094)	(984,306)	55,368	(15,777,032)
Services	(8,549,035)	(515,268)	-	(9,064,303)
Hydrants	(5,160,000)	(228,475)	-	(5,388,475)
Boosters	(5,446,874)	(532,498)	7,225	(5,972,147)
Meters	(3,012,377)	(489,595)	-	(3,501,972)
Wells	(1,490,924)	(75,708)	3,161	(1,563,471)
Structures and improvements	(2,438,169)	(269,208)	-	(2,707,377)
Machinery and equipment	(5,515,498)	(776,560)	-	(6,292,058)
Transportation equipment	(1,108,582)	(130,011)	112,294	(1,126,299)
General Plant	(78,444)	(13,947)	-	(92,391)
Total accumulated depreciation and amortization	(68,814,844)	(5,216,152)	178,048	(73,852,948)
Total depreciable assets, net	93,885,809	(2,423,818)	(7,185)	91,454,806
Total capital assets, net	$ 112,565,399	$ 1,719,656	$ (2,801,566)	$ 111,483,489

Major capital asset additions included developer contributions to the water retail enterprise's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Agency's Santa Clarita Water Division, totaled $5,216,152.

Note 6: Capital Assets (Continued)

Newhall Water Division

Changes in capital assets for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land and land rights	$ 9,808,490	-	-	9,808,490
Construction in-process	925,118	2,433,667	(2,927,257)	431,528
Total non-depreciable assets	10,733,608	2,433,667	(2,927,257)	10,240,018
Depreciable assets:				
Structures and improvements	10,470,328	49,209	-	10,519,537
Wells	5,019,099	434,068	(80,691)	5,372,476
Pumping Equipment	10,930,508	158,036	-	11,088,544
Water Treatment Equipment	1,600,258	12,995	(10,468)	1,602,785
Reservoirs/Tanks	17,033,088	63,269	-	17,096,357
Transmission/Distribution	49,889,613	1,506,846	(11,729)	51,384,730
Services	6,836,056	429,531	-	7,265,587
Meters	4,708,809	291,103	(174,286)	4,825,626
Hydrants	2,364,690	85,532	-	2,450,222
Furniture and Equipment	4,557,965	179,761	(11,562)	4,726,164
General Plant	385,592	4,834	-	390,426
Water Rights	17,617	-	-	17,617
Sewer Plant	1,368,607	41,554	(41,553)	1,368,608
Intangible Plant	422,606	-	-	422,606
Organization Costs	40,487	-	-	40,487
Total depreciable assets	115,645,323	3,256,738	(330,289)	118,571,772
Accumulated depreciation and amortization:				
Structures and improvements	(2,597,441)	(276,089)	-	(2,873,530)
Wells	(1,842,516)	(167,303)	80,691	(1,929,128)
Pumping Equipment	(6,345,627)	(517,902)	-	(6,863,529)
Water Treatment Equipment	(481,530)	(53,342)	10,468	(524,404)
Reservoirs/Tanks	(5,291,998)	(340,662)	-	(5,632,660)
Transmission/Distribution	(18,798,969)	(997,960)	11,729	(19,785,200)
Services	(4,052,598)	(227,869)	-	(4,280,467)
Meters	(1,198,859)	(235,440)	174,286	(1,260,013)
Hydrants	(1,678,523)	(78,823)	-	(1,757,346)
Furniture and Equipment	(3,937,655)	(253,257)	11,562	(4,179,350)
General Plant	(333,587)	(48,199)	-	(381,786)
Water Rights	(11,384)	(705)	-	(12,089)
Sewer Plant	(334,696)	(27,372)	41,553	(320,515)
Intangible Plant	(60,708)	(21,130)	-	(81,838)
Organization Costs	(27,874)	(1,227)	-	(29,101)
Total accumulated depreciation and amortization	(46,993,965)	(3,247,280)	330,289	(49,910,956)
Total depreciable assets, net	68,651,358	9,458	-	68,660,816
Total capital assets, net	$ 79,384,966	2,443,125	(2,927,257)	78,900,834

Note 6: Capital Assets (Continued)

Major capital asset additions included developer contributions to the division's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Newhall Water Division, totaled $3,247,280.

Valencia Water Division

Changes in capital assets for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land and land rights	$ 1,366,286	-	-	1,366,286
Construction in-process	4,523,043	3,158,152	(1,862,113)	5,819,082
Total non-depreciable assets	5,889,329	3,158,152	(1,862,113)	7,185,368
Depreciable assets:				
Plant	115,351	-	-	115,351
Building	2,513,250	-	-	2,513,250
Wells	11,265,791	-	-	11,265,791
Pumping Plant	9,277,091	64,050	-	9,341,141
Reservoirs & tanks	27,476,388	-	-	27,476,388
T & D mains	82,015,635	7,022	-	82,022,657
Services	14,357,243	76,916	-	14,434,159
Meters	9,262,522	226,193	(12,284)	9,476,431
Hydrants	10,984,788	33,437	-	11,018,225
Other T & D plant	18,505	-	-	18,505
Office furniture & equipment	2,698,308	149,329	(5,440)	2,842,197
Transportation equipment	44,550	-	-	44,550
Other equipment	3,819,050	467,577	-	4,286,627
Total depreciable assets	173,848,472	1,024,524	(17,724)	174,855,272
Accumulated depreciation and amortization:				
Plant	(85,303)	(1,620)	-	(86,923)
Building	(1,036,015)	(61,910)	-	(1,097,925)
Wells	(4,783,306)	(365,765)	-	(5,149,071)
Pumping Plant	(7,410,052)	(251,540)	-	(7,661,592)
Reservoirs & tanks	(9,995,119)	(596,580)	-	(10,591,699)
T & D mains	(31,630,652)	(1,592,072)	-	(33,222,724)
Services	(8,456,908)	(408,024)	-	(8,864,932)
Meters	(3,856,300)	(448,776)	12,257	(4,292,819)
Hydrants	(6,785,647)	(297,014)	-	(7,082,661)
Other T & D plant	(14,993)	(491)	-	(15,484)
Office furniture & equipment	(1,796,284)	(255,694)	2,199	(2,049,779)
Transportation equipment	(42,184)	(2,365)	-	(44,549)
Other equipment	(2,180,010)	(128,026)	-	(2,308,036)
Total accumulated depreciation	(78,072,773)	(4,409,877)	14,456	(82,468,194)
Total depreciable assets, net	95,775,699	(3,385,353)	(3,268)	92,387,078
Total capital assets, net	$ 101,665,028	(227,201)	(1,865,381)	99,572,446

Major capital asset additions in the business-type activities area included developer contributions to the water retail enterprise's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Valencia Water Division, totaled $4,409,877.

Note 6: Capital Assets (Continued)

Construction-In-Process

The Agency has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at year-end are as follows:

Regional Water Division

The balance at June 30th, consists of the following projects:

	2019
Rio Vista water treatment plant and expansion	$ 6,251,091
RRB Extraction project	9,504,677
Lateral Extension and Storage project	4,981,091
Recycled Water project	3,895,569
Pipeline Inspection Facility Modifications	1,539,089
Castaic Conduit project	1,034,549
Various minor projects	381,111
Construction-in-process	$ 27,587,177

Santa Clarita Water Division

	2019
Internal construction projects	$ 4,815,199
Developer on-site construction projects	14,321,934
Construction in-process	$ 19,137,133

Note 7: Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the Agency's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Note 7: Defined Benefit Pension Plan (Continued)

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Agency's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013 are eligible for the Agency's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The following plan groups are as follows:

Classic Members - employees hired before January 1, 2013, are enrolled in the CalPERS Local Miscellaneous 2% at 55 Plan.

New Members - in accordance with the PEPRA, employees hired on or after January 1, 2013, are enrolled in the CalPERS Local Miscellaneous 2% at 62 Plan.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous Pool	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	Monthly for life	
Retirement age	50-55	52-62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.90%	6.50%
Required employer contritbution rates	10.152%	7.266%

Note 7: Defined Benefit Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of change in the rate. Funding contributions for both Plans are determined annually on actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as part of pension expense for the Plan were as follows:

	2019
Contributions - Employer	$ 2,182,797

Net Pension Liability

As of June 30, 2019, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2019
Proportionate share of net pension liability	$ 13,340,534

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2018 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (the valuation date), rolled forward to June 30, 2018, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2017, was as follows:

	Miscellaneous
Proportion - June 30, 2016	0.13026%
Increase in proportion	0.00670%
Proportion - June 30, 2017	0.13729%
Increase in proportion	0.00971%
Proportion - June 30, 2018	0.14700%

Note 7: Defined Benefit Pension Plan (Continued)

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2019, the Agency reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,182,797	$ -
Differences between actual and expected experience	511,853	174,180
Differences in actual contribution and proportionate share of contribution	-	563,923
Changes in assumptions	1,520,861	372,733
Net differences between projected and actual earnings on plan investments	65,952	-
Adjustment due to differences in proportions of net pension liabiliy	971,347	-
Total	$ 5,252,810	$ 1,110,836

As of June 30, 2019, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $2,182,797 and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

At June 30, 2019, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2020	$ 1,503,419
2021	919,492
2022	(343,746)
2023	(119,988)

Note 7: Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities were determined by actuarial valuation reports as of June 30, 2017, which were rolled forward to June 30, 2018, using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement NO. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.15 Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefits	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50 thereafter

* The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of Assumptions

For the measurement date June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes to the discount rate.

