UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY TELECONFERENCE REGULAR BOARD MEETING

TUESDAY, MARCH 2, 2021

START TIME: SEE AGENDA

Join the Board meeting from your computer, tablet or smartphone:
https://scvwa.zoomgov.com/j/1601046728
-Or-
Listen in Toll Free by Phone at 1-(833)-568-8864
Webinar ID: 160 104 6728

To participate in public comment from your computer, tablet, or smartphone:
When the Board President announces the agenda item you wish to speak on, click the **"raise hand" feature in Zoom***. You will be notified when it is your turn to speak.

To participate in public comment via phone:
When the Board President announces the agenda item you wish to speak on, **dial *9 to raise your hand**. Phone participants will be called on by the **LAST TWO digits** of their phone number. **When it is your turn to speak, dial *6 to unmute**. When you are finished with your public comment dial ***6 to mute.**

Can't attend? If you wish to still have your comments/concerns addressed by the Board of Directors, all written public comments can be submitted by 4:30 PM the day of the meeting by either e-mail or mail.** Please send all written comments to the Board Secretary. Refer to the Board Agenda for more information.

*For more information on how to use Zoom go to support.zoom.us or for "raise hand" feature instructions, visit https://support.zoom.us/hc/en-us/articles/205566129-Raise-Hand-In-Webinar

**All written comments received after 4:30 PM the day of the meeting will be posted to yourscvwater.com the next day. Public comments can also be heard the night of the meeting.

Disclaimer: Pursuant to the Executive Order N-29-20 issued by Governor Newsom, public may not attend meetings in person. Public may use the above methods to attend and participate in the public board meetings.

[This page intentionally left blank.]

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
REGULAR MEETING AGENDA

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

TUESDAY, MARCH 2, 2021 AT 7:00 PM
OR IMMEDIATELY FOLLOWING
THE SPECIAL MEETING OF THE
DEVIL'S DEN WATER DISTRICT
BOARD OF DIRECTORS

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-(833)-568-8864, Webinar ID: 160 104 6728 or Zoom Webinar by clicking on the link https://scvwa.zoomgov.com/j/1601046728** 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 Zoom Webinar 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.

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
2.1.	*	Approve Minutes of the June 16, 2020 Regular Upper Santa Clara Valley Joint Powers Authority Meeting	5
2.2.	*	Election of the Upper Santa Clara Valley Joint Powers Authority 2021 Officers	9
2.3.	*	Approve Receiving and Filing of the Upper Santa Clara Valley Joint Powers Authority June 30, 2020 Comprehensive Annual Financial Report	11
2.4.	*	Approve a Resolution Adopting a Revised Investment Policy	127
2.5.	*	Approve Receiving and Filing of the Fourth Quarter Fiscal Year 2019/20 Investment Report	139
2.6.	*	Approve Receiving and Filing of the First and Second Quarter Fiscal Year 2020/21 Investment Reports	145

3. ADJOURNMENT

* Indicates Attachment
♦ Indicates Handout

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 Authority, 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 February 24, 2021.

MGS

DRAFT

ITEM NO. 2.1

Minutes of the Regular Meeting of the Upper Santa Clara Valley Joint Powers Authority – June 16, 2020

A regular meeting of the Upper Santa Clara Valley Joint Powers Authority was held via teleconference at 7:59 PM on Tuesday, June 16, 2020. A copy of the Agenda is inserted in the Minute Book of the Authority preceding these minutes.

DIRECTORS PRESENT:	Ed Colley, William Cooper, Jerry Gladbach, Maria Gutzeit and R. J. Kelly via teleconference.
DIRECTORS ABSENT:	None.

Also present via teleconference: Executive Director Matthew Stone, General Counsel for SCV Water Agency Tom Bunn, Board Secretary April Jacobs, SCV Water Assistant General Manager Steve Cole, SCV Water Chief Financial and Administrative Officer Eric Campbell, SCV Water Director of Finance and Administration Rochelle Patterson, Controller Amy Aguer, SCV Water Director of Tech Services Cris Perez, SCV Water Management Analyst Erika Dill, SCV Water Senior IT Technician Jeff Herbert; Fieldman, Rolapp and Associates Financial Consultant Robert Porr; Stradling Attorney Dough Brown, and members of the public.

President Gutzeit called the meeting to order at 7:59 PM. A quorum was present.

Upon motion of Vice President Kelly, seconded by Director Gladbach and carried, the Authority approved the Agenda by the following roll call votes (Item 1.3):

Director Colley	Yes	Director Cooper	Yes
Director Gladbach	Yes	President Gutzeit	Yes
Vice President Kelly	Yes		

Upon motion of Director Gladbach, seconded by Director Cooper and carried, the Authority approved the April 7, 2020 regular Authority meeting minutes by the following roll call votes (Item 2.1):

Director Colley	Yes	Director Cooper	Yes
Director Gladbach	Yes	President Gutzeit	Yes
Vice President Kelly	Yes		

Upon motion of Director Cooper, seconded by Director Gladbach and carried, the Authority approved Resolution No. 2020-03 approving a Preliminary Official Statement and authorizing certain other actions in connection with the issuance of the Series 2020A and 2020B Revenue Bonds (new bonds and refunding of 2010A, 2015A, 2016A and 2017A Revenue Bonds) with the contingency that clarification on the new money amount is brought back and approved by the SCV Water Board of Directors at its July 7, 2020 regular Board meeting by the following roll call votes Item (2.2):

Director Colley	No	Director Cooper	Yes
Director Gladbach	Yes	President Gutzeit	Yes
Vice President Kelly	Yes		

RESOLUTION NO. 2020-03

**RESOLUTION OF THE
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
APPROVING CERTAIN PORTIONS OF AN OFFICIAL STATEMENT
IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS AND
AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH**

WHEREAS, the Upper Santa Clara Valley Joint Powers Authority (the "Authority"), a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California, has been requested to assist the Santa Clarita Valley Water Agency (the "Agency") by undertaking the financing of the acquisition of certain capital improvements on behalf of the Agency and the refinancing of the acquisition of certain capital improvements on behalf of the Agency with the issuance of one or more series of Authority revenue bonds; and

WHEREAS, the Board of Directors of the Authority previously approved documents to finance or refinance, as applicable, the acquisition of certain capital improvements on behalf of the Agency; and

WHEREAS, the Authority has determined to approve an official statement to be used in connection with the issuance of Authority revenue bonds.

NOW THEREFORE, the Board of Directors of the Upper Santa Clara Valley Joint Powers Authority hereby finds, determines, declares and resolves as follows:

1. The preparation and distribution of the Preliminary Official Statement, including appendices C, D, E and F but excluding appendices A and B (the "Authority Portion"), in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by General Counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation, as bond counsel ("Bond Counsel"). The Executive Director is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Authority Portion of the Preliminary Official Statement.

2. The President, Vice President, Executive Director and Secretary are hereby authorized and directed to execute, approve and deliver the Authority Portion of the final Official Statement with such changes, insertions and omissions as may be approved by General Counsel and Bond Counsel, said Authority officers' execution being conclusive evidence of such approval. The underwriters named in the Preliminary Official Statement are hereby authorized to distribute copies of the Authority Portion of Preliminary Official Statement to persons who may be interested in the initial purchase of the previously approved Upper Santa Clara Valley Joint Powers Authority bonds (the "Bonds") and are directed to deliver copies of the final version of the Authority Portion of the Official Statement to all actual initial purchasers of the Bonds.

3. This resolution shall take effect immediately.

Upon motion of Director Gladbach, seconded by Vice President Kelly and carried, the Authority received and filed the Third Quarter Fiscal Year 2019/20 Investment Report by the following roll call votes (Item 2.3):

Director Colley	Yes	Director Cooper	Yes
Director Gladbach	Yes	President Gutzeit	Yes
Vice President Kelly	Yes		

Upon motion of Vice President Kelly, seconded by Director Gladbach and carried, the meeting was adjourned at 8:35 PM by the following roll call votes (Item 3):

Director Colley	Yes	Director Cooper	Yes
Director Gladbach	Yes	President Gutzeit	Yes
Vice President Kelly	Yes		

April Jacobs, Board Secretary

ATTEST:

President

[This page intentionally left blank.]

ITEM NO. 2.2

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

Date: February 17, 2021

To: Upper Santa Clara Valley Joint Powers Authority Board of Directors

From: Rochelle Patterson, Treasurer RP

Subject: Election of the Upper Santa Clara Valley Joint Powers Authority 2021 Officers

---

SUMMARY AND DISCUSSION

The Upper Santa Clara Valley Joint Powers Authority (JPA) is a joint powers authority formed by a joint exercise of powers agreement between the Santa Clarita Valley Water Agency (Agency) and the Devil's Den Water District (DDWD). The JPA takes the standard form of a JPA authorized by Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The governing Board has three members appointed by SCV Water and two members appointed by DDWD. The by-laws require an election and confirmation of officers as the first order of business at the Authorities first meeting, regular or special, held in each calendar year.

The current members of the JPA are as follows:

Jerry Gladbach
Gary Martin
Dan Mortensen
Ed Colley – Appointed
Jeff Ford – Appointed
Matt Stone – General Manager

The officers to be elected or confirmed for calendar year 2021 are as follows:

President – by election
Vice-President – by election
Treasurer – Treasurer of DDWD
Executive Director – General Manager of SCV Water
Secretary – Secretary of SCV Water

RECOMMENDATION

That the JPA elect or confirm the following officers for calendar year 2021:

President
Vice President
Treasurer
Executive Director
Secretary

MGS

[This page intentionally left blank.]

ITEM NO. 2.3

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

DATE: February 23, 2021

TO: Upper Santa Clara Valley Joint Powers Authority Board of Directors

FROM: Rochelle Patterson
Treasurer RP

SUBJECT: Approve Receiving and Filing of the Upper Santa Clara Valley Joint Powers Authority June 30, 2020 Comprehensive Annual Financial Report

---

SUMMARY

To review Upper Santa Clara Valley Joint Powers Authority's (USCVJPA) June 30, 2020 Financial Report (CAFR) prepared by Lance, Soll & Lunghard, LLP (LSL) which is a blended component unit of the Santa Clarita Valley Water Agency report.

DISCUSSION

The June 30, 2020 CAFR (attached) is meant to give the reader a narrative overview and analysis of the USCVJPA financial performance during the period of July 1, 2019 to June 30, 2020. The USCVJPA details can be found in the report, starting on page 70.

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) CAFR and their conformity with Generally Accepted Accounting Principles (GAAP). In the auditor's opinion, USCVJPA has presented fairly its financial position, results of operations, and changes in cash flows.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Upper Santa Clara Valley Joint Powers Authority receive and file the attached combined USCVJPA CAFR, which was included in SCV Water's CAFR, for the period of July 1, 2019 to June 30, 2020.

RP

Attachment

MGS

[This page intentionally left blank.]

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Prepared by:
Finance Department
Santa Clarita, California

THIS PAGE INTENTIONALLY LEFT BLANK

SANTA CLARITA VALLEY WATER AGENCY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal i
Service Area Map xi
List of Elected and Administrative Officials xii
Organizational Structure xiii

FINANCIAL SECTION

Independent Auditors' Report 1

Management's Discussion and Analysis 5

BASIC FINANCIAL STATEMENTS

Statement of Net Position 12

Statement of Revenues, Expenses, and Changes in Fund Net Position 15

Statement of Cash Flows 16

Notes to Basic Financial Statements 19

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability 64

Schedule of Plan Contributions – Pension 65

Schedule of Changes in the Net OPEB Liability and Related Ratios 66

Schedule of Plan Contributions – OPEB 67

COMBINING FUND STATEMENTS

Combining Statement of Net Position as of June 30, 2020 68

Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position for year ended June 30, 2020 72

Combining Statement of Cash Flows for year ended June 30, 2020 74

REPORT ON COMPLIANCE AND INTERNAL CONTROLS

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* 79

SANTA CLARITA VALLEY WATER AGENCY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

Page

STATISTICAL SECTION (Unaudited)

Net Position 82
Changes in Net Position 83
Revenues 84
Expenses by Function 85
Direct Rates 86
Principal Revenue Payers 87
Property Taxes Levies and Collections 88
Assessed Valuation of Taxable Property 89
Outstanding Debt 90
Demographic and Economic Statistics 91
Principal Employers 92
Operating and Capacity Indicators 93

Introductory Section

THIS PAGE INTENTIONALLY LEFT BLANK

27234 Bouquet Canyon Road, Santa Clarita, CA 91350
(661) 297-1600 | yourSCVwater.com

December 22, 2020

Honorable Board of Directors
Santa Clarita Valley Water Agency

I am pleased to present the Santa Clarita Valley Water Agency's (Agency) Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020.

This report was prepared by the Agency's Finance Department following guidelines set forth by the Government Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rest with Agency management. We believe the data, as presented is accurate in all material respects and it is presented in a manner that provides a fair representation of the financial position and results of operations of the Agency. Included are all disclosures we believe necessary to enhance your understanding of the financial condition of the Agency. GAAP requires management provide a narrative introduction, overview, and analysis, to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A), which should be read in conjunction with this report. The Agency's MD&A can be found immediately following the Independent Auditors' Report.

The Agency's financial statements have been audited by Lance, Soll and Lunghard, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Agency's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

REPORTING ENTITY

The Agency's Service Area

Santa Clarita Valley Water Agency headquarters is located in the City of Santa Clarita within the northwest region of Los Angeles County and is blessed with all the beauties and amenities of a large city with a small-town charm. The Agency consist of a Regional Division and three Retail Divisions and its boundaries encompass approximately 195-square miles in portions of the City of Santa Clarita, Los Angeles County and Ventura County.

Local Economy

The Agency boundaries encompass the City of Santa Clarita, a city with strong economic base with a large and diverse labor pool. According to the Santa Clarita Valley Economic Development Corporation, the job market in the City had been stellar until April 2020 when lockdowns began due to the COVID-19 pandemic. The two largest employers in the region have been devasted and this has disproportionately impacted the Santa Clarita Valley labor market. They happen to be in sectors in which the lockdowns have never eased. This includes Magic Mountain and Princess Cruises. Together, they account for 2,500 layoffs in Santa Clarita. Though jobs losses to date have been severe (approximately 14,000), restoration is expected to accelerate next year, with job growth forecast to exceed 5 percent. Manufacturing and construction are essential businesses that can remain fully operational. And manufacturing is a principal engine of growth for the region, so its recovery is of particular importance to the local economy.

The population of the City increased by less than one percent and the per capita income was estimated at $84,556. The state estimated the City's unemployment rate at 20 percent in April, and it has gradually improved since. The unemployment rate will average 13.3 percent in 2020, declining to 9.0 percent in 2021. New and existing home sales rose 10 percent in 2016. The Santa Clarita Valley has the potential to become one of the fastest growing regions in the state, in view of the FivePoint Valencia project which is now underway. The project is among the largest 5 residential projects in California, planned to produce more than 21,000 homes and accommodate 65,000 new residents. Housing affordability has become an issue in the Santa Clarita Valley due to low inventory and low mortgage interest rates that are pushing prices higher. The median home selling price for both new and existing homes rose approximately 19 percent to $637,000.

As the pandemic is eradicated with the inoculation of the nation with a vaccine, the economy opens fully, and job growth accelerates. It is forecasted by 2022 income is fully restored in the region, but jobs do not eclipse the previous 2019 peak until late 2022 or early 2023. Hundreds of lots have been sold to builders and vertical construction is now underway. Permits for individual housing units are being issued this year and the first new home sales and move-ins will occur in 2021.The Santa Clarita Valley will continue to draw residents from other parts of Los Angeles County, as well as other parts of the state, due to its high standard of living and better a consistent job base.

The Agency's Authority

The Santa Clarita Valley Water Agency was created January 1, 2018 by an act of the State Legislature (SB 634) through the merger of the three water agencies in the Santa Clarita Valley and serves a population of 273,000 through more than 70,000 retail water connections. As provided in the SB 634, the Agency was formed 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 within the territory of the Agency and to do so in a manner that promotes the sustainable stewardship of natural resources in the Santa Clarita Valley.

Under SB 634, the Agency is authorized to acquire, hold, and utilize water and water rights, including, but not limited to, water available from the State of California, and to provide, sell, manage, and deliver surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale throughout the territory of the Agency. The Agency may continue to levy, impose, or fix and collect any previously authorized charge, fee, assessment, or tax approved, imposed, and levied by the predecessor agencies, Castaic Lake Water Agency (CLWA) or Newhall County Water District (NCWD), or both, including, but not limited to, any rates, fees, and charges for the provision of water. Any charge, fee, assessment, or tax authorized and in effect for CLWA or NCWD will remain in effect until otherwise modified, increased, or terminated by the Board of Directors of the Agency. SB 634 also authorizes the Agency to levy and collect taxes; to fix, revise and collect rates or other charges for the delivery of water, use of facilities or property or provisions for service; to borrow money, incur indebtedness and issue bonds; and to construct, operate and maintain works for the development of hydroelectric power for use by the Agency in the operation of its works.

The Agency is a “revenue-neutral” public agency, meaning that each end-user pays only their fair share of the Agency’s costs of water production and the operation and maintenance of the public facilities.