Discount rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 7: Defined Benefit Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2019, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	New Strategic Allocations	Real Return Years 1-10	Real Return Year 11
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.0%		

Note 7: Defined Benefit Pension Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability for each Plan, calculated using the discount rate, as well as what the Agency's proportionate share of net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

As of June 30, 2019, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15
Agency's Net Pension Liability	$ 22,446,948	13,340,534	5,823,339

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 51 and 52 for the Required Supplementary Schedules.

Note 8: Other Post-Employment Benefits

Plan Description

The Agency provides other post-employment benefits (OPEB) to qualified employees who retire from the Agency and meet the Agency's vesting requirements. The Agency participates in CalPERS California Employer's Retiree Benefit Trust Program (CERBT), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan. CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, California 95814. The Agency has set aside funds to cover retiree health liabilities in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMCHA). Under PEMCHA, the Agency is obligated to contribute toward the cost of retiree medical coverage for all employees who retire from the Agency for the retiree's lifetime or until CalPERS medical coverage is discontinued.

All employees who retire from the Agency who are eligible to continue coverage in retirement will receive a medical benefit not less than the required PEMCHA minimum employer contribution (MEC). MEC benefits continue to a covered surviving spouse as well, if eligible for survivor benefits under the retirement program. The MEC is $133 per month in 2018 and $136 per month in 2019.

All Agency retirees are also eligible for 100% paid dental premiums for the retiree and his or her eligible, covered dependents for the retiree's lifetime.

Note 8: Other Post-Employment Benefits (Continued)

Additional retiree medical benefits are payable in the following circumstances, which vary based on the retiree's employment date with the Agency or predecessor agency (CLWA or NCWD).

For retirees hired before January 1, 2009, the Agency pays 100% of the medical premium for the retiree and any enrolled dependents, up to but not exceeding 90% of the PERS Care LA Basic Region Basic Plan premium for the coverage level selected by the retiree (e.g. single, two-party or family).

For retirees hired on or January 1, 2009, the Agency pays 100% of the medical premium for the retiree and any enrolled dependents, up to but not exceeding a vested percentage of 90% of the PERS Care LA Region Basic Plan premium for the coverage level selected by the retiree (e.g. single, two-party or family). The vested percent is based on all years of CalPERS membership, but requires at least 5 years of service with the Agency.

Employee Covered By Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	2019
Particpating active employees	194
Retiree employees	51
Total plan membership	245

Discount Rate

The discount rate to measure the total OPEB liability was 7.00%, which is based on the long-term return on plan assets assuming 100% funding through CERBT. The projection of cash flows used to determine the discount rate assumed that liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

Discount Rate

The Agency's net OPEB liability was $5,559,190. The breakdown by fund is as follow:

	Net OPEB Liability (Asset)
Regional Water Division	2,348,354
Santa Clarita Water Division	1,145,617
Newhall Water Division	2,135,808
Valencia Water Division	(70,589)
Total plan membership	5,559,190

Note 8: Other Post-Employment Benefits (Continued)

Deferred OPEB Outflows (Inflows) of Resources

For the year ended June 30, 2019, the Agency recognized OPEB expense of $213,593.

At June 30, 2019, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 2,377,824	$ -
Differences between actual and expected experience	5,529	2,117
Changes in assumptions	1,525,266	2,966,764
Net differences between projected and actual earnings on investments	-	313,124
Total	$ 3,908,619	$ 3,282,005

As of June 30, 2018, the Agency reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of $601,683. The employer OPEB contributions in the amount of $601,683, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2019.

At June 30, 2019, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Period Ending June 30, 2019	**Net Deferred Outflows/Inflows of Resources**
2020	$ (318,518)
2021	(318,517)
2022	(318,516)
2023	(291,183)
2024	(233,403)
Thereafter	(271,073)

Note 8: Other Post-Employment Benefits (Continued)

Actuarial Assumptions

The Agency's total OPEB liability in the June 30, 2018 actuarial valuation, which was measured at June 30, 2018, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Long Term Return on Assets	7.28% as of June 30, 2017 and 7.00% as of June 30, 2018 net of plan investment expenses and including inflation.
Discount Rates	7.28% as of June 30, 2017 and 7.00% as of June 30, 2018.
Participant Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
Assumed Wage Inflation	3.0% per year; used to determine amortization payments for developing the Actuarially Determined Contributions.
General Inflation Rate	2.75% per year.

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the CalPERS using data from 1997 to 2011.

Note 8: Other Post-Employment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

As of June 30, 2019, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate -1% 6.00%	Current Discount Rate 7.00%	Discount Rate +1% 8.00%
Net OPEB Liability	$ 9,016,852	5,559,190	2,764,904

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

As of June 30, 2019, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates - 1%	Current Healthcare Cost Trend Rate	Healthcare Cost Trend Rates +1%
Net OPEB Liability	$ 2,343,359	5,559,190	9,954,058

Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year were as follows:

	Increase (Decrease)		
	Totel OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2018	$ 18,971,850	$ 13,714,823	$ 5,257,027
Changes during the year:			
Service cost:	991,161	-	991,161
Interest	1,432,518	-	1,432,518
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	841,942	-	841,942
Contributions - employer	-	1,900,160	(1,900,160)
Net investment income	-	1,088,901	(1,088,901)
Benefit payments	(571,142)	(571,142)	-
Administrative fee	-	(25,603)	25,603
Net changes	2,694,479	2,392,316	302,163
Balance at June 30, 2019	$ 21,666,329	$ 16,107,139	$ 5,559,190

Note 9: Long-Term Debt

Changes in long-term debt for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions	Payments /Retirements	Balance June 30, 2019	Current Portion	Long-Term Portion
Regional Water Division						
Public Offering:						
Certificates of Participation	$ 137,220,136	$ 3,932,963	$ 8,699,116	$ 132,453,983	$ 8,915,000	$ 123,538,983
Revenue Bonds	168,585,698	-	8,191,505	160,394,193	7,140,000	153,254,193
Santa Clarita Water Division						
Public Offering:						
Revenue Bonds	59,836,159	-	3,190,128	56,646,031	3,035,000	53,611,031
Newhall Water Division						
Direct Borrowing:						
Notes Payable	3,089,752	-	515,972	2,573,780	530,721	2,043,059
Santa Clarita Water Agency						
Public Offering:						
Certificates of Participation	137,220,136	3,932,963	8,699,116	132,453,983	8,915,000	123,538,983
Revenue Bonds	228,421,857	-	11,381,633	217,040,224	10,175,000	206,865,224
Direct Borrowing:						
Notes Payable	3,089,752	-	515,972	2,573,780	530,721	2,043,059
Total	$ 368,731,745	$ 3,932,963	$ 20,596,721	$ 352,067,987	$ 19,620,721	$ 332,447,266

The following is a summary of the Agency's Long-Term Debt by Division as of June 30, 2019:

Regional Water Division

	Balance June 30, 2018	Additions	Payments /Retirements	Balance June 30, 2019	Current Portion	Long-Term Portion
Certificates of Participation						
1999 Series A Revenue COPS - Capital Appr.	$ 67,070,746	$ 3,932,963	$ -	$ 71,003,709	$ -	$ 71,003,709
2008 Series A Revenue Refunding COPs	17,450,000	-	5,600,000	11,850,000	5,800,000	6,050,000
2010 Series A Revenue Refunding COPs	51,450,000	-	2,995,000	48,455,000	3,115,000	45,340,000
Premium on issuance - 2010 Series A	1,249,390	-	104,116	1,145,274	-	1,145,274
Total Certificates of Participation	137,220,136	3,932,963	8,699,116	132,453,983	8,915,000	123,538,983
Revenue Bonds						
2014 Series A Revenue Refunding Bonds	8,770,000	-	2,780,000	5,990,000	2,920,000	3,070,000
Premium on issuance - 2014 Series A	716,096	-	238,698	477,398	-	477,398
2015 Series A Revenue Refunding Bonds	59,355,000	-	2,165,000	57,190,000	2,250,000	54,940,000
Premium on issuance - 2015 Series A	8,743,894	-	546,493	8,197,401	-	8,197,401
2016 Series A Revenue Refunding Bonds	24,350,000	-	1,410,000	22,940,000	1,460,000	21,480,000
Premium on issuance - 2016 Series A Ref	4,303,595	-	358,633	3,944,962	-	3,944,962
2016 Series A New Revenue Bonds	30,190,000	-	490,000	29,700,000	510,000	29,190,000
Premium on issuance - 2016 Series A New	5,786,168	-	214,302	5,571,866	-	5,571,866
2018 Series A Revenue Bonds	26,735,000	-	-	26,735,000	-	26,735,000
Discount on issuance - 2018 Series A	(364,055)	-	(11,621)	(352,434)	-	(352,434)
Total Revenue Bonds	168,585,698	-	8,191,505	160,394,193	7,140,000	153,254,193
Total Regional Water Division Activities	$ 305,805,834	$ 3,932,963	$ 16,890,621	$ 292,848,176	$ 16,055,000	$ 276,793,176

Note 9: Long-Term Debt (Continued)

Santa Clarita Water Division

Business Type Activities - SCWD

	Balance June 30, 2018	Additions	Payments/ Retirements	Balance June 30, 2019	Current Portion	Long-Term Portion
Revenue Bonds:						
2017 Series A Revenue Bonds	$ 50,745,000	$ -	$ 2,780,000	$ 47,965,000	$ 3,035,000	$ 44,930,000
Premium on issuance - 2017 Series A	9,091,159	-	410,128	8,681,031	-	8,681,031
Total Revenue Bonds	$ 59,836,159	$ -	$ 3,190,128	$ 56,646,031	$ 3,035,000	$ 53,611,031

Newhall Water Division

Business Type Activities - NWD

	Balance June 30, 2018	Additions	Payments/ Retirements	Balance June 30, 2019	Current Portion	Long-Term Portion
Notes Payable:						
Municipal Leasing Associates 2007	$ 2,661,939	$ -	$ 376,756	$ 2,285,183	$ 388,143	$ 1,897,040
Municipal Leasing Associates 2009	427,813	-	139,216	288,597	142,578	$ 146,019
Total Notes Payable	$ 3,089,752	$ -	$ 515,972	$ 2,573,780	$ 530,721	$ 2,043,059

1999 Series A Revenue Certificates of Participation

In August 1999, the Corporation issued $75,813,498 of certificates of participation to finance certain capital improvements to Castaic Lake Water Agency's (CLWA) (currently part of the Agency as Regional Water Division) wholesale water system and reimbursement of the Agency's cost of acquisition of certain state water project entitlements. The certificates are payable solely from installment payments to be made by the Agency. The Agency has pledged all revenues derived from the ownership of its water system (which expressly exclude revenues derived from the retail sales of water).