Governance

The Agency ultimately will have a three electoral division system with equal population per director. The initial board consisted of 15 members, 5 of whom were directors of the predecessor agency, Newhall County Water District (NCWD) on December 31, 2017 and 10 of whom were from the predecessor agency, Castaic Lake Water Agency (CLWA) on December 31, 2017. In March 2018, the Board was reduced to 14 Directors, February 2019 was reduced to 13 Directors and May 2020 was reduced to 12 Directors after three Directors retired and moved out of the area. The Santa Clarita Valley Water Agency Law (Agency Act) establishes election procedures for the successors to the initial members of the Board of Directors. Specifically, it divides the Agency’s service area into three electoral divisions, requiring that two Directors be elected for each electoral division at the 2020 general election and every 4 years thereafter, and one Director be elected for each electoral division at the 2022 general election and every 4 years thereafter. SB 387 amended the Agency Act effective January 1, 2020 to more evenly distribute the number of directors elected between the two election cycles. It requires one of the Directors elected at the 2024 general election to be chosen by lot to serve a two-year term.

The Agency currently employs a staff of 215 under the direction of the Board-appointed General Manager, 10 of whom are part-time employees. No Agency employees are represented by a labor union. The General Manager reports directly to the Board of Directors, and through an Assistant General Manager, Chief of Operating Officer, Chief of Financial and Administrative Officer and a Chief Engineer, oversees day-to-day operations. Other lines of reporting are shown on the organizational flow chart.

Water Services

The Agency owns and operates water conveyance pipelines and water treatment facilities to supply water delivered through the State Water Project to customers and LA County Waterworks District No. 36. The California Aqueduct releases water to the Agency at the Castaic Lake Reservoir. In addition to the water conveyance pipelines and water treatment facilities, the Agency also owns, operates, and maintains over 879 miles of distribution and transmission mains, 96 above ground welded steel reservoirs, 52 booster pump stations, and 40 active groundwater wells. Twenty of the active groundwater wells are currently offline due to PFAS contamination, pending treatment completion. In FY 2020, the Agency water demand was approximately 59,000-acre feet (af) with approximately 17,500 af being produced from the Agency's groundwater production.

The Agency also owns a sewer lift station and approximately two miles of sewer main in the Pinetree service area. In addition, the Agency has 24 turnouts with a combined capacity of 108,800 gpm and 40 total pumps. Turnouts are locations where imported water is delivered to the Agency's distribution system.

The Agency operates two water filtration and treatment plants. The filtration plants treat State Water Project water for domestic uses. The two plants have a capacity to treat 122 mgd that can be expanded to have an ultimate capacity of 176 mgd. The Agency sold approximately 59,000 as in FY 2020 through more than 72,000 service connections. Of the total connections, 86% are single-family residential, 4% are commercial and municipal, and 4% are multi-family residential. The remainder is made up of irrigation, construction water and fire service revenue accounts.

ECONOMIC CONDITIONS & OUTLOOK

COVID-19 - The spread of the novel strain of coronavirus and the disease it causes (COVID-19) is having significant negative impacts throughout the world, including in Southern California. The World Health Organization has declared COVID-19 to be a pandemic, and states of emergency have been declared by the United States, the State, and numerous counties throughout the State, including Los Angeles County and Ventura County.

In response to COVID-19, on April 2, 2020, Governor Newsom signed Executive Order N-42-20, which, among other things, suspended the authority of water systems, such as the Agency's water system, from suspending water service for non-payment. Order N-42-20 does not eliminate the obligation of water customers to pay for water service, prevent a water system, such as the Agency's, from charging a customer for such service, or reduce the amount a customer already may owe. In compliance with Executive Order N-42-20, the Agency has waived late fees and will not terminate service for unpaid bills until Executive Order N-42-20 has been lifted. The ultimate impact of COVID-19 on the operations and finances of the Agency is unknown and there can be no assurance that the outbreak of COVID-19 will not materially adversely affect the Agency's financial position, but the Agency is trying to mitigate the impact with direct messaging to its customers.

GROWTH - Based on current development activity, the Agency currently expects moderate growth within its Service Area in the current and next few Fiscal Years. The Agency's capital improvement program is based on projected water demands at final build-out of the Agency's service area. Although it is uncertain when specific development(s) will occur, for purposes of planning, the Agency has assumed all of these developments will occur over the next 35 years.

The total projected water demand is estimated to increase from 68,900 acre-feet in 2020 to 93,900 acre-feet in 2050, representing an average annual increase of 1.3%. These projections were compared with population projections prepared by the City and County. The timing of future development is dependent on a number of factors, including but not limited to litigation, general economic conditions, including the impact of the COVID-19 pandemic, and real estate market conditions.

PFAS - In recent years, federal and state agencies have undertaken a variety of efforts towards the development of legislation, laws and regulations regarding PFAS, focused on limiting levels of Per- and polyfluoroalkyl substances (PFAS) in drinking water sources. PFAS substances are widely used in consumer and industrial products. As of April 14, 2020, the Agency has determined that 20 of its wells contain Perfluorooctanoic Acid (PFOA) and/or Perfluoro octane Sulfate (PFOS) at levels that exceed the Response Level. The Agency has removed each of the wells that have exceeded the Response Level from service. Despite the closure of these wells, the Agency projects that it will be able to meet existing and future demands from other available sources, including the wells that are currently in service and the construction of several treatment facilities at the groundwater well site. The total construction costs for the PFAS treatment facilities have been estimated to exceed $60 million with an annual operations and maintenance (O&M) expense of approximately $9 million. The capital costs are expected to be debt funded and the increase in annual debt service payments, as well as the O&M expense have been included in the Agency's FY 2021 – FY 2026 cost of service and water rates study.

CONSERVATION - As we emerged from one of the worst dry periods in recorded in recent history, the Agency is doing its part in conveying the importance of conservation to its customers. The Agency has planned for the conservation goal of 25% by 2025 and have planned for this reduction in our current water rate study. Factors beyond the control of the Agency could cause limits to our existing water sources due to changes in Statewide weather patterns caused by climate changes and other factors. The Santa Clarita Valley was not adversely affected during the Statewide drought from 1987 through 1992 nor the recent drought from 2012 to 2017 because the combination of State Water Project deliveries and banked water deliveries to the Agency and locally supplied groundwater were sufficient to meet demand. However, there can be no assurance that currently available water supplies would be sufficient to meet demand under current and future conditions in the event of long-term climate changes that could alter snowpack levels or precipitation patterns. The Agency aggressively seeks water banking programs, exchanges and transfers to help mitigate the fluctuations in water demand caused by external factors.

The Agency has also made significant efforts in the last few years to increase its ability to respond to changes in the economy, environment and customer base through the efficient use of existing assets, the optimization of available resources and greater focus on customer knowledge. Efforts are being made to identify additional opportunities to reduce costs, improve processes, and appropriately adjust expenditures. We believe that we have a financial plan to meet the needs of our customers. It sets our spending and staffing to affordable and sustainable levels while maintaining a high level of service quality.

Looking ahead, the Agency anticipates average customer demand will continue through this coming fiscal year. As a result, The Agency will monitor and make appropriate adjustments to ensure the organization's financial integrity is maintained, while continuing to meet its obligation to the public to provide a safe and reliable water supply.

Our success as an organization is vastly enhanced by the practices and policies put in place by the Board of Directors to ensure the strength and stability of the Agency even as we move forward through uncertain times. We are fully confident that with these policies and practices, supported by dedicated and talented staff, we will achieve continued success as an organization and thus assure the well-being of the people we serve.

27234 Bouquet Canyon Road, Santa Clarita, CA 91350

(661) 297-1600 | yourSCVwater.com

BUDGET SUMMARY

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 can 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 the Agency 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.

The FY 2019/20 & FY 2020/21 Biennial Budget reflects planned activities to abide by Agency's mission statement and the strategic plan fundamental decisions developed by the Board of Directors. This Biennial Budget document combines the financial presentations for the wholesale and retail operations of the Agency and represents the spending plan for the fiscal years beginning July 1, 2019 and July 1, 2020 with the revenues and resources available to fund the plan. The Biennial Budget reflects our commitment to providing an affordable, reliable supply of high-quality water to our customers. It also serves as a financial plan and operations guide for the period.

The Agency continues to evaluate the way we do business and engage our employees to help find innovative and effective ways of serving our customers. There is no such thing as "business as usual" at the Agency. The Agency has had the opportunity to learn some valuable lessons since the merger on January 1, 2018. The Agency's staff are working smarter and harder than ever to get things done. The Board of Directors and staff continue to evaluate and implement innovative strategies and have worked hard to implement creative solutions to serve our employees and customers. Through this process, we have also realized the importance of moving forward despite our challenges.

We are moving from an era in which we thought about water as a single-use product – something plentiful, something we can take for granted. There is no way of knowing if we are at the beginning of another six-year drought or what weather conditions we can expect. This is why the Agency will continue to reach out and educate its customers. The Agency's Biennial Budget assumes that customers will continue their water saving efforts. The drought emergency is over, but the next drought could be around the corner. Water use efficiency must remain a way of life.

Pressure comes from increased costs, which must be incorporated into department budgets. The budget emphasizes short and long-term planning, recognizing slow growth, conservation and increased costs within the Agency's fiscal constraints. It is the responsibility of the Agency to make sure expenses do not exceed revenues to ensure a balanced budget.

The Biennial Budget reflects a continuation and expansion of strategies by maintaining critical expenditures and streamlining operations, while continuing to provide high service-level standards.

The budget was designed to help fulfill the Agency's mission in providing responsible water stewardship to ensure the Santa Clarita Valley has reliable supplies of high-quality water at a reasonable cost. Finally, while the budget is focused exclusively on revenues and expenses related to the Agency's service to its customers, the Agency is also on a constructive pathway to creating a new era of water management for the Santa Clarita Valley.

The Agency is expecting to add 849 service connections in FY 2019/20 and 860 service connections is FY 2020/21, just over 1% growth. The Agency currently has three different retail water rates and will provide water service to approximately 73,632 customers by the end of FY 2021. The FY 2020 operating revenues are projected to be $159.4 million and $168 million in FY 2021, which is an increase from the prior year of 3.9% and 5.4%, respectively.

Every department has worked to analyze processes, systems, and structures to identify opportunities and implement plans to reduce costs. Many plans have made the Agency more adaptable, effective and responsive to customer needs. The FY 2020 operating expenses are projected to be $159.4 million and $168 million in FY 2021, which is an increase from the prior year of 10.1% and 5.4%, respectively. The operating expense budget consists of four components; operating expenses, capital, debt service and transfers to reserves. These categories include forecasting the costs of purchased water, purchased power, treatment costs, planning programs, insurance, vehicle operating costs, asset maintenance, employee costs, and the increase of day-to-day business responsibilities.

The Biennial Budget Capital Improvement Plan (CIP) is proposing to invest more than $58 million in new infrastructure and infrastructure replacement in FY 2020 and more than $56 million in FY 2021, which is an increase from the prior year of 11% and -3%, respectively. Each year the projects are reviewed and prioritized based on need and available funding.

Our success as an organization is vastly enhanced by the practices and policies put in place by the Board of Directors to ensure the strength and stability of the Agency even as we move forward through uncertain times. We are fully confident that with these policies and practices, supported by dedicated and talented staff, we will achieve continued success as an organization and thus assure the well-being of the people we serve.

FINANCIAL POLICIES

The Agency has formally adopted the following financial policies:

Investment Policy - The Agency annually reviews and updates the Investment Policy. It is the policy of the Agency to invest funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Agency and conforming to all statues governing the investment of Agency funds. The policy follows the "prudent investor" standard of the California Government Code 53601.

Debt Management Policy - The Debt Management Policy was established to serve as a guideline for the use of debt for financing the Agency infrastructure and project needs. Debt is issued and managed prudently in order to maintain a sound financial position and protect credit quality. The policy identifies the criteria for issuing new debt that includes the Standards for Use and guidelines to determine when refinancing of outstanding debt will be beneficial to the Agency and its customers.

Disclosure Procedures Policy - The Disclosure Procedures Policy is a government's policy that requires local officials to fully disclose particular financial transactions to comply with the anti-fraud rules of federal securities laws. The purpose of the policy is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the Santa Clarita Valley Water Agency.

Derivatives Policy - The Derivatives Policy establishes accounting and reporting standards for derivative instruments, a financial instrument which derives its value from the value of some other financial instrument, variable or index, including certain derivative instruments embedded in other contracts (collectively referred to as "derivatives"), and for hedging activities. Derivatives will not be used to speculate on perceived movements in interest rates.

Purchasing Policy - The Purchasing Policy outlines the procedures for the procurement of all goods and services and applying best practices for optimizing cost savings, quality products and services, and for assuring proper authority and limits as adopted by the Board of Directors.

Capitalization Policy for Fixed Assets - The Capitalization Policy for Fixed Assets is used by the Santa Clarita Valley Water Agency to set a threshold, above which qualifying expenditures are recorded as fixed assets, and below which they are charged to expense as incurred. The policy provides specific guidance to determine which capital assets are subject to separate accounting and reporting.

Wire Transfer Policy - The Wire Transfer Policy, bank transfer or credit transfer is a method of electronic funds transfer from one person or entity to another. The Agency recognizes the trend toward electronic payment methods and will receive and distribute funds through electronic wire transfers.

ACCOUNTING SYSTEM

The Finance Department is responsible for providing financial services for the Agency including financial accounting and reporting, payroll, accounts payable and receivable, custody and investment of funds, billing and collection of water charges, and other revenues. The Agency accounts for its activities as an enterprise fund and prepares financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. It is the intent of the Board of Director's and Agency Management to manage the Agency's operations as a business, thus matching revenues against the costs of providing the services.

BUDGETING CONTROLS

The budget process is the product of a comprehensive team effort from every level within the organization and an essential tool for proper financial management. It is designed and presented for the general needs of the Agency, its staff, and customers.

It is a detailed and balanced financial plan that features Agency services, resources and their allocation, financial policies, and other useful information to allow the users to gain a general understanding of the Agency's financial status and future. During the year, each department receives a monthly budget and detail cost reports that are essential to monitor and control costs. Any major changes, to the adopted budget are presented to the Board of Director's for review and acceptance. Each month comparison reports of budget to actual are prepared at a summary level and presented to the Finance and Administration Committee and is received and filed by Board of Directors.

INTERNAL ACCOUNTING CONTROLS

Internal accounting controls for the Agency are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

STRATEGIC PLAN

The Agency's Strategic Plan serves as a framework for decision-making. It is a disciplined effort to produce fundamental decisions that shape what the Agency plans to accomplish by selecting a rational course of action.

The Agency's plan has incorporated an assessment of the present state of Agency operation, gathering and analyzing information, setting goals, and making decisions for the future. This plan seeks to strengthen and build upon opportunities while addressing areas of concern.

This plan also identifies actions, activities, and planning efforts that are currently active and needed for continued success in operations and management of the Agency and provides for periodic reviews and updates.

CASH MANAGEMENT

The Agency invests its available funds in investments legally permissible by California Government Code Sections 53601 et seq., and in accordance with its own approved investment policy adopted annually by the Board of Directors. The investment objectives of the Agency, in order of priority, are: 1) to preserve the capital of the portfolio; 2) to maintain adequate liquidity to meet cash flow requirements; and 3) to obtain a reasonable rate of return without compromising the first two objectives.

RISK MANAGEMENT

The Agency continues its proactive liability risk management role through careful monitoring of losses and designing and implementing programs to minimize risks and losses. In addition, the Agency's Safety Committee monitors work conditions, and the organizing and implementing of safety training programs to reduce employee exposure to hazards.

PENSION PLANS

The Agency provides a defined benefit pension plan for its employees through the California Public Employees' Retirement System (CalPERS). The Agency contributes a specified percentage of covered employees' payroll, which is invested by CalPERS. Upon retirement, Agency employees are entitled to a specified retirement benefit. The plan is more fully described in Note 7 to the Financial Statements.

SCV WATER

27234 Bouquet Canyon Road, Santa Clarita, CA 91350

(661) 297-1600 | yourSCVwater.com

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Agency provides other post-employment benefits (OPEB) as a part of the total compensation to all qualified employees. A qualified employee is defined as meeting the vesting requirements. The Agency participates in CalPERS California Employer's Retiree Benefit Trust Program (CERBT). OPEB benefits include medical and dental, in addition to the benefits provided from specific pension plans. Each year the Agency plans to contribute 100% of the annual required contribution, as stated in the actuarial report. The plan is more fully described in Note 8 to the Financial Statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Agency with the Distinguished Budget Presentation Award for the Agency's Operating and Capital Budget for its Biennial Budget for Fiscal Year beginning July 1, 2019. The Agency has received the award for two consecutive years.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the report of the independent auditor.