On December 7, 2006, CLWA refunded $45,520,000 of the 1999 certificates (2006 Series A). A total of $45,520,000 from the 2006 Series A COPs was used to pay off the outstanding principal of the 1999 Series A Revenue Certificates of Participation. As a result, the 1999 Series A Revenue Certificates of Participation are considered retired and the liability for those obligations has been removed from the financial statements. CLWA completed the advance refunding to reduce CLWA's total debt service payments over the next 24 years by achieving a 5.6% net present value savings. In May 2016, CLWA refunded all of the 2006 Series A certificates of participation (2016 Series A Refunding). (See 2016 Series A Refunding for their respective debt service requirements.)

The Certificates are payable by installment payments according to their respective Installment Agreements. Interest is payable semi-annually August 1 and February 1 of each year, and principal is due annually on August 1. The outstanding balance at June 30, 2016, is $59,846,309 as follows: $59,846,309 Series 1999 remaining; and no balance for the Series 2006 A (refunded portion of 1999 Series A) as these were refunded during FY 2015/16 (2016A Refunded Revenue Bonds). (See 2006 Series A Certificates of Participation and 2016A Refunding Revenue Bonds for their respective debt service requirements).

Note 9: Long-Term Debt (Continued)

The par amount of the certificates is comprised of $23,408,498 (original amount) capital appreciation certificates. No regular payments of interest are made on the capital appreciation certificates prior to maturity. Interest on the capital appreciation certificates is compounded semi-annually on February 1 and August 1 and is payable at maturity. The interest compounded annually is added to the principal amount outstanding. The yield to maturity for the capital appreciation certificates ranges from 5.76% to 5.8%. Principal on the capital appreciation certificates matures annually on August 1 from 2021 through 2030. All the certificates are subject to extraordinary prepayment as a whole or in part on any date in order of maturity if the Agency makes prepaid installment payments from insurance proceeds or condemnation awards.

Below is a schedule of future annual principal to be issued that will be added to the capital appreciation certificate's current outstanding principal balance of $71,003,709.

	Fiscal Year	Principal Issued
Balance as of June 30, 2019		$ 71,003,709
Annual principal issued:	2020	4,163,590
	2021	4,407,741
	2022	4,365,394
	2023	4,011,146
	2024	3,636,322
	2025-2029	11,709,681
	2030-2031	1,152,917
	Total	$ 104,450,500

2008 Series A Revenue Refunding Certificates of Participation

In May 2008, CLWA refunded all of the 2004B certificates; the swap agreement remained in effect until August 2014 for the 2008A certificates (2008 Series A). Interest on the certificates is calculated by the remarketing agent on Tuesday of each week during the Weekly Interest Rate Period. Principal matures August 1 of each year through August 1, 2020. Certificates are in denominations of $100,000 and bear interest from the date of issue to their maturity. The interest rate on the refunding certificates is determined.

Annual debt service requirements on the 2008 Series A Revenue Refunding Certificates of Participation are as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 5,800,000	$ 341,443	$ 6,141,443
2021	6,050,000	115,404	6,165,404
Total	11,850,000	$ 456,847	$ 12,306,847
Less current position	5,800,000		
Total non-current	$ 6,050,000		

In June 2010, CLWA implemented GASB Statement No. 53, which established accounting and financial reporting standards for all state and local governments that enter into derivative instrument agreements. The analysis of the swap valuation is conducted annually to comply with the reporting requirement of the GASB Statement No. 53.

Note 9: Long-Term Debt (Continued)

2010 Series A Revenue Refunding Certificates of Participation

In February 2001, the Corporation issued $80,000,000 of certificates of participation to finance certain capital improvements to CLWA's wholesale water system and reimburse the Agency's cost of acquiring the outstanding stock of the Santa Clarita Water Company (the retail company).

In June 2010, the Corporation issued $70,595,000 of certificates of participation to provide funds to prepay $68,520,000 of CLWA's outstanding 2001 A Revenue Certificates of Participation. The certificates are payable solely from installment payments to be made by CLWA. Pursuant to the reserve requirement, $5,349,556 was placed in a debt service reserve fund on the issuance date of the certificates. Interest on the certificates is payable semi-annually on February 1 and August 1. Principal matures August 1 of each year through August 1, 2030. Certificates are in denominations of $5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.00% to 5.00% per annum.

Annual debt service requirements on the 2010 Series A Revenue Certificates of Participation are as follows:

Year	Principal	Interest	Total
2020	$ 3,115,000	$ 2,158,681	$ 5,273,681
2021	3,260,000	2,014,506	5,274,506
2022	3,405,000	1,860,681	5,265,681
2023	3,560,000	1,691,556	5,251,556
2024	3,740,000	1,510,306	5,250,306
2025-2029	21,415,000	4,833,509	26,248,509
2030-2031	9,960,000	491,325	10,451,325
Total	48,455,000	$ 14,560,564	$63,015,564
Add: bond premium	1,145,274		
Less current portion	(3,115,000)		
Total non-current	$ 46,485,274		

The Series 2010 A Certificates of Participation are structured as serial bonds with maturities ranging from 2011 through 2031. Yields for the serial bonds range from 2.00% to 5.00% and market conditions required that the Certificates be structured in a manner that resulted in an original issue premium of $2,082,316 that will be amortized over the life of the debt service.

2014 Series A Revenue Refunding Bonds

In May 2004, the Corporation issued $29,085,000 of certificates of participation to provide funds to prepay $28,475,000 of the Agency's outstanding 1994 Refunding Revenue Certificates of Participation, to acquire a reserve policy and pay certain costs of delivery. Interest on the certificates was payable semi- annually on February 1 and August 1 of each year. Principal matures August 1 of each year through August 1, 2020. Certificates were in denominations of $5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.0% to 4.0% per annum.

Note 9: Long-Term Debt (Continued)

In June 2014, CLWA issued $16,750,000 of revenue bonds to provide funds to prepay $20,495,000 of CLWA's outstanding 2004 A Revenue Certificates of Participation. The aggregate difference between the refunding debt and the refunded debt was $2,055,250. This amount was being netted against the new debt to be amortized over the life of the refunding debt. CLWA completed the refunding to reduce CLWA's total debt service payments over the next 6 years by achieving a $2,147,813 savings, or a 10.48% net present value savings. The bonds are payable solely from installment payments to be made by CLWA. Interest on the bonds are payable semi-annually on February 1 and August 1. Principal matures on August 1 of each year through August 1, 2020. Bonds are in denominations of $5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.00% to 5.00% per annum.

Annual debt service requirements on the 2014 Series A Revenue Refunding Bonds are as follows:

Year	Principal	Interest	Total
2020	$ 2,920,000	$ 226,500	$ 3,146,500
2021	3,070,000	76,750	3,146,750
Total	5,990,000	$ 303,250	$ 6,293,250
Add: bond premium	477,398		
Less current portion	(2,920,000)		
Total non-current	$ 3,547,398		

2015 Series A Revenue Refunding Bonds

In December 2006, the Corporation issued $89,830,000 of certificates of participation to finance certain capital improvements to the CLWA's wholesale water system. CLWA has pledged all revenues derived from the ownership and operation of its water system. These revenues paid for the operation and maintenance of the water system, and after the application of contingency reserves, the remaining funds were used for installment payments on the certificates.

The Series 2006 C Certificates of Participation are structured as serial bonds with maturities ranging from 2008 through 2026 and two term bonds maturing on 2030 and 2036, respectively. Yields for the serial bonds range from 3.40% to 4.14% (yields to call for maturities 2017 through 2026), with the term bonds yielding 4.16% and 4.20% (yields to call). Market conditions required that maturities after 2016 be structured in a manner that resulted in the debt being price to the August 1, 2016, par call date. The ultimate structure produced an original issue premium of $4,978,449 to be amortized over the life of the debt service.

In April 2015, CLWA issued $64,000,000 of revenue bonds through Upper Santa Clara Valley Joint Powers Authority, a Joint Powers Authority created on June 8, 2011 between the CLWA and the Devil's Den Water District (District), to provide funds to prepay $77,685,000 of CLWA's outstanding 2006 C Revenue Certificates of Participation. CLWA completed the refunding to reduce CLWA's total debt service payments over the next 20 years by achieving a $10,311,149 savings, or a 13.27% net present value savings. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually on August 1 and February 1, and the principal is due annually on August 1.

Note 9: Long-Term Debt (Continued)

Annual debt service requirements on the 2015 Series A Revenue Refunding Bonds are as follows:

Year	Principal	Interest	Total
2020	$ 2,250,000	$ 2,768,550	$ 5,018,550
2021	2,345,000	2,676,650	5,021,650
2022	2,440,000	2,568,750	5,008,750
2023	2,560,000	2,443,750	5,003,750
2024	2,685,000	2,312,625	4,997,625
2025-2029	15,585,000	9,355,625	24,940,625
2030-2034	19,900,000	4,940,750	24,840,750
2035-2036	9,425,000	476,875	9,901,875
Total	57,190,000	$ 27,543,575	$84,733,575
Add: bond premium	8,197,401		
Less current portion	(2,250,000)		
Total non-current	$ 63,137,401		

2016 Series A Revenue Refunding Bonds

In December 2006, the Corporation issued $45,520,000 of certificates of participation to provide funds to prepay $45,385,000 of the CLWA's outstanding 1999 A Revenue Certificates of Participation. Pursuant to the reserve requirement, $3,317,609 was placed in a debt service reserve fund on the issuance date of the certificates. Interest on the certificates is payable semi-annually on February 1 and August 1. Principal matures August 1 of each year through August 1, 2030. Certificates are in denominations of $5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 3.35% to 5.00% per annum.

The Series 2006 A Certificates of Participation are structured as serial bonds with maturities ranging from 2007 through 2023 and two term bonds maturing on 2026 and 2030 respectively. Yields for the serial bonds range from 3.35% to 4.08% (yields to call for maturities 2010 through 2023), with the term bonds yielding 4.41% and 4.46% (yields to call). Market conditions required that the maturities after 2016 be structured in a manner that resulted in the debt being priced to the August 1, 2016, par call date. The ultimate structure produced an original issue premium of $1,145,317 that will be amortized over the life of the debt service.

In May 2016, CLWA issued $56,395,000 of revenue bonds through Upper Santa Clara Valley Joint Powers Authority, to provide funds to prepay $35,555,000 of CLWA's outstanding 2006 A Revenue Certificates of Participation (2016 Series A Refunding) and to provide $30,665,000 new funds (2016 Series A New) to acquire certain capital improvements to CLWA's Wholesale System. CLWA completed the refunding portion to reduce CLWA's total debt service payments over the next 15 years by achieving a $5,909,717 savings, or a 16.62% net present value savings. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually on August 1 and February 1, and the principal is due annually on August 1.

Note 9: Long-Term Debt (Continued)

Annual debt service requirements on the 2016 Series A Revenue Refunding Bonds for the retirement of the 2006 A Certificates of Participation are as follows:

Year	Principal	Interest	Total
2020	$ 1,460,000	$ 1,063,600	$ 2,523,600
2021	1,520,000	996,400	2,516,400
2022	1,600,000	918,400	2,518,400
2023	1,685,000	836,275	2,521,275
2024	1,765,000	750,025	2,515,025
2025-2029	10,145,000	2,423,525	12,568,525
2030-2031	4,765,000	241,125	5,006,125
Total	22,940,000	$ 7,229,350	$30,169,350
Add: bond premium	3,944,962		
Less current portion	(1,460,000)		
Total non-current	$ 25,424,962		

Annual debt service requirements on the 2016 Series A Revenue Refunding Bonds for the acquisition of certain capital improvements are as follows:

Year	Principal	Interest	Total
2020	$ 510,000	$ 1,455,800	$ 1,965,800
2021	535,000	1,432,225	1,967,225
2022	560,000	1,404,850	1,964,850
2023	590,000	1,376,100	1,966,100
2024	620,000	1,345,850	1,965,850
2025-2029	3,560,000	6,264,300	9,824,300
2030-2034	4,535,000	5,286,875	9,821,875
2035-2039	5,830,000	3,998,250	9,828,250
2040-2044	7,485,000	2,341,875	9,826,875
2045-2047	5,475,000	419,625	5,894,625
Total	29,700,000	$ 25,325,750	$55,025,750
Add: bond premium	5,571,866		
Less current portion	(510,000)		
Total non-current	$ 34,761,866		

2018 Series A Revenue Refunding Bonds

On June 1, 2010, Valencia Water Company (VWC) entered into a $12,000,000 senior secured note with Modern Woodmen of America (Modern Woodmen). On September 15, 2010, VWC entered into an additional $12,000,000 senior secured note with Modern Woodmen (collectively, the “Senior Secured Notes”). The Senior Secured Notes are secured by all of VWC’s assets. Interest is payable semi-annually on April 15 and October 15 at a fixed rate of 4.62% per annum. The Senior Secured Notes contain various financial covenants with which VWC was in compliance as of December 31, 2017.

Note 9: Long-Term Debt (Continued)

On January 9, 2018, the Agency issued $26,735,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, to provide funds to prepay $24,000,000 of VWC's senior secured note with Modern Woodmen and as such, is recorded as a liability of the Regional Water Division. Payments on the obligation are to be funded through an interdivisional loan to be funded by customers within the Valencia Water Division's service area. The difference between the refunding debt and the refunded debt is being netted against the new debt and amortized over the life of the refunding debt. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually on August 1 and February 1, and the principal is due annually on August 1.

Annual debt service requirements on the 2018 Series A Revenue Refunding Bonds are as follows:

Year	Principal	Interest	Total
2020	$ -	$ 976,975	$ 976,975
2021	-	976,975	976,975
2022	-	976,975	976,975
2023	-	976,975	976,975
2024	650,000	968,038	1,618,038
2025-2029	3,535,000	4,538,259	8,073,259
2030-2034	4,165,000	3,908,678	8,073,678
2035-2039	4,995,000	3,076,656	8,071,656
2040-2044	6,050,000	2,026,238	8,076,238
2045-2049	7,340,000	733,344	8,073,344
Total	26,735,000	$19,159,113	$45,894,113
Add: bond discount	(352,434)		
Less current portion	-		
Total non-current	$ 26,383,286		

2017 Series A Revenue Refunding Bonds

In May 2010, the Santa Clarita Water Division (Retail) of the Agency issued $14,475,000 of certificates of participation to provide funds to acquire the new Administration Office Building, several reservoir tanks, and well. The certificates are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1.

Note 9: Long-Term Debt (Continued)

In September 2011, the Santa Clarita Water Division issued $52,290,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, a Joint Powers Authority created on June 8, 2011 between the CLWA and Devil's Den Water District (the "District"), to provide funds to prepay the outstanding interfund loan balance payable by Retail to CLWA. The Interfund Loan was established in September 1999 as a repayment of acquisition when the Agency acquired Santa Clarita Water Company's (SCWC) stock for $63 million. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1.

In September 11, 2017, CLWA issued $50,745,000 of Revenue Bonds through Upper Santa Clara Valley Joint Powers Authority, to provide funds to prepay $12,900,000 of the Division's outstanding 2010 Series B Revenue Refunding Certificates of Participation (2010 Series B Refunding) and to acquire certain capital improvements to the Division's retail water system. The difference between the refunding debt and the refunded debt was being netted against the new debt and amortized over the life of the refunding debt. The bonds are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1. The loss on defeasance of debt totaling $1,322,398 is recorded in deferred outflows of resources and will be amortized over the remaining life of the 2017 Series A Revenue Refunding Bonds.

Annual debt service requirements on the 2017 Series A Revenue Refunding Bonds are as follows:

Year	Principal	Interest	Total
2020	$ 3,035,000	$ 2,218,625	$ 5,253,625
2021	3,315,000	2,059,875	5,374,875
2022	3,615,000	1,886,625	5,501,625
2023	3,925,000	1,698,125	5,623,125
2024	4,255,000	1,493,625	5,748,625
2025-2029	21,720,000	3,877,075	25,597,075
2030-2034	2,960,000	1,179,500	4,139,500
2035-2039	3,560,000	563,181	4,123,181
2040-2041	1,580,000	54,744	1,634,744
Total	47,965,000	15,031,375	62,996,375
Add: bond premium	8,681,031		
Less current portion	(3,035,000)		
Total non-current	$ 53,611,032		

Note 9: Long-Term Debt (Continued)

Events of Default on Agency Bonds

Upon the occurrence and continuation of an event of default on the Agency's outstanding bonds, the principal amounts of (and accrued interest on) the respective bonds can be accelerated and declared immediately due and payable by the registered bondholders of a majority in aggregate principal amount of the then outstanding bonds upon written notice delivered to the Agency. Failure to pay debt service when due and the occurrence of certain insolvency or bankruptcy-related events are events of default. Failure to observe or perform the covenants and agreements under the Indenture for a period of 60 days after written notice of such failure is given to the Agency is also an event of default unless the Agency has taken all action reasonably possible to remedy such failure within 60 days and the Agency diligently proceeds to remedy the failure. A default by the Agency under any agreement governing parity debt which continues after the applicable grace period, if any, is also an event of default.