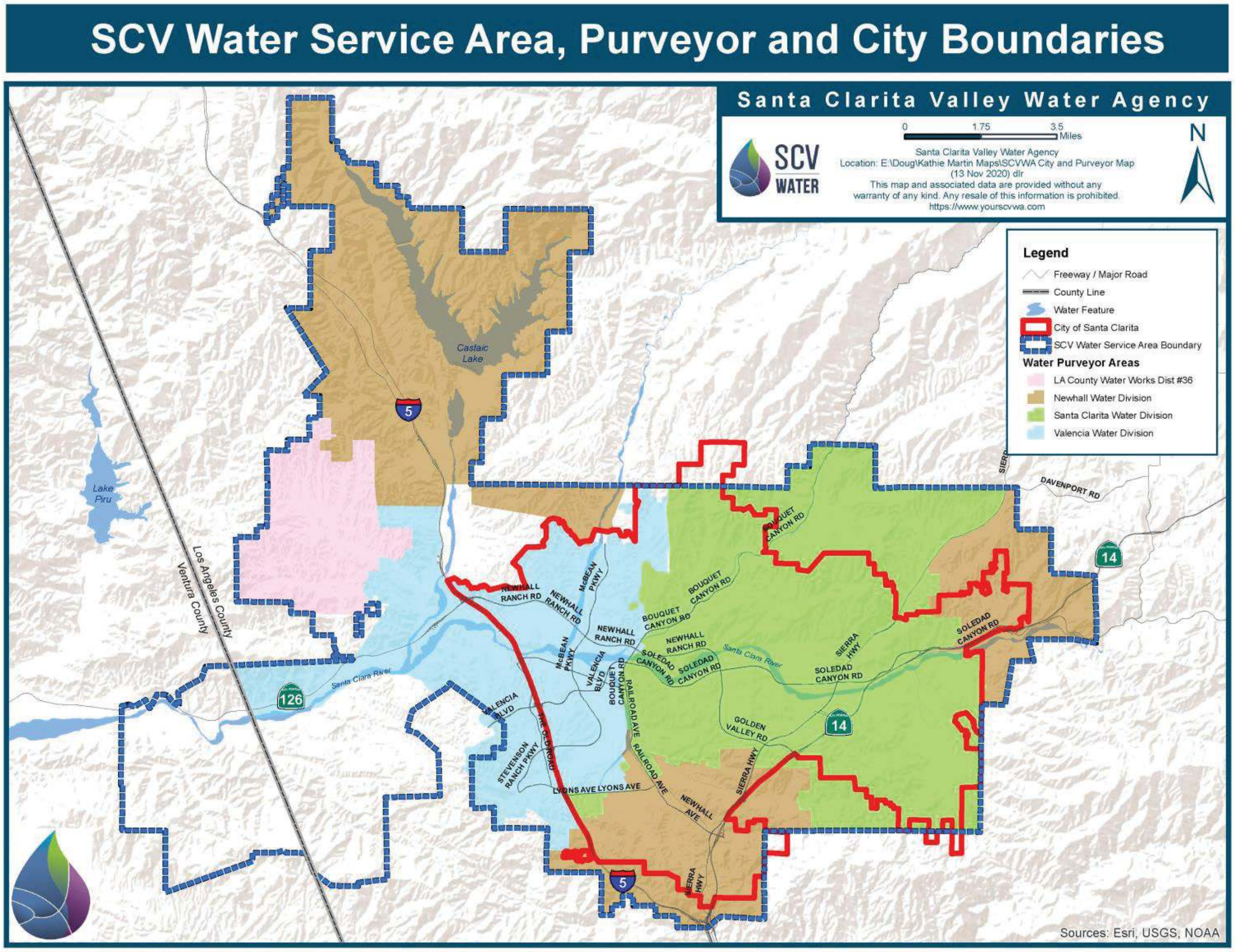
I would like to thank all the staff and express my appreciation to the Finance Department for their efforts in preparing this Comprehensive Annual Financial Report, and for their hard work to ensure a successful outcome.

I would also like to thank the firm of Lance, Soll and Lunghard, LLP, for their professional work and opinion. Staff and I acknowledge and appreciate the Board of Director's continued support and direction in achieving excellence in financial management.

Respectfully submitted,

Matthew G. Stone
General Manager

SANTA CLARITA VALLEY WATER AGENCY
Service Area Map



AGENCY OFFICIALS
Fiscal Year 2020

Board of Directors


Maria Gutzeit
Vice President


Gary Martin
President


Jerry Gladbach
Vice President


B.J. Atkins
Director


Ed Colley
Director


Kathy Colley
Director


William Cooper
Director


Robert DiPrimio
Director


Jeff Ford
Director


R.J. Kelly
Director


Daniel R. Mortensen
Director


Lynne Plambeck
Director

Agency Financial Management

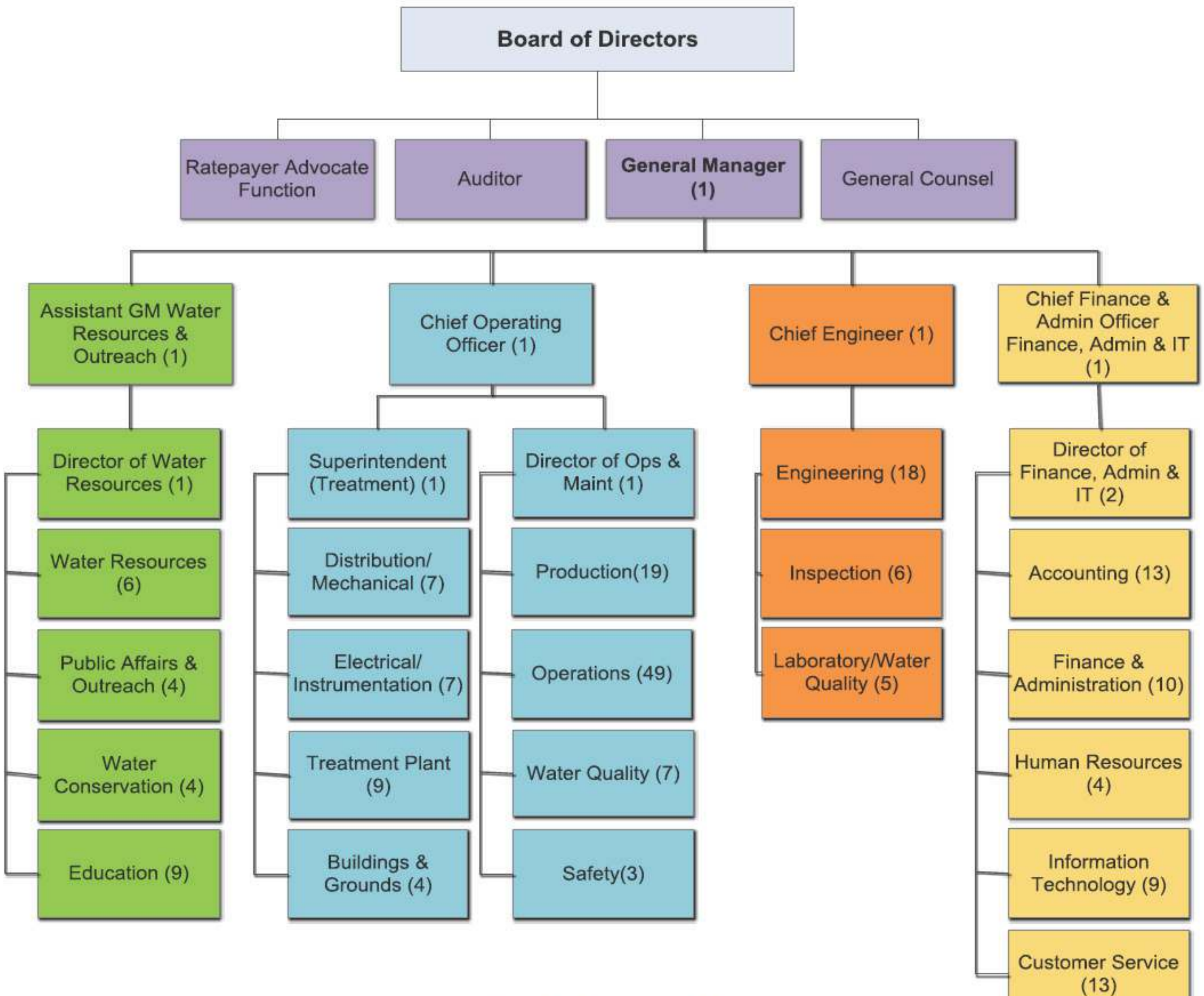
Matthew G. Stone – General Manager

Stephen L. Cole – Assistant General Manager

Eric Campbell – Chief Financial and Administrative Officer

Rochelle Patterson - Director of Finance and Administration

ORGANIZATIONAL STRUCTURE
Fiscal Year 2020



Total Employees - 216

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, 2020, 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 Districts. 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 Agency'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 Agency'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.

PrimeGlobal
An Association of Independent Accounting Firms

Lance, Soll & Lunghard, LLP | 203 N. Brea Blvd., Suite 203 | Brea, CA 92821 | Phone: 714.672.0022

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, 2020, and the respective changes in financial position and, where applicable, 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, schedule of proportionate share of the net pension liability, the schedule of plan contributions – pension, the schedule of changes in net OPEB liability and related ratio, and the schedule of plan contributions – OPEB, 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, combining and fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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 December 23, 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
December 22, 2020

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Santa Clarita Valley Water Agency (Agency) provides an introduction to the financial statements of the Agency for the period ended June 30, 2020. 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 can 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:

- 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, 2020, the Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $654.42 million (net position). Of this balance, unrestricted net position amounted to $144.01 million.
- The Agency's total operating revenues amounted to $90.91 million during the period.
- The Agency's total operating expenses amounted to $101.24 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 of 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 of 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 comprised of four divisions as follows: (1) Regional 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 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 similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

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)

	2020	2019	Variance
Assets			
Current and Other Assets	$ 189,074,217	$ 211,718,497	$ (22,644,280)
Restricted	95,062,202	22,823,465	72,238,737
Noncurrent	739,988,246	796,246,824	(56,258,578)
Total Assets	**1,024,124,665**	**1,030,788,786**	(6,664,121)
Deferred Outflows of Resources			
Deferred Pension Outflows	5,356,270	5,252,810	103,460
Deferred OPEB Outflows	7,164,688	3,908,619	3,256,069
Loss on Defeasance of Debt	1,213,180	1,322,398	(109,218)
Total Deferred Outflows of Resources	**13,734,138**	**10,483,827**	3,250,311
Liabilities			
Current Liabilities	46,548,852	53,239,956	(6,691,104)
Noncurrent Liabilities	333,853,975	352,882,507	(19,028,532)
Total Liabilities	**380,402,827**	**406,122,463**	(25,719,636)
Deferred Inflows of Resources			
Deferred Pension Inflows	1,079,349	1,110,836	(31,487)
Deferred OPEB Inflows	1,960,436	3,282,005	(1,321,569)
Total Deferred Inflows of Resources	**3,039,785**	**4,392,841**	(1,353,056)
Net Position			
Net Investment in Capital Assets	423,203,361	384,808,121	38,395,240
Restricted	87,202,965	72,753,409	14,449,556
Unrestricted	144,009,865	173,195,779	(29,185,914)
Total Net Position	**$ 654,416,191**	**$ 630,757,309**	$ 23,658,882

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, 2020, the Agency's, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $654.42 million, a $23.66 million or a 4% increase over the prior year. 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 55% as of June 30, 2020) 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. Net investment in capital assets was $423.20 million as compared to $384.81 million as of June 30, 2019, a 9.5% increase. 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

	2020	2019	Variance
Operating Revenues:			
Water Consumption Sales and Services	$ 82,393,728	$ 82,939,784	$ (546,056)
Other Charges and Services	8,515,511	17,231,586	(8,716,075)
Total Operating Revenues	**90,909,239**	**100,171,370**	**(9,262,131)**
Operating Expenses:			
Source of Supply	465,943	345,477	120,466
Pumping Plant	7,711,757	6,292,006	1,419,751
Transmission and Distribution	7,630,261	6,196,650	1,433,611
Water Treatment	8,650,165	7,042,538	1,607,627
Administrative and General	20,598,391	17,240,344	3,358,047
Depreciation Expense	32,201,715	31,263,128	938,587
Maintenance	4,836,636	3,263,353	1,573,283
Engineering	3,110,092	2,298,810	811,282
Water Quality	1,177,815	1,094,842	82,973
Water Resources	10,197,555	5,792,111	4,405,444
Management	2,647,590	2,227,563	420,027
Customer Care	2,009,969	1,714,473	295,496
Total Operating Expenses	**101,237,889**	**84,771,295**	**16,466,594**
Operating Income (Loss)	(10,328,650)	15,400,075	25,728,725
Nonoperating Revenues (Expenses):			
Taxes	58,818,869	58,205,621	613,248
Interest Revenue	8,431,158	7,466,695	964,463
Interest Expense	(15,688,794)	(17,477,548)	1,788,754
Other Revenue (Expense)	1,086,632	1,905,933	(819,301)
State Water Contract	(21,483,495)	(20,182,520)	(1,300,975)
Gain (loss) on Disposal of Capital Assets	(31,507)	(824,686)	793,179
Total Nonoperating Revenues (Expenses)	**31,132,863**	**29,093,495**	**2,039,368**
Income (Loss) Before Capital Contributions	20,804,213	44,493,570	(23,689,357)
Capital Contributions	3,178,627	4,518,938	(1,340,311)
Change in Net Position	23,982,840	49,012,508	(25,029,668)
Net Position:			
Beginning of Year, as previously reported	630,757,309	581,421,048	49,336,261
Restatements	(323,958)	323,753	(647,711)
Beginning of Fiscal Year, as retated	630,433,351	581,744,801	48,688,550
End of Fiscal Year	**$ 654,416,191**	**$ 630,757,309**	$ 23,658,882

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 $654.42 million as of June 30, 2020, which is comprised of an increase in net position of $23.66 million from June 30, 2019.

The Agency's total revenues amounted to $159.25 million as of June 30, 2020 and $167.75 as of June 30, 2019. Operating revenues amounted to $90.91 million and is comprised of water consumption sales and services of $82.39 million, and other charges and services of $8.52 million as of June 30, 2020 compared to $100.17 million of operating revenues as of June 30, 2019.

Nonoperating revenues amounted to $68.34 million as of June 30, 2020 as compared to $67.58 million as of June 30, 2019. The current year nonoperating revenues are comprised of $58.82 million in property taxes, $8.43 million in interest earnings and $1.09 million in other revenue.

The Agency's total expenses (including depreciation expense) amounted to $138.44 million as of June 30, 2020 as compared to $123.26 million as of June 30, 2019. Operating expenses as of June 30, 2020 amounted to $101.24 million, and is comprised of depreciation expense of $32.20 million, source of supply of $.47 million, administration and general expense of $20.60 million, pumping expense of $7.71 million, water treatment of $8.65 million, water resources of $10.20 million, transmission and distribution of $7.63 million, maintenance expense of $4.84 million, engineering expense of $3.11, water quality expense of $1.18 million, management expense of $2.65 million, and customer care expense of $2.01 million.

Nonoperating expenses amounted to $37.20 million as of June 30, 2020 as compared to $38.48 million as of June 30, 2019. The current year nonoperating expenses are comprised of $21.48 million in state water contract expenses, interest expense of $15.69 million and $.03 million on disposal of capital assets.

Capital Assets and Debt Administration

The Agency's capital assets as of June 30, 2020, totaled $739.99 million (net of accumulated depreciation) as compared to $731.45 million as of June 30, 2019, a 1.2% increase.

Capital Assets

	2020	2019	Variance
Capital Assets, not being depreciated			
Non-depreciable Assets	$ 110,874,725	$ 93,413,357	$ 17,461,368
Capital Assets, net - being depreciated			
Depreciable Assets	1,128,042,302	1,105,766,022	22,276,280
Accumulated Depreciation and Amortization	(498,928,781)	(467,731,875)	(31,196,906)
Subtotal	629,113,521	638,034,147	(8,920,626)
Total Capital Assets, net	**$ 739,988,246**	**$ 731,447,504**	**$ 8,540,742**

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

	2020	2019	Variance
Certificates of Participation	$ 121,548,662	$ 132,453,983	$ (10,905,321)
Revenue Bonds	201,800,611	217,040,224	(15,239,613)
Notes Payable	-	2,573,780	(2,573,780)
Total Long-Term Debt	**$ 323,349,273**	**$ 352,067,987**	**$ (28,718,714)**

Long-term Debt

At June 30, 2020, the Agency had $323.35 million in long-term debt of which $10.98 million is considered a current liability compared to $352.07 million as of June 30, 2019. 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 a number of 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.

THIS PAGE INTENTIONALLY LEFT BLANK

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF NET POSITION
JUNE 30, 2020

	2020
Assets:	
Current:	
Cash and cash equivalents	$ 36,567,392
Investments	131,374,380
Receivables:	
Accounts	14,534,020
Property tax	642,081
Accrued interest	256,197
Accounts - other	2,591,888
Prepaid costs	717,362
Materials and supplies inventory	2,390,897
Restricted:	
Cash and cash equivalents	3,074,706
Investments	85,662,505
Cash with fiscal agent	5,351,208
Receivables:	
Property tax	544,610
Accrued interest	174,389
Accounts - other	254,784
Total Current Assets	**284,136,419**
Noncurrent:	
Capital assets - not being depreciated	110,874,725
Capital assets - net of accumulated depreciation	629,113,521
Total Noncurrent Assets	**739,988,246**
Total Assets	**1,024,124,665**
Deferred Outflows of Resources:	
Deferred pension outflows	5,356,270
Deferred OPEB outflows	7,164,688
Loss on defeasance of debt	1,213,180
Total Deferred Outflows of Resources	**13,734,138**

See Notes to Financial Statements

STATEMENT OF NET POSITION
JUNE 30, 2020

	2020
Liabilities:	
Current:	
Accounts payable	10,994,663
Accounts payable - restricted	1,712,372
Accrued liabilities	1,229,269
Accrued interest	4,336,719
Unearned revenues	1,274,318
Deposits payable	56,209
Advances for construction	8,733,477
Other current liabilities	6,361,331
Accrued compensated absences	875,494
Certificates of participation	3,260,000
Revenue bonds	7,715,000
Total Current Liabilities	**46,548,852**
Noncurrent:	
Net OPEB liability	5,071,224
Net pension liability	15,007,891
Accrued compensated absences	1,400,587
Certificates of participation	118,288,662
Revenue bonds	194,085,611
Total Noncurrent Liabilities	**333,853,975**
Total Liabilities	**380,402,827**
Deferred Inflows of Resources:	
Deferred pension inflows	1,079,349
Deferred OPEB inflows	1,960,436
Total Deferred Inflows of Resources	**3,039,785**
Net Position:	
Net investment in capital assets	423,203,361
Restricted	87,202,965
Unrestricted	144,009,865
Total Net Position	**$ 654,416,191**

THIS PAGE INTENTIONALLY LEFT BLANK

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2020

	2020
Operating Revenues:	
Water consumption sales and services	$ 82,393,728
Other charges and services	8,515,511
Total Operating Revenues	**90,909,239**
Operating Expenses:	
Source of supply	465,943
Pumping	7,711,757
Transmission and distribution	7,630,261
Water Treatment	8,650,165
Administration and general	20,598,391
Depreciation expense	32,201,715
Maintenance	4,836,636
Engineering	3,110,092
Water Quality	1,177,815
Water Resources	10,197,555
Management	2,647,590
Customer Care	2,009,969
Total Operating Expenses	**101,237,889**
Operating Income (Loss)	(10,328,650)
Nonoperating Revenues (Expenses):	
Taxes	58,818,869
Interest revenue	8,431,158
Interest expense	(15,688,794)
Other revenue	1,006,632
Other contributions	80,000
State Water Contract	(21,483,495)
Gain (loss) on disposal of capital assets	(31,507)
Total Nonoperating Revenues (Expenses)	**31,132,863**
Income (Loss) Before Capital Contributions	20,804,213
Capital Contributions	3,178,627
Changes in Net Position	23,982,840
Net Position:	
Beginning of Year, as previously reported	630,757,309
Restatements	(323,958)
Beginning of Fiscal Year, as restated	630,433,351
End of Fiscal Year	**$ 654,416,191**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	2020
Cash Flows from Operating Activities:	
Cash received from customers and users	$ 91,377,281
Cash paid to suppliers for goods and services	(39,299,773)
Cash paid to employees for services	(24,323,368)
Net Cash Provided (Used) by Operating Activities	**27,754,140**
Cash Flows from Non-Capital Financing Activities:	
Proceeds from property taxes	60,160,881
Payments for state water contract	(21,483,495)
Proceeds from non-operating revenues	1,086,632
Net Cash Provided (Used) by Non-Capital Financing Activities	**39,764,018**
Cash Flows from Capital and Related Financing Activities:	
Capital contributions	3,178,627
Acquisition and construction of capital assets	(41,115,024)
Principal paid on capital debt	(30,783,780)
Interest paid on capital debt	(14,221,299)
Proceeds from sales of capital assets	17,102
Net Cash Provided (Used) by Capital and Related Financing Activities	**(82,924,374)**
Cash Flows from Investing Activities:	
Interest received	9,153,467
Net Cash Provided (Used) by Investing Activities	**9,153,467**
Net Increase (Decrease) in Cash and Cash Equivalents	**(6,252,749)**
Cash and Cash Equivalents at Beginning of Year	268,282,940
Cash and Cash Equivalents at End of Year	**$ 262,030,191**
Reconciliation of cash and cash equivalents to amounts reported on the statement of Net Position:	
Current:	
Cash and cash equivalents	$ 36,567,392
Investments	131,374,380
Restricted:	
Cash and cash equivalents	3,074,706
Investments	85,662,505
Cash with fiscal agent	5,351,208
	$ 262,030,191

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	2020
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ (10,328,650)
Adjustments to Reconcile Operating Income (loss)	
Net Cash Provided (used) by Operating Activities:	
Depreciation	32,201,715
(Increase) decrease in accounts receivable	2,198,711
(Increase) decrease in inventory	(244,840)
(Increase) decrease in prepaid expense	4,863,333
Increase (decrease) in accounts payable	(24,310)
Increase (decrease) in deposits payable	(484,037)
Increase (decrease) in advances for construction	(688,700)
Increase (decrease) in unearned revenue	321,259
Increase (decrease) in accrued liabilities	3,150,009
Increase (decrease) in net OPEB liability and related items	(5,065,604)
Increase (decrease) in net pension liability and related items	1,532,410
Increase (decrease) in compensated absences	322,844
Total Adjustments	**38,082,790**
Net Cash Provided (Used) by Operating Activities	**$ 27,754,140**
Non-Cash Investing, Capital, and Financing Activities:	
Amortization of Premiums/Discounts	$ 1,989,511

See Notes to Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

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 Santa Clarita Valley Water Agency Financing Corporation (Corporation) amended and restated the articles of incorporation, on April 17, 2018, for the previously named Castaic Lake Water Agency Financing Corporation. The Corporation is a California nonprofit public benefit corporation formed to assist the Santa Clarita Valley Water Agency (Agency) by acquiring, constructing, operating, and maintaining facilities, equipment, or other property needed by the Agency and leasing or selling such property to Agency and as such has no employees or other operations. Although the Corporation is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of Agency's operations. There are no separate basic financial statements prepared for the Corporation.

On October 25, 1988, the Agency 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 the Agency under terms of an operating lease agreement. The annual lease payments received by the Agency 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 was reported as a special item in the statement of revenues, expenses, and changes in net position in the period in which the transfer occurred.

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.

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.

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

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. 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

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

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. 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, 2018
- Measurement Date: June 30, 2019
- Measurement Period: July 1, 2018 to June 30, 2019

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

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.

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.

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

- *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:

	2020
Cash and cash equivalents	$ 36,567,392
Cash and cash equivalents (restricted)	3,074,706
Cash and cash equivalents with fiscal agent	5,351,208
Investments - current	131,374,380
Investments - current (restricted)	85,662,505
Total cash and investments	$ 262,030,191

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

	2020
Cash on hand	$ 2,725
Deposits with financial institutions	39,639,373
Cash with fiscal agent	5,351,208
Investments	217,036,885
Total cash and investments	$ 262,030,191

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.

Note 2: Cash and Investments (Continued)

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.

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.

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.

Note 2: Cash and Investments (Continued)

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.

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, 2020:

		Remaining Maturity (in Months)		
Investment Type	**Total**	**12 Months or Less**	**13 to 24 months**	**25-60 months**
Federal Farm Credit Bank	$ 8,002,738	$ -	$ 3,750,228	$ 4,252,510
Federal Home Loan Bank	4,760,389	-	-	4,760,389
Freddie Mac	15,505,110	-	7,502,241	8,002,869
Fannie Mae	4,005,761	-	4,005,761	-
State and local agencies	7,857,477	-	-	7,857,477
Local Agency Investment Fund (LAIF)	78,595,026	78,595,026	-	-
Los Angeles County Pooled Investment Fund	67,353,461	78,595,026	-	-
Certificates of Deposit	7,702,745	4,250,649	2,771,706	680,390
Commerical Paper	3,555,569	2,519,944	1,035,625	-
Money Market Funds	19,698,609	19,698,609	-	-
Total	**$ 217,036,885**	**$ 183,659,254**	**$ 19,065,561**	**$ 25,553,635**

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
Freddie Mac	Federal agency securities	$ 15,505,110

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, 2020, were as follows:

Investment Type	Total	Legal Rating	Exempt From Disclosure	AAA	Not Rated
Federal Farm Credit Bank	$ 8,002,738	N/A	$ -	$ 8,002,738	$ -
Federal Home Loan Bank	4,760,389	N/A	-	4,760,389	-
Freddie Mac	15,505,110	N/A	-	15,505,110	-
Fannie Mae	4,005,761	N/A	-	4,005,761	-
State and local agencies	7,857,477	N/A	7,857,477	-	-
Local Agency Investment Fund (LAIF)	78,595,026	N/A	-	-	78,595,026
Los Angeles County Pooled Investment Fund	67,353,461	N/A	-	-	67,353,461
Certificates of Deposit	7,702,745	N/A	7,702,745	-	-
Commercial Paper	3,555,569	N/A	3,555,569	-	-
Money Market	19,698,609	N/A	19,698,609	-	-
	$ 217,036,885		$ 38,814,400	$ 32,273,998	$ 145,948,487

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2020, are as follows:

Investment Type	Total	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Signigicant Other Observable Inputs (Level 2)	Signigicant Other Observable Inputs (Level 3)
Federal Agencies	$ 32,273,998	$ -	$ 32,273,998	$ -
Certificates of Deposit	7,702,745	-	7,702,745	-
Commercial Paper	3,555,569	-	3,555,569	-
State and local agencies	7,857,477	-	7,857,477	
Total Investments Measured at fair value	51,389,789	-	51,389,789	-
Local Agency Investment Fund (LAIF)	78,595,026			
Los Angeles County Pooled Investment Fund (LACPIF)	67,353,461			
Money Market Funds	19,698,609			
	$ 217,036,885			

Note 3: Interfund Receivables and Payables

Receivable Fund	Payable Fund	Amount
Acquisition Interfund Loan		
Regional Water Division	Valencia Water Division	$ 66,957,929
2018 Series A Revenue Bonds		
Regional Water Division	Valencia Water Division	26,735,000
	Total	$ 93,692,929

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 $66,957,929 at June 30, 2020. See pages 64 through 67 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 2020.

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

Year	Principal	Interest	Total
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	2,073,253	2,644,342	4,717,595
2026-2030	11,879,387	11,708,588	23,587,975
2031-2035	14,858,150	8,729,825	23,587,975
2036-2040	18,583,839	5,004,136	23,587,975
2041-2043	12,138,746	2,014,038	14,152,784
Total	66,957,929	$ 41,546,755	$ 108,504,684
Less current portion	(1,733,468)		
Total non-current	$ 65,224,461		

Detailed information of the 2018 Series A Revenue Bonds is shown on page 54 through 55 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, 2020, was $19,884,902.

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, 2020, was $974,511.

Note 5: Compensated Absences

Compensated absences are comprised of unpaid vacation leave, sick leave, floating holiday, 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, 2019	Earned	Taken	Balance June 30, 2020	Current Portion	Noncurrent Portion
$ 1,953,237	$ 1,122,546	$ (799,702)	$ 2,276,081	$ 875,494	$ 1,400,587

The following tables below reflect the changes in compensated absences for each Division as of June 30, 2020:

Regional Water Division

Balance July 1, 2019	Earned	Taken	Balance June 30, 2020	Current Portion	Noncurrent Portion
$ 942,969	$ 238,284	$ (131,066)	$ 1,050,187	$ 569,020	$ 481,167

Santa Clarita Water Division

Balance July 1, 2019	Earned	Taken	Balance June 30, 2020	Current Portion	Noncurrent Portion
$ 417,479	$ 360,646	$ (322,318)	$ 455,807	$ 113,952	$ 341,855

Newhall Water Division

Balance July 1, 2019	Earned	Taken	Balance June 30, 2020	Current Portion	Noncurrent Portion
$ 252,792	$ 254,926	$ (160,616)	$ 347,102	$ 86,776	$ 260,326

Valencia Water Division

Balance July 1, 2019	Earned	Taken	Balance June 30, 2020	Current Portion	Noncurrent Portion
$ 339,997	$ 268,690	$ (185,702)	$ 422,985	$ 105,746	$ 317,239

Note 6: Capital Assets

Changes in capital assets for the year ended June 30, 2020, were as follows:

	Balance June 30, 2019	Adjustments	Adjusted Balance June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
Santa Clarita Water Agency						
Capital assets, not being depreciated						
Non-depreciable assets	$ 93,413,357	$ -	$ 93,413,357	$ 36,874,346	$ (19,412,978)	$ 110,874,725
Capital assets, net - being depreciated						
Depreciable assets	1,105,766,022	-	1,105,766,022	23,636,477	(1,360,197)	1,128,042,302
Accumulated depreciation and amortization	(467,731,875)	(323,959)	(468,055,834)	(32,201,714)	1,328,767	(498,928,781)
Subtotal	638,034,147	(323,959)	637,710,188	(8,565,237)	(31,430)	629,113,521
Total capital assets, net	$ 731,447,504	$ (323,959)	$ 731,123,545	$ 28,309,109	$ (19,444,408)	$ 739,988,246

Changes in capital assets for the year ended June 30, 2020, were as follows:

Regional Water Division

	Balance June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land and land rights	$ 28,372,111	$ -	$ -	$ 28,372,111
Construction in-process	27,587,177	26,465,770	(17,017,186)	37,035,761
Total non-depreciable assets	55,959,288	26,465,770	(17,017,186)	65,407,872
Depreciable assets:				
Contractual state water project rights	151,474,223	3,556,002	-	155,030,225
Contractual water rights-other agencies	103,766,815	7,586,808	-	111,353,623
Treatment Plant	174,631,441	-	-	174,631,441
Water mains	26,747,245	2,574,979	-	29,322,224
Reservoirs and tanks	1,724,855	-	-	1,724,855
Reclaimed Water	4,976,162	271,377	-	5,247,539
Control System	178,634,481	6,584,023	-	185,218,504
Castic turnout	398,243	-	-	398,243
Services and Meters	153,965	-	-	153,965
Maintenance Facility	188,310	-	-	188,310
Large tools and equipment	695,273	5,772	-	701,045
Furniture and Fixtures	144,136	30,446	-	174,582
Vehicles	330,115	161,352	(19,745)	471,722
Office Equipmnet	1,731,676	487,056	-	2,218,732
Summit Building	1,434,284	-	-	1,434,284
Total depreciable assets	647,031,224	21,257,815	(19,745)	668,269,294
Accumulated depreciation and amortization:				
Contractual state water project rights	(80,287,922)	(3,297,901)	-	(83,585,823)
Contractual water rights-other agencies	(31,869,794)	(4,512,156)	-	(36,381,950)
Treatment Plant	(70,413,894)	(5,545,439)	-	(75,959,333)
Water mains	(12,218,480)	(534,945)	-	(12,753,425)
Reservoirs and tanks	(1,286,956)	(35,496)	-	(1,322,452)
Reclaimed Water	(2,321,434)	(139,285)	-	(2,460,719)
Control System	(60,327,627)	(4,934,137)	-	(65,261,764)
Castic turnout	(310,633)	(7,965)	-	(318,598)
Services and Meters	(151,101)	(2,864)	-	(153,965)
Maintenance Facility	(188,310)	-	-	(188,310)
Large tools and equipment	(181,184)	(60,586)	-	(241,770)
Furniture and Fixtures	(120,859)	(3,998)	-	(124,857)
Vehicles	(239,855)	(46,685)	19,745	(266,795)
Office Equipment	(1,324,726)	(85,869)	-	(1,410,595)
Summit Building	(257,002)	(64,848)	-	(321,850)
Total accumulated depreciation and amortization	(261,499,777)	(19,272,174)	19,745	(280,752,206)
Total depreciable assets, net	385,531,447	1,985,641	-	387,517,088
Total capital assets, net	$ 441,490,735	$ 28,451,411	$ (17,017,186)	$ 452,924,960

Note 6: Capital Assets (Continued)

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 $19,272,174.

Santa Clarita Water Division

Changes in capital assets for the year ended June 30, 2020, were as follows:

	Balance June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land and land rights	$ 891,550	$ -	$ -	$ 891,550
Construction in-process	19,137,133	4,804,558	(4,454)	23,937,237
Total non-depreciable assets	20,028,683	4,804,558	(4,454)	24,828,787
Depreciable assets:				
Transmission/Distribution	70,658,941	-	-	70,658,941
Reservoirs/Tanks	28,400,843	-	-	28,400,843
Services	18,149,327	4,454	-	18,153,781
Hydrants	9,024,269	-	-	9,024,269
Boosters	11,222,205	-	-	11,222,205
Meters	6,899,660	-	-	6,899,660
Wells	2,580,140	-	-	2,580,140
Structures and improvements	7,817,240	-	-	7,817,240
Machinery and equipment	8,710,894	-	(377,907)	8,332,987
Transportation equipment	1,710,114	-	(65,674)	1,644,440
General Plant	134,121	50	-	134,171
Total depreciable assets	165,307,754	4,504	(443,581)	164,868,677
Accumulated depreciation and amortization:				
Transmission/Distribution	(22,367,423)	(1,200,569)	-	(23,567,992)
Reservoirs/Tanks	(15,777,032)	(930,927)	-	(16,707,959)
Services	(9,064,303)	(483,732)	-	(9,548,035)
Hydrants	(5,388,475)	(210,061)	-	(5,598,536)
Boosters	(5,972,147)	(486,672)	-	(6,458,819)
Meters	(3,501,972)	(483,798)	-	(3,985,770)
Wells	(1,563,471)	(75,273)	-	(1,638,744)
Structures and improvements	(2,707,377)	(268,567)	-	(2,975,944)
Machinery and equipment	(6,292,058)	(694,668)	346,482	(6,640,244)
Transportation equipment	(1,126,299)	(114,291)	65,674	(1,174,916)
General Plant	(92,391)	(12,505)	-	(104,896)
Total accumulated depreciation and amortization	(73,852,948)	(4,961,063)	412,156	(78,401,855)
Total depreciable assets, net	91,454,806	(4,956,559)	(31,425)	86,466,822
Total capital assets, net	$ 111,483,489	$ (152,001)	$ (35,879)	$ 111,295,609

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 $4,961,063.