Municipal Leasing Associates, Inc. (2007)

On October 18, 2007, Newhall County Water District (currently part of the Agency as Newhall Water Division) entered into an Installment Sale Agreement (Agreement) with the Municipal Leasing Associates, Inc. (MLA). MLA provided $5,500,000 for the purpose of financing the cost of the District's project. The Agreement was amended on October 26, 2012. The original 4.5% installment note was payable over twenty years in semi-annual installments of principal and interest of $209,976. The amended agreement is payable in semi-annual installments of $226,905 of principal and interest at 3% payable in April and October each year and matures October 2024.

Annual debt service requirements on the Municipal Leasing Associates, Inc. (2007) agreement are as follows:

Year	Principal	Interest	Total
2020	$ 388,143	$ 65,666	$ 453,809
2021	399,875	53,935	453,810
2022	411,961	41,848	453,809
2023	424,413	29,397	453,810
2024	437,241	16,569	453,810
2025	223,550	3,353	226,903
Total	2,285,183	210,768	2,719,501
Less current portion	(388,143)		
Total non-current	$ 1,900,393		

Note 9: Long-Term Debt (Continued)

Municipal Leasing Associates, Inc. (2009)

On April 1, 2009, Newhall County Water District (currently part of the Agency as Newhall Water Division) entered into an Installment Sale Agreement (Agreement) with the Municipal Leasing Associates, Inc. (MLA). MLA provided $2,000,000 for the purpose of financing costs related to the construction of the new administrative facility. The Agreement was amended on June 8, 2016. The original 4.65% installment note was payable over twenty years in semi-annual installments of principal and interest of $77,342. The amended agreement is payable in semi-annual installments of $74,320 of principal and interest at 2.4% payable in June and December each year and matures June 2021.

Annual debt service requirements on the Municipal Leasing Associates, Inc. (2009) agreement are as follows:

Year	Principal	Interest	Total
2020	$ 142,578	$ 6,076	$ 148,654
2021	146,019	2,633	148,652
Total	288,597	8,709	297,306
Less current portion	(142,578)		
Total non-current	$ 146,019		

Note 10: Net Position

	2019
Net investment in capital assets	
Capital assets, net	$ 731,447,504
Certificate of participation, current	(8,915,000)
Certificate of participation, non-current	(52,535,274)
Revenue bonds, current	(10,175,000)
Revenue bonds, non-current	(206,865,224)
1999 Series A cap appreciation bonds accretion since issuance	(71,003,709)
Notes payable, current	(530,721)
Notes payable, non-current	(2,043,059)
Fiscal agent cash	5,428,604
Total net investment in capital assets	384,808,121
Restricted net position:	
Restricted for capital projects:	
Restricted - cash and cash equivalents	4,712,277
Restricted - investments	10,147,536
Restricted - accrued interest receivable	59,407
Restricted - accounts receivable, other	388,297
Restricted - accounts payable	(1,937,534)
Total restricted for capital projects	13,369,983
Restricted for state water contract	
Restricted - investments	64,728,731
Restricted - property tax receivable	1,216,962
Restricted - accrued interest receivable	285,034
Restricted - accounts receivable, other	560,121
Restricted - prepaid expense	188,337
Restricted - accounts payable	(1,603,945)
Total restricted for state water contract	65,375,240
Restricted for debt service:	
Restricted - cash and cash equivalents with fiscal agent	(5,131,326)
Restricted - accrued interest receivable	1,339
Restricted - interest payable	(861,827)
Total restricted for debt service	(5,991,814)
Total restricted net position	72,753,409
Unrestricted net position:	
Non-spendable net position:	
Materials and supplies inventory	2,146,057
Prepaid expenses and other assets	5,392,358
Total non-spendable net position	7,538,415
Spendable net position is designated as follows:	
Unrestricted	165,657,364
Total spendable net position	165,657,364
Total unrestricted net position	173,195,779
Total net position	$ 630,757,309

Note 11: 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; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self- insured losses and to purchase excess insurance coverage. As of June 30, 2019, the Agency limits and deductibles for liability, property, and workers compensation programs of the ACWA/JPIA are as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $1,000,000, combined single limit per occurrence. The ACWA/JPIA purchased additional excess coverage layers: $59 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

- Property loss is paid at the replacement cost for buildings, fixed equipment, and personal property on file, if replaced within two years after the loss, otherwise paid on actual cash value basis, subject to a $5,000 deductible per loss; and actual cash value for mobile equipment, subject to a $1,000 deductible per loss, and licensed vehicles, subject to a $500 deductible per loss. ACWA/JPIA purchased excess coverage for a combined total of $100 million per occurrence.

- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to various deductibles depending on the type of equipment.

- Workers compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law, and Employer's Liability Coverage up to $4 million. The Agency is self-insured up to $2 million and excess loss insurance has been purchased. In addition to the above, the Agency also has the following insurance coverage.

- Crime coverage up to $1,000,000 per loss includes public employee dishonesty, including Public Officials who are required by law to give bonds for the faithful performance of their service, forgery or alteration and computer fraud, subject to a $1,000 deductible.

- Cyber liability coverage up to $2,000,000 per occurrence with an aggregate of $5,000,000 includes defense costs and damages for security, privacy, and media liability; fees and expenses incurred from cyber extortion; as well as costs to restore network business interruption and digital asset protection, subject to a $50,000 deductible.

There were no reductions in insurance coverage in the year ended June 30, 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2019.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2019, that have effective dates that may impact future financial presentations.

Note 12: Governmental Accounting Standards Board Statements Issued, Not Yet Effective (Continued)

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Note 13: Commitments and Contingencies

Department of Water Resources (DWR) Water Contract Commitment

On April 30, 1963, a contract was entered into between the State of California acting by and through the Department of Water Resources and CLWA (the Contract), pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California.

The contract provides for a maximum annual water entitlement to the Agency of up to 41,500 acre feet. As amended, on January 1, 1991, the Agency began receiving the Devil's Den agricultural entitlement of 12,700 acre feet. In March 1999, the Agency purchased an additional 41,000 acre feet from Wheeler Ridge-Maricopa Water Storage District, bringing the total maximum entitlement to 95,200 acre feet. The agreement contemplated water delivery of 20,100 acre feet beginning in 1981, with increasing deliveries through the years until the maximum entitlement was reached in 1991.

However, as of June 30, 2003, the water delivery objectives of the Contract cannot be achieved unless additional conservation features are constructed. The term of the Contract is for the project re-payment period or 75 year, whichever is longer, and provides for a pledge of certain SCV Water revenues to the bondholders of the State under the Bond Act.

Provision is made in the Contract for two general charges: (1) a Delta water charge and (2) a transportation charge, which are divided into components. The Delta water charge is intended to return to the State all costs of project conservation facilities including capital, maintenance, operation, and replacement components, and is charged to SCV Water on the basis of water entitlement and/or delivery. The transportation charge is for facilities necessary to deliver water to the contractors and also includes a capital, maintenance, operation, and replacement component.

Note 13: Commitments and Contingencies (Continued)

At June 30, 2019, the Agency's remaining estimated commitment for these charges is as follows:

On May 22, 2007, SCV Water entered into a 30-year agreement with the Buena Vista Water Storage District and Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period. The purchase price was established in FY 2006/07 at $486.85 per AF, or $5,335,350. The purchase price is adjusted each calendar year by Consumer Price Index (All Urban Consumers – All Items – Southern California Area) and every 10 years based on historical changes to the cost of the State Water Project. The current purchase price is $882.60 per AF.

Calendar year ending December 31	Amount
2019	$ 23,719,296
2020	27,465,054
20201	28,329,211
2022	28,752,611
2023	28,752,096
2024-2028	143,894,712
2029-2033	142,262,331
2034-2035	57,379,772
Total	$ 480,555,083

Payments due under the DWR and BVRRB agreements are similar in nature to a long-term operating lease, since the Agency does not take title to any assets of the DWR and BVRRB at the end of the water delivery period. Accordingly, no liability under this contract is recorded in the Statement of Net Position.

Litigation

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

Grant Awards

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

Note 13: Commitments and Contingencies (Continued)

Construction Contracts

The Agency has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities, and distribution systems, and other Agency activities. The financing of such contracts is being provided primarily from the Agency's replacement reserves and advances for construction. The Agency has committed to approximately $7,168,844 of open construction contracts as of June 30, 2019.