Note 6: Capital Assets (Continued)

Newhall Water Division

Changes in capital assets for the year ended June 30, 2020, were as follows:

	Balance June 30, 2019	Adjustment	Adjusted Balance June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable assets:						
Land and land rights	$ 9,808,490	$ -	$ 9,808,490	$ -	$ -	$ 9,808,490
Construction in-process	431,528	-	431,528	1,515,622	(1,808,301)	$ 138,849
Total non-depreciable assets	10,240,018	-	10,240,018	1,515,622	(1,808,301)	9,947,339
Depreciable assets:						
Structures and improvements	10,519,537	-	10,519,537	26,299	-	10,545,836
Wells	5,372,476	-	5,372,476	11,710	-	5,384,186
Pumping Equipment	11,088,544	-	11,088,544	198,333	(28,807)	11,258,070
Water Treatment Equipment	1,602,785	-	1,602,785	40,773	-	1,643,558
Reservoirs/Tanks	17,096,357	-	17,096,357	61,412	-	17,157,769
Transmission/Distribution	51,384,730	-	51,384,730	727,210	(286,106)	51,825,834
Services	7,265,587	-	7,265,587	15,711	(283)	7,281,015
Meters	4,825,626	-	4,825,626	149,234	(140,964)	4,833,896
Hydrants	2,450,222	-	2,450,222	20,190	-	2,470,412
Furniture and Equipment	4,726,164	-	4,726,164	477,754	(176,021)	5,027,897
General Plant	390,426	-	390,426	-	-	390,426
Water Rights	17,617	-	17,617	-	-	17,617
Sewer Plant	1,368,608	-	1,368,608	73,458	(73,458)	1,368,608
Intangible Plant	422,606	-	422,606	-	-	422,606
Organization Costs	40,487	-	40,487	-	-	40,487
Total depreciable assets	118,571,772	-	118,571,772	1,802,084	(705,639)	119,668,217
Accumulated depreciation and amortization:						
Structures and improvements	(2,873,530)	(174,186)	(3,047,716)	(272,188)	-	(3,319,904)
Wells	(1,929,128)	(251,238)	(2,180,366)	(166,380)	-	(2,346,746)
Pumping Equipment	(6,863,529)	344,054	(6,519,475)	(469,112)	28,807	(6,959,780)
Water Treatment Equipment	(524,404)	49,993	(474,411)	(53,420)	-	(527,831)
Reservoirs/Tanks	(5,632,660)	(157,153)	(5,789,813)	(341,149)	-	(6,130,962)
Transmission/Distribution	(19,785,200)	227,704	(19,557,496)	(1,189,163)	286,106	(20,460,553)
Services	(4,280,467)	65,996	(4,214,471)	(177,327)	283	(4,391,515)
Meters	(1,260,013)	(988,425)	(2,248,438)	(372,478)	140,964	(2,479,952)
Hydrants	(1,757,346)	7,054	(1,750,292)	(53,664)	-	(1,803,956)
Furniture and Equipment	(4,179,350)	837,863	(3,341,487)	(287,269)	176,021	(3,452,735)
General Plant	(381,786)	60,517	(321,269)	(16,057)	-	(337,326)
Water Rights	(12,089)	(5,528)	(17,617)	-	-	(17,617)
Sewer Plant	(320,515)	(180,591)	(501,106)	(99,361)	73,458	(527,009)
Intangible Plant	(81,838)	(148,633)	(230,471)	(17,293)	-	(247,764)
Organization Costs	(29,101)	(11,386)	(40,487)	-	-	(40,487)
Total accumulated depreciation and amortization	(49,910,956)	(323,959)	(50,234,915)	(3,514,861)	705,639	(53,044,137)
Total depreciable assets, net	68,660,816	(323,959)	68,336,857	(1,712,777)	-	66,624,080
Total capital assets, net	$ 78,900,834	$ (323,959)	$ 78,576,875	$ (197,155)	$ (1,808,301)	$ 76,571,419

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 $3,514,861.

Valencia Water Division

Changes in capital assets for the year ended June 30, 2020, were as follows:

	Balance June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land and land rights	$ 1,366,286	$ -	$ -	$ 1,366,286
Construction in-process	5,819,082	4,088,396	(583,037)	9,324,441
Total non-depreciable assets	7,185,368	4,088,396	(583,037)	10,690,727
Depreciable assets:				
Plant	115,351	-	-	115,351
Building	2,513,250	18,038	-	2,531,288
Wells	11,265,791	49,280	-	11,315,071
Pumping Plant	9,341,141	214,509	-	9,555,650
Reservoirs & tanks	27,476,388	-	-	27,476,388
T & D mains	82,022,657	-	-	82,022,657
Services	14,434,159	-	-	14,434,159
Meters	9,476,431	65,303	(191,232)	9,350,502
Hydrants	11,018,225	-	-	11,018,225
Other T & D plant	18,505	-	-	18,505
Office furniture & equipment	2,842,197	213,201	-	3,055,398
Transportation equipment	44,550	-	-	44,550
Other equipment	4,286,627	11,743	-	4,298,370
Total depreciable assets	174,855,272	572,074	(191,232)	175,236,114
Accumulated depreciation and amortization:				
Plant	(86,923)	(1,620)	-	(88,543)
Building	(1,097,925)	(61,910)	-	(1,159,835)
Wells	(5,149,071)	(365,765)	-	(5,514,836)
Pumping Plant	(7,661,592)	(209,822)	-	(7,871,414)
Reservoirs & tanks	(10,591,699)	(596,580)	-	(11,188,279)
T & D mains	(33,222,724)	(1,588,980)	-	(34,811,704)
Services	(8,864,932)	(406,232)	-	(9,271,164)
Meters	(4,292,819)	(450,151)	191,227	(4,551,743)
Hydrants	(7,082,661)	(292,710)	-	(7,375,371)
Other T & D plant	(15,484)	(491)	-	(15,975)
Office furniture & equipment	(2,049,779)	(284,402)	-	(2,334,181)
Transportation equipment	(44,549)	-	-	(44,549)
Other equipment	(2,308,036)	(194,953)	-	(2,502,989)
Total accumulated depreciation and amortization	(82,468,194)	(4,453,616)	191,227	(86,730,583)
Total depreciable assets, net	92,387,078	(3,881,542)	(5)	88,505,531
Total capital assets, net	$ 99,572,446	$ 206,854	$ (583,042)	$ 99,196,258

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 $4,453,616.

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:

	2020
BV-RRB Storage & Extraction	$ 13,300,391
Magic Mountain Parkway Projects	9,227,522
PFAS Treatment Capital Projects	6,111,265
Recycled Water Projects	5,315,609
Earl Schmidt Filtration Plant	1,088,006
Castaic Conduit project	1,073,170
Rio Vista Water Treatment Plant	521,680
Various minor projects	398,118
Construction-in-process	$ 37,035,761

Santa Clarita Water Division

	2020
Internal construction projects	$ 7,016,267
Developer on-site construction projects	16,920,970
Construction in-process	$ 23,937,237

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, 2020, 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	7.00%	6.25%
Required employer contritbution rates	10.868%	7.072%

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, 2020, the contributions recognized as part of pension expense for the Plan were as follows:

	2020
Contributions - Employer	$ 2,182,797

Net Pension Liability

As of June 30, 2020, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2020
Proportionate share of net pension liability	$ 15,007,891

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, 2019 (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, 2018 (the valuation date), rolled forward to June 30, 2019, 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, 2019, was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.13844%
Increase in proportion	0.00802%
Proportion - June 30, 2019	0.14646%

Note 7: Defined Benefit Pension Plan (Continued)

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2020, 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	$ 2,561,639	$ -
Differences between actual and expected experience	1,042,361	80,762
Differences in actual contribution and proportionate share of contribution	-	482,513
Changes in assumptions	715,646	253,690
Net differences between projected and actual earnings on plan investments	-	262,384
Adjustment due to differences in proportions of net pension liabiliy	1,036,624	-
Total	$ 5,356,270	$ 1,079,349

As of June 30, 2020, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $2,561,639 and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

At June 30, 2020, 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**
2021	$ 1,386,123
2022	54,931
2023	221,206
2024	53,022

Note 7: Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities were determined by actuarial valuation reports as of June 30, 2018, which were rolled forward to June 30, 2019, using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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, 2019, there were no changes of assumptions.

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 equal 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, 2020, the target allocation, and the long-term expected real rate of return by asset class were as follows:

Asset Class	Assumed Asset Allocation[1]	Real Return Years 1-10[2]	Real Return Year 11+[3]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.0%		

1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
2) An expected inflation of 2.00% used for this period.
3) An expected inflation of 2.92% used for this period.

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, 2020, 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	$ 24,875,667	15,007,891	6,862,739

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 64 and 67 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 $136 per month in 2019 and $139 per month in 2020.

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 Region Basic Plan premium for the coverage level selected by the retiree (e.g. single, two-party or family).

For retirees hired on or after 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, 2020, the following employees were covered by the benefit terms:

	2020
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.

The Agency's net OPEB liability was $5,071,224. The breakdown by fund is as follow:

	Net OPEB Liability (Asset)
Regional Water Division	$ 1,753,219
Santa Clarita Water Division	1,200,659
Newhall Water Division	2,194,747
Valencia Water Division	(77,401)
Total plan membership	$ 5,071,224

Note 8: Other Post-Employment Benefits (Continued)

Deferred OPEB Outflows (Inflows) of Resources

For the year ended June 30, 2020, the Agency recognized OPEB expense of $1,467,680.

At June 30, 2020, 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	$ 6,533,284	$ -
Differences between actual and expected experience	2,882	-
Changes in assumptions	628,522	1,836,083
Net differences between projected and actual earnings on investments	-	124,353
Total	$ 7,164,688	$ 1,960,436

As of June 30, 2020, the Agency reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of $6,533,284. The employer OPEB contributions in the amount of $6,533,284, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021.

At June 30, 2020, 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, 2020	Net Deferred Outflows/Inflows of Resources
2021	$ (292,603)
2022	(292,604)
2023	(265,267)
2024	(207,491)
2025	(233,403)
Thereafter	(37,664)

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, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal year Ending	June 30, 2020
Measurement Date	June 30, 2019 -- last day of the prior fiscal year end
Valuation Date	June 30, 2018
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market Value of Assets
Long Term Return on Assets	7.0% net of plan investment expenses
Discount Rates	7.0% as of June, 30 2018 and June 30, 2019
Participants 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 pay, this is used only to allocate the cost of benefits between service years and to develop the amortization payment portion of the ADCs
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, 2020, 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	$ 8,836,952	5,071,224	2,023,323

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

As of June 30, 2020, 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	$ 1,536,974	5,071,224	9,891,133

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, 2019	$ 21,666,329	$ 16,107,139	$ 5,559,190
Changes during the year:			
Service cost:	1,355,774	-	1,355,774
Interest	1,589,657	-	1,589,657
Contributions - employer	-	2,377,824	(2,377,824)
Net investment income	-	1,059,140	(1,059,140)
Benefit payments	(625,439)	(625,439)	-
Administrative fee	-	(3,567)	3,567
Net changes	2,319,992	2,807,958	(487,966)
Balance at June 30, 2020	$ 23,986,321	$ 18,915,097	$ 5,071,224

Note 9: Long-Term Debt

Changes in long-term debt for the year ended June 30, 2020, were as follows:

	Balance June 30, 2019	Additions	Payments /Retirements	Balance June 30, 2020	Current Portion	Long-Term Portion
Regional Water Division						
Public Offering:						
Certificates of Participation	$ 132,453,983	$ 4,163,795	$ 15,069,116	$ 121,548,662	$ 3,260,000	$ 118,288,662
Revenue Bonds	160,394,193	-	11,794,486	148,599,707	4,400,000	144,199,707
Santa Clarita Water Division						
Public Offering:						
Revenue Bonds	56,646,031	-	3,445,127	53,200,904	3,315,000	49,885,904
Newhall Water Division						
Direct Borrowing:						
Notes Payable	2,573,780	-	2,573,780	-	-	-
Santa Clarita Water Agency						
Public Offering:						
Certificates of Participation	132,453,983	4,163,795	15,069,116	121,548,662	3,260,000	118,288,662
Revenue Bonds	217,040,224	-	15,239,613	201,800,611	7,715,000	194,085,611
Direct Borrowing:						
Notes Payable	2,573,780	-	2,573,780	-	-	-
Total	$ 352,067,987	$ 4,163,795	$ 32,882,509	$ 323,349,273	$ 10,975,000	$ 312,374,273

The following is a summary of the Agency's Long-Term Debt by Division as of June 30, 2020:

Regional Water Division

	Balance June 30, 2019	Additions	Payments /Retirements	Balance June 30, 2020	Current Portion	Long-Term Portion
Certificates of Participation						
1999 Series A Revenue COPS - Capital Appr.	$ 71,003,709	$ 4,163,795	$ -	$ 75,167,504	$ -	$ 75,167,504
2008 Series A Revenue Refunding COPs	11,850,000	-	11,850,000	-	-	-
2010 Series A Revenue Refunding COPs	48,455,000	-	3,115,000	45,340,000	3,260,000	42,080,000
Premium on issuance - 2010 Series A	1,145,274	-	104,116	1,041,158	-	1,041,158
Total Certificates of Participation	132,453,983	4,163,795	15,069,116	121,548,662	3,260,000	118,288,662
Revenue Bonds						
2014 Series A Revenue Refunding Bonds	5,990,000	-	5,990,000	-	-	-
Premium on issuance - 2014 Series A	477,398	-	477,398	-	-	-
2015 Series A Revenue Refunding Bonds	57,190,000	-	2,250,000	54,940,000	2,345,000	52,595,000
Premium on issuance - 2015 Series A	8,197,401	-	546,493	7,650,908	-	7,650,908
2016 Series A Revenue Refunding Bonds	22,940,000	-	1,460,000	21,480,000	1,520,000	19,960,000
Premium on issuance - 2016 Series A Ref	3,944,962	-	358,633	3,586,329	-	3,586,329
2016 Series A New Revenue Bonds	29,700,000	-	510,000	29,190,000	535,000	28,655,000
Premium on issuance - 2016 Series A New	5,571,866	-	214,303	5,357,563	-	5,357,563
2018 Series A Revenue Bonds	26,735,000	-	-	26,735,000	-	26,735,000
Discount on issuance - 2018 Series A	(352,434)	-	(12,341)	(340,093)	-	(340,093)
Total Revenue Bonds	160,394,193	-	11,794,486	148,599,707	4,400,000	144,199,707
Total Regional Water Division Activities	$ 292,848,176	$ 4,163,795	$ 26,863,602	$ 270,148,369	$ 7,660,000	$ 262,488,369

Note 9: Long-Term Debt (Continued)

Santa Clarita Water Division

	Balance June 30, 2019	Additions	Payments/ Retirements	Balance June 30, 2020	Current Portion	Long-Term Portion
Revenue Bonds:						
2017 Series A Revenue Bonds	$ 47,965,000	$ -	$ 3,035,000	$ 44,930,000	$ 3,315,000	$ 41,615,000
Premium on issuance - 2017 Series A	8,681,031	-	410,127	8,270,904	-	8,270,904
Total Revenue Bonds	$ 56,646,031	$ -	$ 3,445,127	$ 53,200,904	$ 3,315,000	$ 49,885,904

Newhall Water Division

	Balance June 30, 2019	Additions	Payments/ Retirements	Balance June 30, 2020	Current Portion	Long-Term Portion
Notes Payable:						
Municipal Leasing Associates 2007	$ 2,285,183	$ -	$ 2,285,183	$ -	$ -	$ -
Municipal Leasing Associates 2009	288,597	-	288,597	-	-	$ -
Total Notes Payable	$ 2,573,780	$ -	$ 2,573,780	$ -	$ -	$ -

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 $75,167,504.

	Fiscal Year	Principal Issued
Balance as of June 30, 2020		$ 75,167,504
Annual principal issued:	2021	4,407,686
	2022	4,365,383
	2023	4,011,193
	2024	3,636,322
	2025	3,238,577
	2026-2030	9,329,578
	2031	294,445
	Total	$ 104,450,688

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. On May 5, 2020, the Agency paid off the remaining balance of $6,050,000. The balance on the 2008 Series A Revenue Refunding Certificates of Participation as of June, 30, 2020 is $0.

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
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	3,925,000	1,339,556	5,264,556
2026-2030	22,360,000	3,858,028	26,218,028
2031	5,090,000	127,250	5,217,250
Total	45,340,000	$ 12,401,883	$ 57,741,883
Add: bond premium	1,041,158		
Less current portion	(3,260,000)		
Total non-current	$ 43,121,158		

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. On April 15, 2020, the Agency paid off the remaining balance of $3,070,000. The balance on the 2014 Series A Revenue Refunding Bonds as of June 30, 2020 is $0.

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
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	2,820,000	2,175,000	4,995,000
2026-2030	16,365,000	8,556,875	24,921,875
2031-2035	20,900,000	3,920,750	24,820,750
2036	4,825,000	120,625	4,945,625
Total	54,940,000	$ 24,775,025	$ 79,715,025
Add: bond premium	7,650,908		
Less current portion	(2,345,000)		
Total non-current	$ 60,245,908		

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
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	1,860,000	659,400	2,519,400
2025-2029	10,610,000	1,944,250	12,554,250
2030-2031	2,440,000	61,000	2,501,000
Total	21,480,000	$ 6,165,750	$ 27,645,750
Add: bond premium	3,586,329		
Less current portion	(1,520,000)		
Total non-current	$ 23,546,329		

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
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	650,000	1,314,100	1,964,100
2026-2030	3,730,000	6,095,950	9,825,950
2031-2035	4,765,000	5,054,375	9,819,375
2036-2040	6,130,000	3,699,250	9,829,250
2041-2045	7,870,000	1,958,000	9,828,000
2046-2047	3,740,000	189,250	3,929,250
Total	29,190,000	$ 23,869,950	$ 53,059,950
Add: bond premium	5,357,563		
Less current portion	(535,000)		
Total non-current	$ 34,012,563		

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
2021	$ -	$ 976,975	$ 976,975
2022	-	976,975	976,975
2023	-	976,975	976,975
2024	650,000	968,038	1,618,038
2025	665,000	949,541	1,614,541
2026-2030	3,645,000	4,426,734	8,071,734
2031-2035	4,315,000	3,759,494	8,074,494
2036-2040	5,190,000	2,884,988	8,074,988
2041-2045	6,285,000	1,787,247	8,072,247
2046-2049	5,985,000	475,172	6,460,172
Total	26,735,000	$18,182,139	$ 44,917,139
Less: bond discount	(340,093)		
Total non-current	$ 26,394,907		

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, Santa Clarita Water Agency, previously 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
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	4,610,000	1,272,000	5,882,000
2026-2030	17,645,000	2,898,100	20,543,100
2031-2035	3,095,000	1,041,325	4,136,325
2036-2040	3,665,000	449,994	4,114,994
2041	805,000	13,081	818,081
Total	44,930,000	$ 12,812,750	$57,742,750
Add: bond premium	8,270,904		
Less current portion	(3,315,000)		
Total non-current	$ 49,885,904		

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. On June 4, 2020, the Agency paid off the remaining balance of the note. As of June 30, 2020, the balance on the Municipal Leasing Associates, Inc. (2007) is $0.

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. On June 4, 2020, the Agency paid off the remaining balance of the note. As of June 30, 2020, the balance on the Municipal Leasing Associates, Inc. (2009) is $0.

Note 10: Net Position

	2020
Net investment in capital assets	
Capital assets, net	$ 739,988,246
Certificate of participation, current	(3,260,000)
Certificate of participation, non-current	(43,121,158)
Revenue bonds, current	(7,715,000)
Revenue bonds, non-current	(194,085,611)
1999 Series A cap appreciation bonds accretion since issuance	(75,167,504)
Deferred charge on refunding - Revenue bonds	1,213,180
Fiscal agent cash	5,351,208
Total net investment in capital assets	423,203,361
Restricted net position:	
Restricted for capital projects:	
Restricted - cash and cash equivalents	1,618,353
Restricted - investments	3,260,854
Restricted - accrued interest receivable	11,939
Restricted - accounts receivable, other	254,784
Restricted - accounts payable	202,957
Total restricted for capital projects	5,348,887
Restricted for state water contract	
Restricted - investments	74,141,598
Restricted - property tax receivable	544,610
Restricted - accrued interest receivable	131,314
Restricted - accounts receivable, other	660,696
Restricted - accounts payable	(1,915,329)
Total restricted for state water contract	73,562,889
Restricted for capacity fees:	
Restricted - investments	8,260,053
Restricted - accrued interest receivable	31,136
Total restricted for debt service	8,291,189
Total restricted net position	87,202,965
Unrestricted net position:	
Non-spendable net position:	
Materials and supplies inventory	2,390,897
Prepaid expenses and other assets	717,362
Total non-spendable net position	3,108,259
Spendable net position is designated as follows:	
Unrestricted	140,901,606
Total spendable net position	140,901,606
Total unrestricted net position	144,009,865
Total net position	$ 654,416,191

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, 2020, 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, 2020. 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, 2020.

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, 2020, 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 June 15, 2021. 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 years, 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, 2020, 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
2020	$ 27,465,054
2021	28,329,211
2022	28,752,611
2023	28,752,096
2024	28,939,293
2025-2029	143,651,947
2030-2034	141,405,499
2035	29,540,076
Total	$ 456,835,787

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.

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 $30,591,274 of open construction contracts as of June 30, 2020.

Note 13: Commitments and Contingencies (Continued)

The contracts outstanding include:

Project Name	Total Approved Contract	Construction Costs to Date	Balance to Complete
Magic Mountain Pipeline Phase 4	$ 3,378,856	$ 2,918,912	$ 459,944
Magic Mountain Pipeline Phase 5	3,269,979	2,543,924	726,055
Magic Mountain Pipeline Phase 6A	7,168,845	1,142,333	6,026,512
Magic Mountain Pipeline Phase 6B	4,568,687	-	4,568,687
N Wells and Well Q2 Vessel Purchase	1,731,934	1,652,543	79,391
N Wells and Well Q2 Site Construction	4,607,659	3,004,003	1,603,656
Vista Canyon Recycled Water Main Extension (Phase 2B)	2,752,982	148,070	2,604,912
West Ranch Recycled Water Main Extension (Phase 2D)	3,112,332	1,157,329	1,955,003
Total	30,591,274	12,567,114	18,024,160

COVID-19 National Health Emergency

On March 15, 2020, the Agency's operations were impacted by the COVID-19 national health emergency which resulted in shelter in place orders by national, state and county health departments. The Agency implemented customer and staff safety procedures based on recommendations from the health departments and industry specialists. However, the Agency's operations were not impacted or halted, due to the District's operations being considered essential. In addition, the majority of the Agency's operating revenues consist primarily of water service charges to customers, The Agency continues to evaluate the impact of this health emergency on the Agency's operations.

Note 14: Restatement of Net Position

The Agency restated the Newhall Water Division net position that was previously reported at June 30, 2019 by $323,958. This restatement was related to a correction of accumulated depreciation.

Note 15: Subsequent Event

Issuance of Debt

In July 2020, the Agency issued the 2020A and 2020B Revenue Bonds for $78,440,000 and $172,635,000, respectively. The 2020A bonds were issued to finance the acquisition of certain capital improvements for the Agency's water system and the 2020B bonds were issued to provide a portion of funds to advance refund the 2015A, 2016A and 2017A Revenue Bonds.

THIS PAGE INTENTIONALLY LEFT BLANK

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]

	2020	**2019**	**2018**
Measurement Date	6/30/2019	6/30/2018	6/30/2017
Proportion of the Net Pension Liability	0.14646%	0.13844%	0.13729%
Proportionate Share of the Net Pension Liability	$ 15,007,891	$ 13,340,534	$ 13,615,322
Covered Payroll	$ 15,958,119	$ 13,319,776	$ 13,148,794
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	94.0%	100.2%	103.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.3%	75.3%	73.3%

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

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. In 2018, demographic assumptions and inflation rates were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2019, 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 years for which information is available until a full 10-year trend is compiled.

See Notes to Required Supplementary Information.

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]

	2020	2019	2018
Actuarially Determined Contribution	$ 2,561,639	$ 2,182,797	$ 1,759,981
Contribution in Relation to the Actuarially Determined Contribution	(2,561,639)	(2,182,797)	(1,759,981)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Payroll	$ 18,579,032	$ 15,958,119	$ 13,319,776
Contributions as a Percentage of Covered Payroll	13.8%	13.7%	13.2%

Notes to Schedule of Plan Contributions:

Valuation Date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Cost Method

Amortization method: Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.875%	2.875%	2.875%	2.875%	2.875%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method	Direct rate smoothing
Inflation	2.63%
Payroll Growth	2.88%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% (net of pension plan investment and administrative expenses, includes inflation)
Retirement Age	All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

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

See Notes to Required Supplementary Information.

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)]

	2020	2019	2018
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability			
Service cost	$ 1,355,774	$ 991,161	$ 312,585
Interest on the total OPEB liability	1,589,657	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	(625,439)	(571,142)	(273,181)
Net change in total OPEB liability	2,319,992	2,694,479	(1,263,291)
Total OPEB liability - beginning	21,666,329	18,971,850	20,235,141
Total OPEB liability - ending (a)	**23,986,321**	**21,666,329**	**18,971,850**
Plan Fiduciary Net Position			
Contribution - employer	2,377,824	1,900,160	1,298,476
Net investment income	1,059,140	1,088,901	938,262
Benefit payments	(625,439)	(571,142)	(273,181)
Administrative expense	(3,567)	(7,502)	(3,116)
Other expenses	-	(18,101)	-
Net change in plan fiduciary net position	2,807,958	2,392,316	1,960,441
Plan fiduciary net position - beginning	16,107,139	13,714,823	11,754,382
Plan fiduciary net position - ending (b)	**$ 18,915,097**	**$ 16,107,139**	**$ 13,714,823**
Net OPEB Liability - ending (a) - (b)	**$ 5,071,224**	**$ 5,559,190**	**$ 5,257,027**
Plan fiduciary net position as a percentage of the total OPEB liability	78.9%	74.3%	72.3%
Covered-employee payroll	$ 15,957,307	$ 5,990,450	$ 7,273,299
Net OPEB liability as a percentage of covered-employee payroll	31.8%	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)]

	2020	2019	2018
Actuarially Determined Contribution	$ 6,533,284	$ 2,377,824	$ 601,683
Contribution in Relation to the Actuarially Determine	(6,533,284)	(2,377,824)	(601,683)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered-employee payroll	$ 18,579,032	$ 15,957,307	$ 7,273,299
Contributions as a percentage of covered-employee	35.2%	14.9%	8.3%

Notes to Schedule of Plan Contributions:

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2020 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:	27 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, 2020

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Assets:				
Current:				
Cash and cash equivalents	$ 22,650,739	$ 5,734,491	$ 817,203	$ 7,322,071
Investments	71,635,789	37,721,527	8,575,267	13,185,326
Receivables:				
Accounts	2,615,295	5,068,324	2,153,880	4,696,521
Property tax	633,652	-	8,343	-
Accrued interest	186,526	57,290	11,110	340
Accounts - other	2,057,010	23,598	511,280	-
Prepaid costs	192,906	180,505	23,820	320,131
Due from other funds	305,442	1,930,639	60,433	-
Materials and supplies inventory	-	1,025,161	777,221	588,515
Internal balances	93,692,929	-	-	(93,692,929)
Restricted:				
Cash and cash equivalents	3,074,706	-	-	-
Investments	77,402,452	8,260,053	-	-
Cash with fiscal agent	5,351,208	-	-	-
Receivables:				
Property tax	544,610	-	-	-
Accrued interest	143,253	31,136	-	-
Accounts - other	254,784	-	-	-
Total Current Assets	**280,741,301**	**60,032,724**	**12,938,557**	**(67,580,025)**
Noncurrent:				
Net OPEB asset	-	-	-	77,401
Capital assets - not being depreciated	65,407,872	24,828,787	9,947,339	10,690,727
Capital assets - net of accumulated depreciation	387,517,088	86,466,822	66,624,080	88,505,531
Total Noncurrent Assets	**452,924,960**	**111,295,609**	**76,571,419**	**99,273,659**
Total Assets	**733,666,261**	**171,328,333**	**89,509,976**	**31,693,634**
Deferred Outflows of Resources:				
Deferred pension outflows	2,541,819	1,255,939	775,158	783,354
Deferred OPEB outflows	2,138,868	2,178,666	2,650,240	196,914
Loss on defeasance of debt	-	1,213,180	-	-
Total Deferred Outflows of Resources	**4,680,687**	**4,647,785**	**3,425,398**	**980,268**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Liabilities:				
Current:				
Accounts payable	7,798,133	642,722	470,326	2,083,482
Accounts payable - restricted	1,712,372	-	-	-
Accrued liabilities	598,887	163,578	346,315	120,489
Accrued interest	3,443,906	892,813	-	-
Unearned revenues	65,929	477,981	730,408	-
Deposits payable	-	-	-	56,209
Due to other funds	-	980,844	576,097	739,573
Advances for construction	-	2,594,175	-	6,139,302
Other current liabilities	-	-	-	6,361,331
Accrued compensated absences	569,020	113,952	86,776	105,746
Certificates of participation	3,260,000	-	-	-
Revenue bonds	4,400,000	3,315,000	-	-
Total Current Liabilities	**21,848,247**	**9,181,065**	**2,209,922**	**15,606,132**
Noncurrent:				
Net OPEB liability	1,753,219	1,200,659	2,194,747	-
Net pension liability	7,121,995	3,519,050	2,171,942	2,194,904
Accrued compensated absences	481,167	341,855	260,326	317,239
Certificates of participation	118,288,662	-	-	-
Revenue bonds	144,199,707	49,885,904	-	-
Total Noncurrent Liabilities	**271,844,750**	**54,947,468**	**4,627,015**	**2,512,143**
Total Liabilities	**293,692,997**	**64,128,533**	**6,836,937**	**18,118,275**
Deferred Inflows of Resources:				
Deferred pension inflows	512,205	253,086	156,203	157,855
Deferred OPEB inflows	647,839	464,151	848,446	-
Total Deferred Inflows of Resources	**1,160,044**	**717,237**	**1,004,649**	**157,855**
Net Position:				
Net investment in capital assets	188,127,799	59,307,885	76,571,419	99,196,258
Restricted	78,911,776	8,291,189	-	-
Unrestricted	176,454,332	43,531,274	8,522,369	(84,798,486)
Total Net Position	**$ 443,493,907**	**$ 111,130,348**	**$ 85,093,788**	**$ 14,397,772**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Assets:				
Current:				
Cash and cash equivalents	$ 5,000	$ 12,888	$ 25,000	$ 36,567,392
Investments	7,203	249,268	-	131,374,380
Receivables:				
Accounts	-	-	-	14,534,020
Property tax	-	86	-	642,081
Accrued interest	26	905	-	256,197
Accounts - other	-	-	-	2,591,888
Prepaid costs	-	-	-	717,362
Due from other funds	-	-	-	2,296,514
Materials and supplies inventory	-	-	-	2,390,897
Internal balances	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	3,074,706
Investments	-	-	-	85,662,505
Cash with fiscal agent	-	-	-	5,351,208
Receivables:				
Property tax	-	-	-	544,610
Accrued interest	-	-	-	174,389
Accounts - other	-	-	-	254,784
Total Current Assets	**12,229**	**263,147**	**25,000**	**286,432,933**
Noncurrent:				
Net OPEB asset	-	-	-	77,401
Capital assets - not being depreciated	-	-	-	110,874,725
Capital assets - net of accumulated depreciation	-	-	-	629,113,521
Total Noncurrent Assets	**-**	**-**	**-**	**740,065,647**
Total Assets	**12,229**	**263,147**	**25,000**	**1,026,498,580**
Deferred Outflows of Resources:				
Deferred pension outflows	-	-	-	5,356,270
Deferred OPEB outflows	-	-	-	7,164,688
Loss on defeasance of debt	-	-	-	1,213,180
Total Deferred Outflows of Resources	**-**	**-**	**-**	**13,734,138**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Liabilities:				
Current:				
Accounts payable	-	-	-	10,994,663
Accounts payable - restricted	-	-	-	1,712,372
Accrued liabilities	-	-	-	1,229,269
Accrued interest	-	-	-	4,336,719
Unearned revenues	-	-	-	1,274,318
Deposits payable	-	-	-	56,209
Due to other funds	-	-	-	2,296,514
Advances for construction	-	-	-	8,733,477
Other current liabilities	-	-	-	6,361,331
Accrued compensated absences	-	-	-	875,494
Certificates of participation	-	-	-	3,260,000
Revenue bonds	-	-	-	7,715,000
Total Current Liabilities	**-**	**-**	**-**	**48,845,366**
Noncurrent:				
Net OPEB liability	-	-	-	5,148,625
Net pension liability	-	-	-	15,007,891
Accrued compensated absences	-	-	-	1,400,587
Certificates of participation	-	-	-	118,288,662
Revenue bonds	-	-	-	194,085,611
Total Noncurrent Liabilities	**-**	**-**	**-**	**333,931,376**
Total Liabilities	**-**	**-**	**-**	**382,776,742**
Deferred Inflows of Resources:				
Deferred pension inflows	-	-	-	1,079,349
Deferred OPEB inflows	-	-	-	1,960,436
Total Deferred Inflows of Resources	**-**	**-**	**-**	**3,039,785**
Net Position:				
Net investment in capital assets	-	-	-	423,203,361
Restricted	-	-	-	87,202,965
Unrestricted	12,229	263,147	25,000	144,009,865
Total Net Position	**$ 12,229**	**$ 263,147**	**$ 25,000**	**$ 654,416,191**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2020