The contracts outstanding include:

Project Name	Total Approved Contract	Construction Costs to Date	Balance to Complete
Magic Mountain Parkway Phase 6A	$ 7,168,844	$ -	$ 7,168,844

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS [1]

	2019	**2018**
Measurement Date	6/30/2018	6/30/2017
Proportion of the Net Pension Liability	0.13844%	0.13729%
Proportionate Share of the Net Pension Liability	$ 13,340,534	$ 13,615,322
Covered Payroll	$ 13,319,776	$ 13,148,794
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	100.2%	103.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.3%	73.3%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes: None

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. In 2018, demographic assumptions and inflate rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

[1] Historical information is required only for measurement for which GASB 68 is applicable. The Agency has presented information for those year for which information is available until a full 10-year trend is compiled.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2019	2018
Actuarially Determined Contribution	$ 2,182,797	$ 1,759,981
Contribution in Relation to the Actuarially Determined Contribution	(2,182,797)	(1,759,981)
Contribution Deficiency (Excess)	$ -	$ -
Covered Payroll	$ 15,958,119	$ 13,319,776
Contributions as a Percentage of Covered Payroll	13.7%	13.2%

Notes to Schedule of Plan Contributions:

Methods and assumptions used to determine contribution rates:

Valuation Date:	June 30, 2016
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll
Remaining amortization period:	21 Years as of the Valuation Date
Assets valuation method:	Market Value
Inflation:	2.75% compounded annually
Salary Increases:	3.00% compounded annually
Investment rate of return:	7.375% compounded annually (net of investment and
Retirement age:	50 and 57 years
Mortality:	Scale BB published by the Society of Actuaries

(1) Historical information is required only for measurement for which GASB 68 is applicable. The Agency has presented information for those year for which information is available until a full 10-year trend is compiled.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS [1]

	2019	2018
Measurement Date	June 30, 2018	June 30, 2017
Total OPEB Liability		
Service cost	$ 991,161	$ 312,585
Interest on the total OPEB liability	1,432,518	742,964
Actual and expected experience difference	-	4,214
Changes in assumptions	841,942	(2,687,699)
Changes in benefit terms	-	637,826
Benefit payments	(571,142)	(273,181)
Net change in total OPEB liability	2,694,479	(1,263,291)
Total OPEB liability - beginning	18,971,850	20,235,141
Total OPEB liability - ending (a)	**21,666,329**	**18,971,850**
Plan Fiduciary Net Position		
Contribution - employer	1,900,160	1,298,476
Net investment income	1,088,901	938,262
Benefit payments	(571,142)	(273,181)
Administrative expense	(7,502)	(3,116)
Other expenses	(18,101)	-
Net change in plan fiduciary net position	2,392,316	1,960,441
Plan fiduciary net position - beginning	13,714,823	11,754,382
Plan fiduciary net position - ending (b)	**16,107,139**	**13,714,823**
Net OPEB Liability - ending (a) - (b)	**$ 5,559,190**	**$ 5,257,027**
Plan fiduciary net position as a percentage of the total OPEB liability	74.3%	72.3%
Covered-employee payroll	$ 5,990,450	$ 7,273,299
Net OPEB liability as a percentage of covered-employee payroll	92.8%	72.3%

Notes to Schedule:

[1] Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS [(1)]

	2019	2018
Actuarially Determined Contribution	$ 2,377,824	$ 601,683
Contribution in Relation to the Actuarially Determined Contributions	(2,377,824)	(601,683)
Contribution Deficiency (Excess)	$ -	$ -
Covered-employee payroll	$ 5,990,450	$ 7,273,299
Contributions as a percentage of covered-employee payroll	39.7%	8.3%

Notes to Schedule of Plan Contributions:

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2019 were from the June 30, 2018 actuarial valuation.

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal, Level Percentage of Payroll
Amortization Method:	Level percent of pay
Amortization Period:	28 years
Asset Valuation Method:	Market value of assets
Discount Rate:	7.00%
General Inflation:	2.75%
Medical Trend:	7.5% in 2019 to 5% in steps of 0.5%.
Mortality:	CalPERS 2014 experience study
Mortality Improvement:	Mortality Improvement Scale 2017 for post-retirement mortality
All Other Assumptions	Same as those used to determine the total OPEB liability

[(1)] Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Assets:				
Current:				
Cash and cash equivalents	$ 4,574,115	$ 10,384,134	$ 1,700,421	$ 3,212,276
Investments	94,666,130	44,886,790	10,796,882	12,316,731
Receivables:				
Accounts	2,409,464	4,357,951	1,531,719	4,346,734
Property tax	1,302,680	-	9,044	-
Accrued interest	545,925	246,644	12,748	-
Accounts - other	5,558,940	9,221	45,030	783,246
Prepaid costs	5,015,977	133,350	40,380	390,988
Due from other funds	2,849,324	121,514	130,713	564,144
Materials and supplies inventory	-	878,382	675,629	592,046
Internal balances	95,350,536	-	-	(95,350,536)
Restricted:				
Cash and cash equivalents	4,712,305	-	-	-
Investments	10,147,536	-	-	-
Cash with fiscal agent	5,863,580	-	-	-
Receivables:				
Property tax	1,216,962	-	-	-
Accrued interest	345,984	-	-	-
Accounts - other	537,098	-	-	-
Total Current Assets	**235,096,556**	**61,017,986**	**14,942,566**	**(73,144,371)**
Noncurrent:				
Investments - restricted	64,728,731	-	-	-
Net OPEB asset	-	-	-	70,589
Capital assets - not being depreciated	55,959,288	20,028,683	10,240,018	7,185,368
Capital assets - net of accumulated depreciation	385,531,447	91,454,806	68,660,816	92,387,078
Total Noncurrent Assets	**506,219,466**	**111,483,489**	**78,900,834**	**99,643,035**
Total Assets	**741,316,022**	**172,501,475**	**93,843,400**	**26,498,664**
Deferred Outflows of Resources:				
Deferred pension outflows	2,775,724	1,439,576	261,283	776,227
Deferred OPEB outflows	1,866,250	903,583	823,930	314,856
Loss on defeasance of debt	-	1,322,398	-	-
Total Deferred Outflows of Resources	**4,641,974**	**3,665,557**	**1,085,213**	**1,091,083**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Liabilities:				
Current:				
Accounts payable	2,939,556	3,057,357	722,560	2,467,728
Accounts payable - restricted	3,541,479	-	-	-
Accrued liabilities	309,891	113,674	61,091	155,170
Accrued interest	3,647,285	956,042	12,801	427,380
Unearned revenues	-	620,075	296,384	36,600
Deposits payable	-	-	-	98,168
Due to other funds	-	1,748,508	741,106	1,176,081
Advances for construction	-	3,036,253	-	6,828,002
Other current liabilities	-	-	-	3,800,765
Accrued compensated absences	235,742	104,370	63,198	84,999
Certificate of participation	8,915,000	-	-	-
Notes payable	-	-	530,721	-
Revenue bonds	7,140,000	3,035,000	-	-
Total Current Liabilities	**26,728,953**	**12,671,279**	**2,427,861**	**15,074,893**
Noncurrent:				
Net OPEB liability	2,348,354	1,145,617	2,135,808	-
Net pension liability	6,431,019	3,260,733	1,749,704	1,899,078
Accrued compensated absences	707,227	313,109	189,594	254,998
Certificate of participation	123,538,983	-	-	-
Notes payable	-	-	2,043,059	-
Revenue bonds	153,254,193	53,611,031	-	-
Total Noncurrent Liabilities	**286,279,776**	**58,330,490**	**6,118,165**	**2,154,076**
Total Liabilities	**313,008,729**	**71,001,769**	**8,546,026**	**17,228,969**
Deferred Inflows of Resources:				
Deferred pension inflows	535,497	271,514	145,693	158,132
Deferred OPEB inflows	1,344,736	676,342	1,260,927	-
Total Deferred Inflows of Resources	**1,880,233**	**947,856**	**1,406,620**	**158,132**
Net Position:				
Net investment in capital assets	154,071,207	54,837,458	76,327,054	99,572,402
Restricted	72,753,409	-	-	-
Unrestricted	204,244,418	49,379,949	8,648,913	(89,369,756)
Total Net Position	**$ 431,069,034**	**$ 104,217,407**	**$ 84,975,967**	**$ 10,202,646**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Assets:				
Current:				
Cash and cash equivalents	$ 6,899	$ 11,601	$ 25,000	$ 19,914,446
Investments	7,048	242,761	-	162,916,342
Receivables:				
Accounts	-	-	-	12,645,868
Property tax	-	17	-	1,311,741
Accrued interest	45	1,549	-	806,911
Accounts - other	-	-	-	6,396,437
Prepaid costs	-	-	-	5,580,695
Due from other funds	-	-	-	3,665,695
Materials and supplies inventory	-	-	-	2,146,057
Internal balances	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	4,712,305
Investments	-	-	-	10,147,536
Cash with fiscal agent	-	-	-	5,863,580
Receivables:				
Property tax	-	-	-	1,216,962
Accrued interest	-	-	-	345,984
Accounts - other	-	-	-	537,098
Total Current Assets	**13,992**	**255,928**	**25,000**	**238,207,657**
Noncurrent:				
Investments - restricted	-	-	-	64,728,731
Net OPEB asset	-	-	-	70,589
Capital assets - not being depreciated	-	-	-	93,413,357
Capital assets - net of accumulated depreciation	-	-	-	638,034,147
Total Noncurrent Assets	**-**	**-**	**-**	**796,246,824**
Total Assets	**13,992**	**255,928**	**25,000**	**1,034,454,481**
Deferred Outflows of Resources:				
Deferred pension outflows	-	-	-	5,252,810
Deferred OPEB outflows	-	-	-	3,908,619
Loss on defeasance of debt	-	-	-	1,322,398
Total Deferred Outflows of Resources	**-**	**-**	**-**	**10,483,827**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Liabilities:				
Current:				
Accounts payable	-	2,665	-	9,189,866
Accounts payable - restricted	-	-	-	3,541,479
Accrued liabilities	-	-	-	639,826
Accrued interest	-	-	-	5,043,508
Unearned revenues	-	-	-	953,059
Deposits payable	-	-	-	98,168
Due to other funds	-	-	-	3,665,695
Advances for construction	-	-	-	9,864,255
Other current liabilities	-	-	-	3,800,765
Accrued compensated absences	-	-	-	488,309
Certificate of participation	-	-	-	8,915,000
Notes payable	-	-	-	530,721
Revenue bonds	-	-	-	10,175,000
Total Current Liabilities	**-**	**2,665**	**-**	**56,905,651**
Noncurrent:				
Net OPEB liability	-	-	-	5,629,779
Net pension liability	-	-	-	13,340,534
Accrued compensated absences	-	-	-	1,464,928
Certificate of participation	-	-	-	123,538,983
Notes payable	-	-	-	2,043,059
Revenue bonds	-	-	-	206,865,224
Total Noncurrent Liabilities	**-**	**-**	**-**	**352,882,507**
Total Liabilities	**-**	**2,665**	**-**	**409,788,158**
Deferred Inflows of Resources:				
Deferred pension inflows	-	-	-	1,110,836
Deferred OPEB inflows	-	-	-	3,282,005
Total Deferred Inflows of Resources	**-**	**-**	**-**	**4,392,841**
Net Position:				
Net investment in capital assets	-	-	-	384,808,121
Restricted	-	-	-	72,753,409
Unrestricted	13,992	253,263	25,000	173,195,779
Total Net Position	**$ 13,992**	**$ 253,263**	**$ 25,000**	**$ 630,757,309**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2019