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Operating Revenues:				
Water consumption sales and services	$ 215,485	$ 35,058,069	$ 13,443,979	$ 33,676,195
Other charges and services	7,213,133	1,160,855	37,008	104,515
Total Operating Revenues	**7,428,618**	**36,218,924**	**13,480,987**	**33,780,710**
Operating Expenses:				
Source of supply	-	218,619	82,275	165,049
Pumping	97,773	3,106,411	1,506,016	3,001,557
Transmission and distribution	-	4,981,897	898,218	1,750,146
Water Treatment	6,377,175	1,457,089	373,929	441,972
Administration and general	6,423,396	3,264,766	4,707,676	6,120,420
Depreciation expense	19,272,174	4,961,063	3,514,862	4,453,616
Maintenance	4,836,636	-	-	-
Engineering	2,455,574	654,518	-	-
Water Quality	1,177,815	-	-	-
Water Resources	10,197,555	-	-	-
Management	2,645,916	-	-	-
Customer Care	-	910,404	439,045	660,520
Total Operating Expenses	**53,484,014**	**19,554,767**	**11,522,021**	**16,593,280**
Operating Income (Loss)	(46,055,396)	16,664,157	1,958,966	17,187,430
Nonoperating Revenues (Expenses):				
Taxes	58,168,662	-	644,290	-
Interest revenue	6,793,140	921,472	302,870	407,665
Interest expense	(11,134,595)	(1,854,487)	(67,041)	(2,632,671)
Other revenue	(227,972)	1,117,058	104,532	13,014
Other contributions	-	-	-	-
State Water Contract	(21,483,495)	-	-	-
Gain (loss) on disposal of capital assets	-	(14,323)	(6,216)	(10,968)
Total Nonoperating Revenues (Expenses)	**32,115,740**	**169,720**	**978,435**	**(2,222,960)**
Income (Loss) Before Capital Contributions	(13,939,656)	16,833,877	2,937,401	14,964,470
Capital Contributions	-	3,147,059	31,568	-
Transfers in	26,364,529	-	36,012	-
Transfers out	-	(13,067,995)	(2,563,202)	(10,769,344)
Changes in Net Position	12,424,873	6,912,941	441,779	4,195,126
Net Position:				
Beginning of Year, as previously reported	431,069,034	104,217,407	84,975,967	10,202,646
Restatements	-	-	(323,958)	-
Beginning of Fiscal Year, as restated	431,069,034	104,217,407	84,652,009	10,202,646
End of Fiscal Year	**$ 443,493,907**	**$ 111,130,348**	**$ 85,093,788**	**$ 14,397,772**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2020

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Operating Revenues:				
Water consumption sales and services	$ -	$ -	$ -	$ 82,393,728
Other charges and services	-	-	-	8,515,511
Total Operating Revenues	**-**	**-**	**-**	**90,909,239**
Operating Expenses:				
Source of supply	-	-	-	465,943
Pumping	-	-	-	7,711,757
Transmission and distribution	-	-	-	7,630,261
Water Treatment	-	-	-	8,650,165
Administration and general	1,910	223	80,000	20,598,391
Depreciation expense	-	-	-	32,201,715
Maintenance	-	-	-	4,836,636
Engineering	-	-	-	3,110,092
Water Quality	-	-	-	1,177,815
Water Resources	-	-	-	10,197,555
Management	-	1,674	-	2,647,590
Customer Care	-	-	-	2,009,969
Total Operating Expenses	**1,910**	**1,897**	**80,000**	**101,237,889**
Operating Income (Loss)	(1,910)	(1,897)	(80,000)	(10,328,650)
Nonoperating Revenues (Expenses):				
Taxes	-	5,917	-	58,818,869
Interest revenue	147	5,864	-	8,431,158
Interest expense	-	-	-	(15,688,794)
Other revenue	-	-	-	1,006,632
Other contributions	-	-	80,000	80,000
State Water Contract	-	-	-	(21,483,495)
Gain (loss) on disposal of capital assets	-	-	-	(31,507)
Total Nonoperating Revenues (Expenses)	**147**	**11,781**	**80,000**	**31,132,863**
Income (Loss) Before Capital Contributions	(1,763)	9,884	-	20,804,213
Capital Contributions	-	-	-	3,178,627
Transfers in	-	-	-	26,400,541
Transfers out	-	-	-	(26,400,541)
Changes in Net Position	(1,763)	9,884	-	23,982,840
Net Position:				
Beginning of Year, as previously reported	13,992	253,263	25,000	630,757,309
Restatements	-	-	-	(323,958)
Beginning of Fiscal Year, as restated	13,992	253,263	25,000	630,433,351
End of Fiscal Year	**$ 12,229**	**$ 263,147**	**$ 25,000**	**$ 654,416,191**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Cash Flows from Operating Activities:				
Cash received from customers and users	$ 11,072,960	$ 34,441,676	$ 12,387,555	$ 33,475,090
Cash paid to suppliers for goods and services	(19,840,062)	(13,155,822)	(2,716,527)	(3,500,890)
Cash paid to employees for services	(6,786,084)	(4,498,599)	(7,070,298)	(5,968,387)
Net Cash Provided (Used) by Operating Activities	**(15,553,186)**	**16,787,255**	**2,600,730**	**24,005,813**
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	(13,067,995)	(2,563,202)	(10,769,344)
Cash transfers in	26,364,529	-	36,012	-
Repayment made to other funds	2,543,882	(1,809,125)	70,280	564,144
Repayment received from other funds	-	(767,664)	(165,009)	(436,508)
Internal balances	1,657,607	-	-	(1,657,607)
Proceeds from property taxes	59,510,042	-	644,991	-
Payments for state water contract	(21,483,495)	-	-	-
Proceeds from non-operating revenues	(227,972)	1,117,058	104,532	13,014
Net Cash Provided (Used) by Non-Capital Financing Activities	**68,364,593**	**(14,527,726)**	**(1,872,396)**	**(12,286,301)**
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	-	3,147,059	31,568	-
Acquisition and construction of capital assets	(30,706,398)	(4,804,608)	(1,515,622)	(4,088,396)
Principal paid on capital debt	(25,175,000)	(3,035,000)	(2,573,780)	-
Interest paid on capital debt	(8,862,781)	(2,218,625)	(79,842)	(3,060,051)
Proceeds from sales of capital assets	-	17,102	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	**(64,744,179)**	**(6,894,072)**	**(4,137,676)**	**(7,148,447)**
Cash Flows from Investing Activities:				
Interest received	7,355,269	1,079,690	304,509	407,325
Net Cash Provided (Used) by Investing Activities	**7,355,269**	**1,079,690**	**304,509**	**407,325**
Net Increase (Decrease) in Cash and Cash Equivalents	**(4,577,503)**	**(3,554,853)**	**(3,104,833)**	**4,978,390**
Cash and Cash Equivalents at Beginning of Year	184,692,397	55,270,924	12,497,303	15,529,007
Cash and Cash Equivalents at End of Year	**$ 180,114,894**	**$ 51,716,071**	**$ 9,392,470**	**$ 20,507,397**
Reconciliation of cash and cash equivalents to amounts reported on the statement of Net Position:				
Current:				
Cash and cash equivalents	$ 22,650,739	$ 5,734,491	$ 817,203	$ 7,322,071
Investments	71,635,789	37,721,527	8,575,267	13,185,326
Restricted:				
Cash and cash equivalents	3,074,706	-	-	-
Investments	77,402,452	8,260,053	-	-
Cash with fiscal agent	5,351,208	-	-	-
	$ 180,114,894	**$ 51,716,071**	**$ 9,392,470**	**$ 20,507,397**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Regional Water Division	Santa Clarita Water Division	Newhall Water Division	Valencia Water Division
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (46,055,396)	$ 16,664,157	$ 1,958,966	$ 17,187,430
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:				
Depreciation	19,272,174	4,961,063	3,514,862	4,453,616
(Increase) decrease in accounts receivable	3,578,413	(724,750)	(1,088,411)	433,459
(Increase) decrease in inventory		(146,779)	(101,592)	3,531
(Increase) decrease in prepaid expense	4,823,071	(47,155)	16,560	70,857
Increase (decrease) in accounts payable	3,029,470	(2,414,635)	(252,234)	(384,246)
Increase (decrease) in deposits payable	-	(442,078)	-	(41,959)
Increase (decrease) in advances for construction	-	-	-	(688,700)
Increase (decrease) in unearned revenue	65,929	(142,094)	434,024	(36,600)
Increase (decrease) in accrued liabilities	288,996	49,904	285,224	2,525,885
Increase (decrease) in net OPEB liability and related items	(1,564,650)	(1,432,232)	(2,179,852)	111,130
Increase (decrease) in net pension liability and related items	901,589	423,526	(81,127)	288,422
Increase (decrease) in compensated absences	107,218	38,328	94,310	82,988
Total Adjustments	**30,502,210**	**123,098**	**641,764**	**6,818,383**
Net Cash Provided (Used) by Operating Activities	**$ (15,553,186)**	**$ 16,787,255**	**$ 2,600,730**	**$ 24,005,813**
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of Premiums/Discounts	$ 1,688,602	$ 300,909	$ -	$ -

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	$ -	$ -	$ -	$ 91,377,281
Cash paid to suppliers for goods and services	(1,910)	(4,562)	(80,000)	(39,299,773)
Cash paid to employees for services	-	-	-	(24,323,368)
Net Cash Provided (Used) by Operating Activities	**(1,910)**	**(4,562)**	**(80,000)**	**27,754,140**
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	-	(26,400,541)
Cash transfers in	-	-	-	26,400,541
Repayment made to other funds	-	-	-	1,369,181
Repayment received from other funds	-	-	-	(1,369,181)
Internal balances	-	-	-	-
Proceeds from property taxes	-	5,848	-	60,160,881
Payments for state water contract	-	-	-	(21,483,495)
Proceeds from non-operating revenues	-	-	80,000	1,086,632
Net Cash Provided (Used) by Non-Capital Financing Activities	**-**	**5,848**	**80,000**	**39,764,018**
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	-	-	-	3,178,627
Acquisition and construction of capital assets	-	-	-	(41,115,024)
Principal paid on capital debt	-	-	-	(30,783,780)
Interest paid on capital debt	-	-	-	(14,221,299)
Proceeds from sales of capital assets	-	-	-	17,102
Net Cash Provided (Used) by Capital and Related Financing Activities	**-**	**-**	**-**	**(82,924,374)**
Cash Flows from Investing Activities:				
Interest received	166	6,508	-	9,153,467
Net Cash Provided (Used) by Investing Activities	**166**	**6,508**	**-**	**9,153,467**
Net Increase (Decrease) in Cash and Cash Equivalents	**(1,744)**	**7,794**	**-**	**(6,252,749)**
Cash and Cash Equivalents at Beginning of Year	13,947	254,362	25,000	268,282,940
Cash and Cash Equivalents at End of Year	**$ 12,203**	**$ 262,156**	**$ 25,000**	**$ 262,030,191**
Reconciliation of cash and cash equivalents to amounts reported on the statement of Net Position:				
Current:				
Cash and cash equivalents	$ 5,000	$ 12,888	$ 25,000	$ 36,567,392
Investments	7,203	249,268	-	131,374,380
Restricted:				
Cash and cash equivalents	-	-	-	3,074,706
Investments	-	-	-	85,662,505
Cash with fiscal agent	-	-	-	5,351,208
	$ 12,203	**$ 262,156**	**$ 25,000**	**$ 262,030,191**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sust agency	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (1,910)	$ (1,897)	$ (80,000)	$ (10,328,650)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:				
Depreciation	-	-	-	32,201,715
(Increase) decrease in accounts receivable	-	-	-	2,198,711
(Increase) decrease in inventory	-	-	-	(244,840)
(Increase) decrease in prepaid expense	-	-	-	4,863,333
Increase (decrease) in accounts payable	-	(2,665)	-	(24,310)
Increase (decrease) in deposits payable	-	-	-	(484,037)
Increase (decrease) in advances for construction	-	-	-	(688,700)
Increase (decrease) in unearned revenue	-	-	-	321,259
Increase (decrease) in accrued liabilities	-	-	-	3,150,009
Increase (decrease) in net OPEB liability and related items	-	-	-	(5,065,604)
Increase (decrease) in net pension liability and related items	-	-	-	1,532,410
Increase (decrease) in compensated absences	-	-	-	322,844
Total Adjustments	**-**	**(2,665)**	**-**	**38,082,790**
Net Cash Provided (Used) by Operating Activities	**$ (1,910)**	**$ (4,562)**	**$ (80,000)**	**$ 27,754,140**
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of Premiums/Discounts	$ -	$ -	$ -	$ 1,989,511

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 22, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency'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: 2020-001.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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
December 22, 2020

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Accumulated Depreciation

Reference Number: 2020-001

Condition:
During our test work of accumulated depreciation, we noted that the Newhall Division's annual depreciation and June 30, 2020, accumulated depreciation balance was incorrect and required a restatement.

Criteria:
The Agency uses straight line depreciation and LSL noted that the ending accumulated depreciation at June 30, 2020, did not recalculate properly based on this approach.

Cause of Condition:
Newhall Division's annual depreciation was being calculated as a percentage of the total asset balance rather than individual asset.

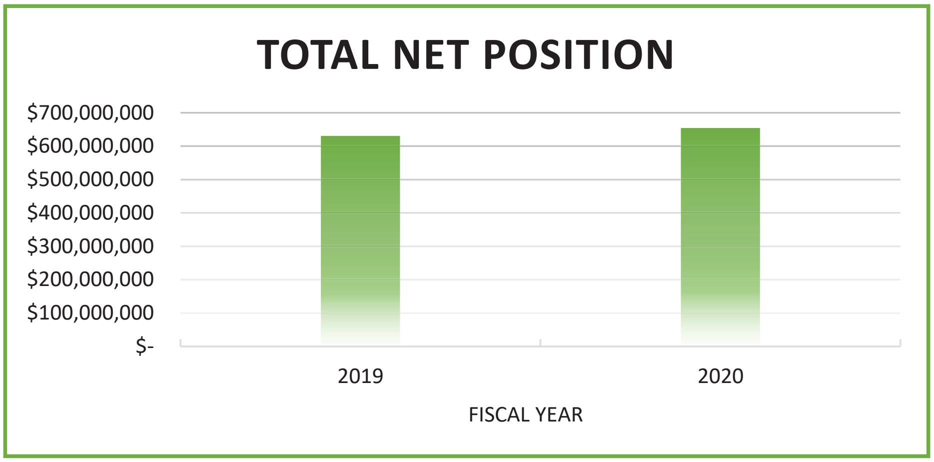
Effect or Potential Effect of Condition:
By calculating depreciation as a percentage of the total asset balance and not by individual asset, the Division's accumulated depreciation and annual depreciation expense may have potentially resulted in a material misstatement.

Recommendation:
We recommend the Agency calculate the annual depreciation by asset and verify that the ending accumulated depreciation balance is correct.

Management's Response and Corrective Action:
Management agrees with the finding and has corrected its methodology. All assets are now being depreciated by individual asset.