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Operating Revenues:				
Water consumption sales and services	$ 29,417,182	$ 18,788,103	$ 12,712,003	$ 32,610,396
Other charges and services	14,687,778	15,506,358	320,954	904,407
Total Operating Revenues	**44,104,960**	**34,294,461**	**13,032,957**	**33,514,803**
Operating Expenses:				
Source of supply	-	12,544,001	2,949,148	8,836,825
Pumping	182,942	2,746,954	1,257,751	2,104,359
Transmission and distribution	-	4,448,859	559,223	1,188,568
Water Treatment	5,296,643	910,236	354,284	431,443
Administration and general	6,227,411	767,737	4,603,038	8,256,419
Depreciation expense	18,389,819	5,216,152	3,247,280	4,409,877
Maintenance	3,263,353	-	-	-
Engineering	1,588,867	709,943	-	-
Water Quality	1,094,842	702,119	481,947	-
Water Resources	5,792,111	-	-	530,407
Management	288,298	-	-	-
Total Operating Expenses	**42,124,286**	**28,046,001**	**13,452,671**	**25,757,898**
Operating Income (Loss)	1,980,674	6,248,460	(419,714)	7,756,905
Nonoperating Revenues (Expenses):				
Taxes	57,578,026	-	621,980	-
Interest revenue	7,610,154	416,719	(16,289)	(579,603)
Interest expense	(11,298,342)	(1,982,743)	(84,246)	(4,112,217)
Other revenue (expenses)	873,599	897,850	134,484	-
State Water Contract	(20,182,520)	-	-	-
Gain (loss) on disposal of capital assets	1,933	19,422	(5,184)	(840,857)
Total Nonoperating Revenues (Expenses)	**34,582,850**	**(648,752)**	**650,745**	**(5,532,677)**
Income (Loss) Before Capital Contributions	36,563,524	5,599,708	231,031	2,224,228
Capital Contributions	-	2,803,347	1,555,591	-
Changes in Net Position	36,563,524	8,403,055	1,786,622	2,224,228
Net Position:				
Beginning of Year, as previously reported	394,438,933	95,814,352	83,189,345	7,978,418
Restatements	66,577	-	-	-
Beginning of Fiscal Year, as restated	394,505,510	95,814,352	83,189,345	7,978,418
End of Fiscal Year	**$ 431,069,034**	**$ 104,217,407**	**$ 84,975,967**	**$ 10,202,646**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2019

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Operating Revenues:				
Water consumption sales and services	$ -	$ -	$ -	$ 93,527,684
Other charges and services	-	-	-	31,419,497
Total Operating Revenues	**-**	**-**	**-**	**124,947,181**
Operating Expenses:				
Source of supply	-	-	-	24,329,974
Pumping	-	-	-	6,292,006
Transmission and distribution	-	-	-	6,196,650
Water Treatment	-	-	-	6,992,606
Administration and general	24,179	2,960	135,000	20,016,744
Depreciation expense	-	-	-	31,263,128
Maintenance	-	-	-	3,263,353
Engineering	-	-	-	2,298,810
Water Quality	-	-	-	2,278,908
Water Resources	-	-	-	6,322,518
Management	986	3,125	-	292,409
Total Operating Expenses	**25,165**	**6,085**	**135,000**	**109,547,106**
Operating Income (Loss)	(25,165)	(6,085)	(135,000)	15,400,075
Nonoperating Revenues (Expenses):				
Taxes	-	5,615	-	58,205,621
Interest revenue	28,981	6,733	-	7,466,695
Interest expense	-	-	-	(17,477,548)
Other revenue (expenses)	-	-	-	1,905,933
State Water Contract	-	-	-	(20,182,520)
Gain (loss) on disposal of capital assets	-	-	-	(824,686)
Total Nonoperating Revenues (Expenses)	**28,981**	**12,348**	**-**	**29,093,495**
Income (Loss) Before Capital Contributions	3,816	6,263	(135,000)	44,493,570
Capital Contributions	-	-	160,000	4,518,938
Changes in Net Position	3,816	6,263	25,000	49,012,508
Net Position:				
Beginning of Year, as previously reported	-	-	-	581,421,048
Restatements	10,176	247,000	-	323,753
Beginning of Fiscal Year, as restated	10,176	247,000	-	581,744,801
End of Fiscal Year	**$ 13,992**	**$ 253,263**	**$ 25,000**	**$ 630,757,309**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Cash Flows from Operating Activities:				
Cash received from customers and users	$ 39,497,799	$ 35,107,956	$ 12,519,116	$ 33,421,208
Cash paid to suppliers for goods and services	(16,956,702)	(22,133,125)	(5,923,979)	(10,510,936)
Cash paid to employees for services	(7,369,500)	(1,635,787)	(3,656,622)	(8,991,536)
Net Cash Provided (Used) by Operating Activities	**15,171,597**	**11,339,044**	**2,938,515**	**13,918,736**
Cash Flows from Non-Capital Financing Activities:				
Repayment made to other funds	(2,849,324)	(121,514)	(130,713)	(564,144)
Repayment received from other funds	-	1,748,508	741,106	1,176,081
Internal balances	1,221,012	-	-	(1,221,012)
Proceeds from property taxes	58,176,635	-	631,156	-
Payments for state water contract	(20,182,520)	-	-	-
Proceeds from non-operating revenues	873,599	897,850	134,484	-
Net Cash Provided (Used) by Non-Capital Financing Activities	**37,239,402**	**2,524,844**	**1,376,033**	**(609,075)**
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	-	2,803,347	1,555,591	-
Acquisition and construction of capital assets	(16,847,148)	(4,143,474)	(2,768,333)	(3,158,152)
Principal paid on capital debt	(15,440,000)	(2,780,000)	(515,972)	-
Interest paid on capital debt	(9,060,096)	(2,306,412)	(86,491)	(4,105,479)
Proceeds from sales of capital assets	1,933	26,602	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	**(41,345,311)**	**(6,399,937)**	**(1,815,205)**	**(7,263,631)**
Cash Flows from Investing Activities:				
Interest received	7,322,974	326,777	8,405	(579,603)
Net Cash Provided (Used) by Investing Activities	**7,322,974**	**326,777**	**8,405**	**(579,603)**
Net Increase (Decrease) in Cash and Cash Equivalents	**18,388,662**	**7,790,728**	**2,507,748**	**5,466,427**
Cash and Cash Equivalents at Beginning of Year	166,303,735	47,480,196	9,989,555	10,062,580
Cash and Cash Equivalents at End of Year	**$ 184,692,397**	**$ 55,270,924**	**$ 12,497,303**	**$ 15,529,007**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ 1,980,674	$ 6,248,460	$ (419,714)	$ 7,756,905
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:				
Depreciation	18,389,819	5,216,152	3,247,280	4,409,877
(Increase) decrease in accounts receivable	(4,600,522)	648,546	373,571	(195,763)
(Increase) decrease in inventory		(97,755)	77,414	(153,638)
(Increase) decrease in prepaid expense	(7,493)	(48,066)	24,871	160,721
Increase (decrease) in accounts payable	846,695	1,277,263	(466,729)	56,026
Increase (decrease) in due to other governments	-	-	-	-
Increase (decrease) in deposits payable	-	352,629	-	98,168
Increase (decrease) in advances for construction	-	-	-	(690,041)
Increase (decrease) in unearned revenue	(6,639)	164,949	(887,412)	4,000
Increase (decrease) in accrued liabilities	90,047	8,971	3,368	1,357,312
Increase (decrease) in net OPEB liability and related items	(1,969,171)	(2,118,433)	1,813,601	(317,414)
Increase (decrease) in net pension liability and related items	237,851	(346,748)	(904,391)	1,368,163
Increase (decrease) in compensated absences	210,336	33,076	76,656	64,420
Total Adjustments	**13,190,923**	**5,090,584**	**3,358,229**	**6,161,831**
Net Cash Provided (Used) by Operating Activities	**$ 15,171,597**	**$ 11,339,044**	**$ 2,938,515**	**$ 13,918,736**
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of Premiums/Discounts	$ 1,450,621	$ 267,806	$ -	$ -

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	$ -	$ -	$ -	$ 120,546,079
Cash paid to suppliers for goods and services	(26,903)	(7,998)	(135,000)	(55,694,643)
Cash paid to employees for services	-	-	-	(21,653,445)
Net Cash Provided (Used) by Operating Activities	**(26,903)**	**(7,998)**	**(135,000)**	**43,197,991**
Cash Flows from Non-Capital Financing Activities:				
Repayment made to other funds	-	-	-	(3,665,695)
Repayment received from other funds	-	-	-	3,665,695
Internal balances	-	-	-	-
Proceeds from property taxes	-	5,648	-	58,813,439
Payments for state water contract	-	-	-	(20,182,520)
Proceeds from non-operating revenues	-	-	-	1,905,933
Net Cash Provided (Used) by Non-Capital Financing Activities	**-**	**5,648**	**-**	**40,536,852**
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	-	-	160,000	4,518,938
Acquisition and construction of capital assets	-	-	-	(26,917,107)
Principal paid on capital debt	-	-	-	(18,735,972)
Interest paid on capital debt	-	-	-	(15,558,478)
Proceeds from sales of capital assets	-	-	-	28,535
Net Cash Provided (Used) by Capital and Related Financing Activities	**-**	**-**	**160,000**	**(56,664,084)**
Cash Flows from Investing Activities:				
Interest received	28,969	6,332	-	7,113,854
Net Cash Provided (Used) by Investing Activities	**28,969**	**6,332**	**-**	**7,113,854**
Net Increase (Decrease) in Cash and Cash Equivalents	**2,066**	**3,982**	**25,000**	**34,184,613**
Cash and Cash Equivalents at Beginning of Year	11,881	250,380	-	234,098,327
Cash and Cash Equivalents at End of Year	**$ 13,947**	**$ 254,362**	**$ 25,000**	**$ 268,282,940**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (25,165)	$ (6,085)	$ (135,000)	$ 15,400,075
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:				
Depreciation	-	-	-	31,263,128
(Increase) decrease in accounts receivable	-	-	-	(3,774,168)
(Increase) decrease in inventory	-	-	-	(173,979)
(Increase) decrease in prepaid expense	-	-	-	130,033
Increase (decrease) in accounts payable	-	(1,913)	-	1,711,342
Increase (decrease) in due to other governments	(1,738)		-	(1,738)
Increase (decrease) in deposits payable	-	-	-	450,797
Increase (decrease) in advances for construction	-	-	-	(690,041)
Increase (decrease) in unearned revenue	-	-	-	(725,102)
Increase (decrease) in accrued liabilities	-	-	-	1,459,698
Increase (decrease) in net OPEB liability and related items	-	-	-	(2,591,417)
Increase (decrease) in net pension liability and related items	-	-	-	354,875
Increase (decrease) in compensated absences	-	-	-	384,488
Total Adjustments	**(1,738)**	**(1,913)**	**-**	**27,797,916**
Net Cash Provided (Used) by Operating Activities	**$ (26,903)**	**$ (7,998)**	**$ (135,000)**	**$ 43,197,991**
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of Premiums/Discounts	$ -	$ -	$ -	$ 1,718,427

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Clarita Valley Water Agency, (the Agency) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 6, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the following deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies: 2019-001.

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Agency's Response to Findings

The Agency's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lunghard, LLP

Brea, California
March 6, 2020

To the Board of Directors
Santa Clarita Valley Water Agency
City of Santa Clarita, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year-End Closing Process

Reference Number: 2019-001

Condition:
Various adjusting entries were received throughout the duration of the audit to correct errors in account balances identified by LSL and the Agency.

Criteria:
The trial balance received at the beginning of audit fieldwork is expected to be complete and free from material errors.

Cause of Condition:
The Agency has four divisions with separate accounting systems and personnel overseeing the trial balances. As such, there is a lack of sufficient controls to ensure the final account balance are properly reconciled and the trial balances received by each division are complete.

Effect or Potential Effect of Condition:
Unreconciled account balances could result in a material misstatement in the Agency's financial statements.

Recommendation:
We recommend the Agency implement controls to ensure that all account balances are properly reconciled prior to providing a final trial balance.

Management's Response and Corrective Action:
Management agrees with the audit finding. The agency will be replacing the separate accounting systems with one unified system. This will significantly improve internal controls with one set of Agency-wide financial statements. This will allow for timely review of account balances.

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ITEM NO.
2.3

Devil's Den Water District

Approve Receiving and Filing Of the First Quarter FY 2019/20 Investment Report

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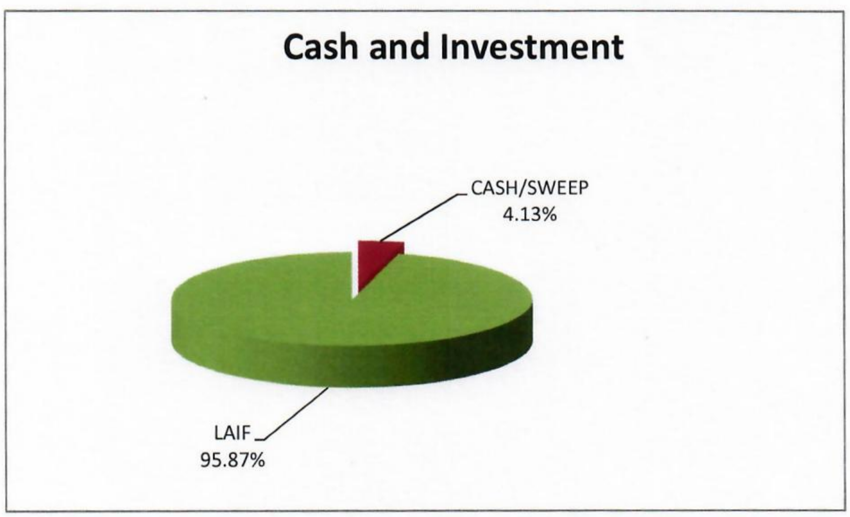
Devil's Den Water District
Cash and Investment Summary
As of September 30, 2019

		BALANCE	% OF TOTAL	WGHTD. AVG. YIELD
Cash & Sweep Account	$	10,569	4.13%	0.03%
LAIF		245,397	95.87%	2.45%
Total Cash and Investment	$	255,966	100.00%	

I certify the cash and investments balance of the Devil's Den Water District.

Rochelle Patterson
Treasurer



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Cash and Investment Activity as of September 2019

	CASH & SWEEP	LAIF	TOTAL
Cash & Investments @ 7/1/2019	11,837	243,895	255,732
Cash & Sweep Transactions:			
Receipts:			
Taxes	418		418
Interest	0		0
Disbursements:			
ACWA/JPIA Check #556 for Fidelity Program 4/1/19 - 6/30/19	(236)		(236)
ACWA/JPIA Check #557 for Property Program 7/1/19 - 6/30/20	(500)		(500)
ACWA/JPIA Check #558 for Fidelity Program 7/1/19 - 6/30/20	(950)		(950)
Investment Transactions:			
LAIF Transactions:			
Interest Deposited		1,502	1,502
Cash & Investments @ 9/30/19	10,569	245,397	255,966

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Devil's Den Water District

Approve Receiving and Filing
Of the
Second Quarter FY 2019/20
Investment Report

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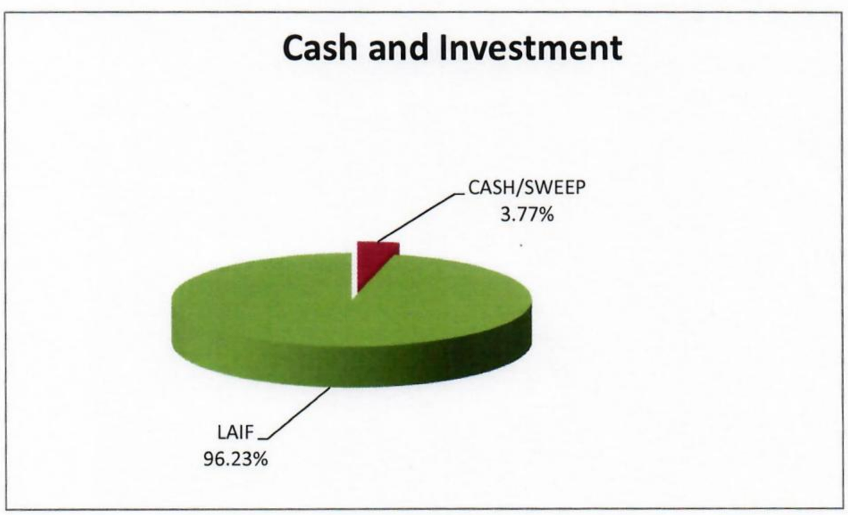
Devil's Den Water District
Cash and Investment Summary
As of December 31, 2019

		BALANCE	% OF TOTAL	WGHTD. AVG. YIELD
Cash & Sweep Account	$	9,677	3.77%	0.03%
LAIF		246,807	96.23%	2.29%
Total Cash and Investment	$	256,484	100.00%	

I certify the cash and investments balance of the Devil's Den Water District.

Rochelle Patterson
Treasurer



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Cash and Investment Activity as of December 2019

	CASH & SWEEP	LAIF	TOTAL
Cash & Investments @ 10/1/2019	10,569	245,397	255,966
Cash & Sweep Transactions:			
Receipts:			
Taxes	1,996		1,996
Interest	1		1
Disbursements:			
ACWA/JPIA Check #559 for Auto and General Liability Program 10/1/19-10/1/20	(2,139)		(2,139)
ACWA Check #560 for 2020 Annual Agency Dues	(750)		(750)
Investment Transactions:			
LAIF Transactions:			
Interest Deposited		1,410	1,410
Cash & Investments @ 12/31/19	9,677	246,807	256,484