Santa Clarita Valley Water Agency
Net Position

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2019	$ 384,808,121	$ 72,753,409	$ 173,195,779	$ 630,757,309
2020	423,203,361	87,202,965	144,009,865	654,416,191



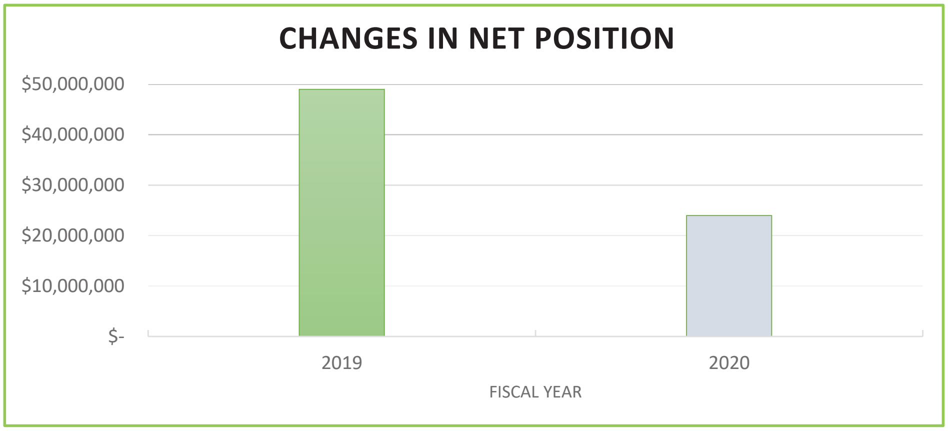
Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Changes in Net Position

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income/(Loss)	Total Non-Operating Revenues/ (Expenses)[1]	Income (Loss) Before Capital Contributions	Capital Contributions	Changes in Net Position
2019	$ 100,171,370	$ 84,771,295	$ 15,400,075	$ 29,093,495	$ 44,493,570	$ 4,518,938	$ 49,012,508
2020	90,909,239	101,237,889	(10,328,650)	31,132,863	$ 20,804,213	3,178,627	23,982,840

7711757



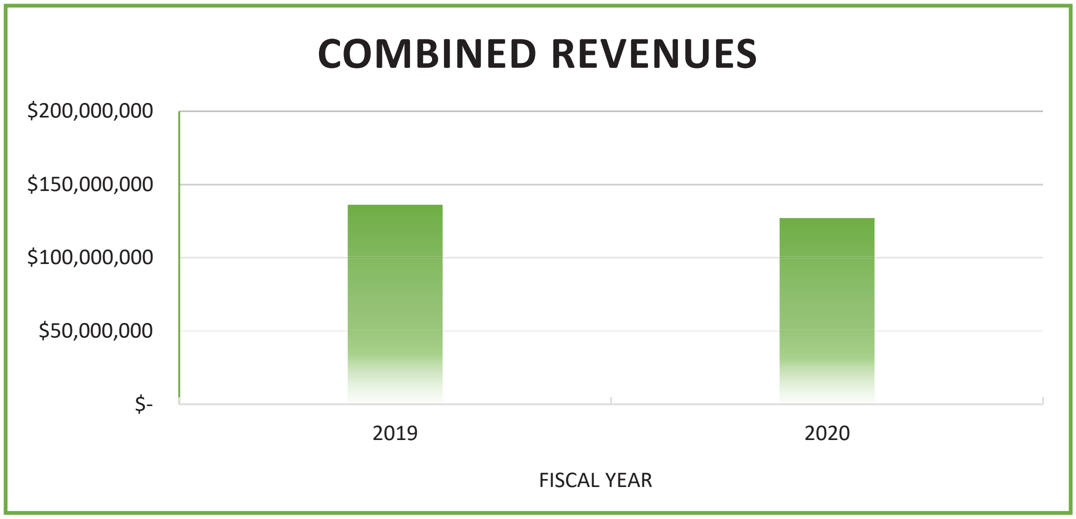
[1]Excludes restricted State Water Contract property taxes

Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Revenues

Fiscal Year	Operating Revenues: Water Sales	Operating Revenues: Other Charges and Services	Non-Operating Revenues: Property Taxes*	Non-Operating Revenues: Investment and Other Income	Total
2019	$ 82,939,784	$ 17,231,586	$ 26,651,592	$ 9,372,628	$ 136,195,590
2020	82,393,728	8,515,511	26,697,036	9,517,790	127,124,065



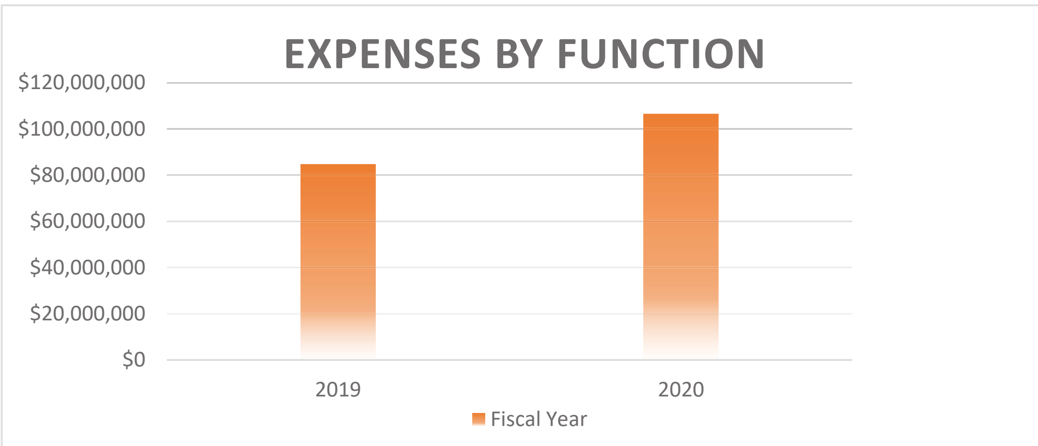
*Excludes restricted State Water Project property taxes

Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Expenses by Function

Operating Expenses	Fiscal Year 2019	Fiscal Year 2020
Source of Supply	$ 345,477	$ 465,943
Pumping Plant	6,292,006	7,711,757
Transmission & Distribution	6,196,650	7,630,261
Water Treatment	7,042,538	8,650,165
General and Administrative	17,240,344	20,598,391
Depreciation	31,263,128	32,201,715
Maintenance	3,263,353	4,836,636
Engineering	2,298,810	3,110,092
Water Quality	1,094,842	1,177,815
Water Resources	5,792,111	10,197,555
Management	2,227,563	2,647,590
Customer Care	1,714,473	2,009,969
	$ 84,771,295	$ 101,237,889



Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Source: SCV Water Agency

Santa Clarita Valley Water Agency
Direct Rates

	Newhall Division		Santa Clarita Division		Valencia Division	
Meter Size	**FY 2019**	**FY 2020**	**FY 2019**	**FY 2020**	**FY 2019**	**FY 2020**
5/8"x3/4"	-	-	21.88	22.32	13.26	16.81
3/4"	16.11	16.14	29.68	30.28	19.89	25.22
1"	26.90	26.96	45.25	46.16	33.15	42.03
1 1/2"	53.65	53.75	84.21	85.90	66.30	84.06
2"	85.87	86.04	130.94	133.56	106.08	134.50
2 1/2"	128.88	129.13	-	-	-	-
3"	161.10	161.42	255.60	260.72	198.90	252.19
4"	268.55	269.08	395.82	403.74	331.50	420.31
6"	536.95	538.00	785.33	801.04	663.00	840.63
8"	859.15	860.84	1,252.75	1,277.81	1,060.80	1,345.00
10"	1,235.15	1,237.58	-	-	1,524.90	1,933.44
12"	-	-	-	-	2,187.90	2,774.07
14"	-	-	-	-	2,983.50	3,782.82
Fire Service						
1"	-	-	3.01	3.08	-	-
2"	22.74	22.97	6.02	6.15	7.52	8.36
4"	73.05	73.78	12.03	12.28	15.04	16.72
6"	138.17	139.55	18.04	18.41	22.56	25.08
8"	216.15	218.31	24.05	24.54	30.08	33.44
10"	-	-	30.05	30.66	37.60	41.80
12"	-	-	36.06	36.79	45.12	50.16
14"	-	-	42.07	42.92	52.64	58.52
16"	-	-	48.08	49.05	-	-
18"	-	-	54.09	55.18	-	-
20"	-	-	60.09	61.30	-	-
Usage Rate Per CCF						
Uniform Volume Rate	2.7839	2.8542	1.91*	1.99*	1.885	1.839

*Does not include potential wholesale water and power pass-through adjustments.

Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Principal Revenue Payers

Fiscal Year 2019-20

	Customer Name		Annual Revenues	% of Water Sales
1	Six Flags, Mail Stop #5	$	484,292.79	0.59%
2	Toro Enterprises		352,028.73	0.43%
3	CF Arcis X Holdings LLC		261,202.25	0.32%
4	Stonegate Castaic HOA		194,882.92	0.24%
5	FivePoint		187,027.92	0.23%
6	Newhall Land		163,701.93	0.20%
7	Phoenix ESG #181		157,811.66	0.19%
8	FivePoint		151,426.27	0.19%
9	The Village		135,750.94	0.17%
10	Santa Clarita Community College District		134,201.19	0.16%
	Total (10 Largest)		2,222,326.60	2.72%
	Others		79,513,168.40	97.28%
	Grand Total		81,735,495.00	100.00%

Fiscal Year 2018-19

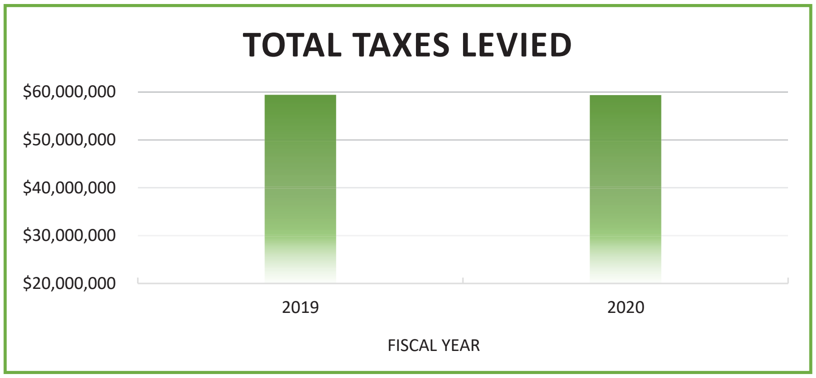
	Customer Name		Annual Revenues	% of Water Sales
1	Six Flags, Mail Stop #5	$	538,664.43	0.65%
2	FivePoint		530,992.38	0.64%
3	Newhall Land		419,911.47	0.51%
4	CF Arcis X Holdings LLC		282,981.42	0.34%
5	FivePoint		254,577.51	0.31%
6	Stonegate Castaic HOA		207,052.80	0.25%
7	The Village		150,425.16	0.18%
8	Santa Clarita Community College District		148,156.18	0.18%
9	Phoenix ESG #181		146,283.25	0.18%
10	Parklane Mobile Estate		119,698.64	0.14%
	Total (10 Largest)		2,798,743.24	3.37%
	Others		80,141,040.76	96.63%
	Grand Total		82,939,784.00	100.00%

Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Property Taxes Levies and Collections

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	**Total Taxes Levied for Fiscal Year**	**Amount**	**Percentage of Levy**	**Collections in Subsequent Year**	**Amount**	**Percentage of Levy**
2019	$ 59,422,583	$ 58,205,621	97.95%	$ 1,216,962	$ 59,422,583	100%
2020	59,363,479	58,818,869	99.08%	544,610	59,363,479	100%



Source: County of Los Angeles and Ventura County, Auditor-Controller/Tax Division

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Assessed Valuation of Taxable Property

	Secured			Unsecured			
Fiscal Year	**Los Angeles County**	**Ventura County**	**Totals**	**Los Angeles County**	**Ventrua County**	**Totals**	**Total Direct Tax Rate**
2019	42,530,762,287	28,776,667	42,559,538,954	1,161,623,197	1,274,455	1,162,897,652	0.0706
2020	44,484,636,167	34,083,193	44,518,719,360	1,175,937,200	1,253,240	1,177,190,440	0.0706

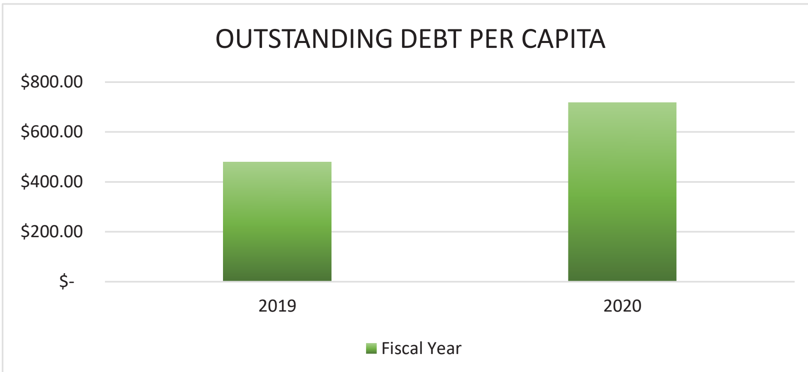
Source: County of Los Angeles and Ventura County, Auditor-Controller/Tax Division

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Source: County of Los Angeles, Auditor-Controller/Tax Division

Santa Clarita Valley Water Agency
Outstanding Debt

Fiscal Year	Population	Certificates of Participation	Revenue Bonds	Notes Payable	Total Debt	Per Capita	As a Share of Personal Income[1]
2019	292,281	$ 132,453,983	$ 217,040,224	$ 2,573,780	$ 352,067,987	$ 480.19	0.59%
2020	294,048	117,384,867	201,800,611	-	319,185,478	$ 442.48	0.52%



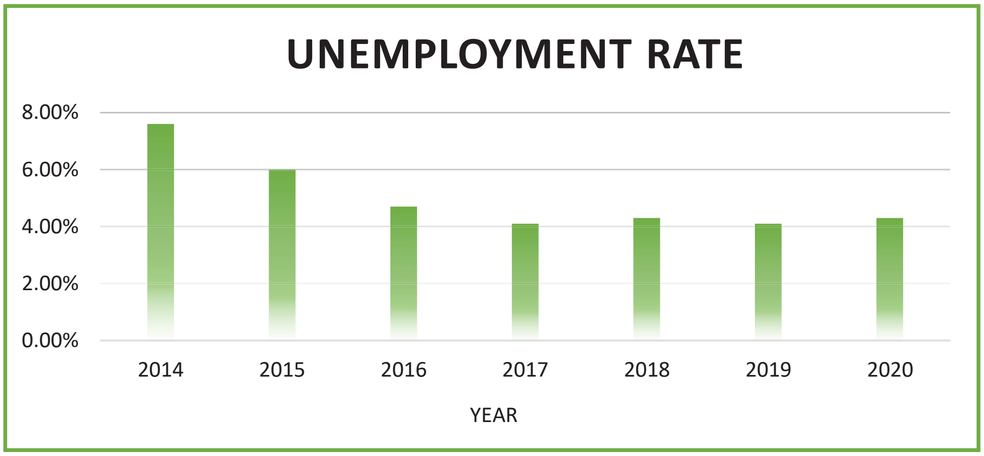
Source: SCV Water Agency
[1]See Demographics Statistics for per capita personal income

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Calucation for Per Capita? Adding short term + long term debt, subtract cash and other liquid assets, divide by population?

Santa Clarita Valley Water Agency
Demographic and Economic Statistics

Year	City of Santa Clarita Population	Unemployment Rate	Personal Income (billions of dollars)	Average per Capita Income
2014	284,290	7.60%	19.1	67,247
2015	287,561	6.00%	19.8	68,803
2016	289,574	4.70%	20.5	70,664
2017	290,732	4.10%	21.5	74,005
2018	291,750	4.30%	22.6	77,504
2019	292,281	4.10%	23.7	80,925
2020	294,048	4.30%	24.9	84,556



Source: Santa Clarita Valley Economic Development Corporation. Records only go back to 2014.

Santa Clarita Valley Water Agency
Principal Employers

	2020		
Principal Employers	**Number of Employees**	**Rank**	**Percentage of Total Employment**
Six Flags Magic Mountain	3,200	1	10%
College of the Canyons	2,135	2	7%
Princess Cruises	2,092	3	7%
Williams S. Hart Union School District	1,959	4	6%
Henry Mayo Hospital	1,917	5	6%
Sagus Union School District	1,675	6	5%
US Postal Service	1,271	7	4%
Boston Scientific	1,000	8	3%
City of Santa Clarita	877	9	3%
The Master's University	796	10	3%
Total	16,922		55%
All Others	13,695		45%
Total Employment in Santa Clarita	30,617		100%

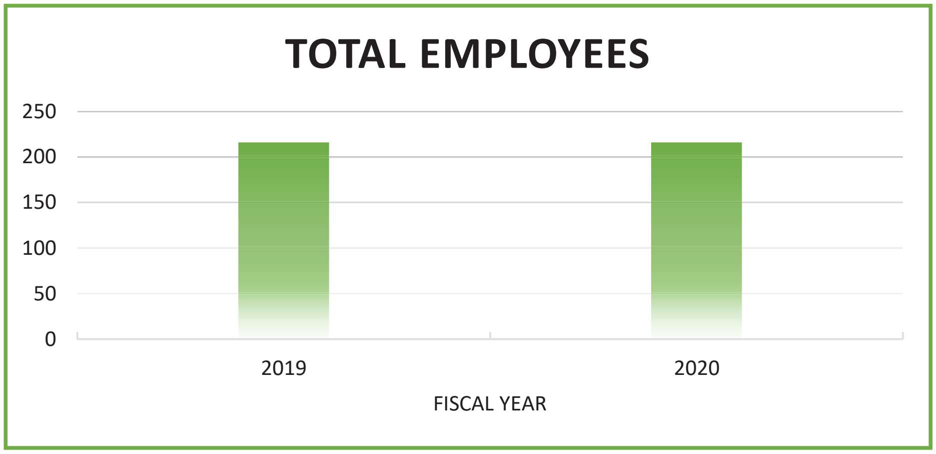
Source: Santa Clarita Valley Economic Development Corporation

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Operating and Capacity Indicators

Agency Employees

Fiscal Year	Management	Finance, Administration and Technology Services	Engineering Services	Operations and Maintenance	Water Resources and Outreach	Total
2019	5	51	24	113	23	216
2020	5	49	30	108	24	216



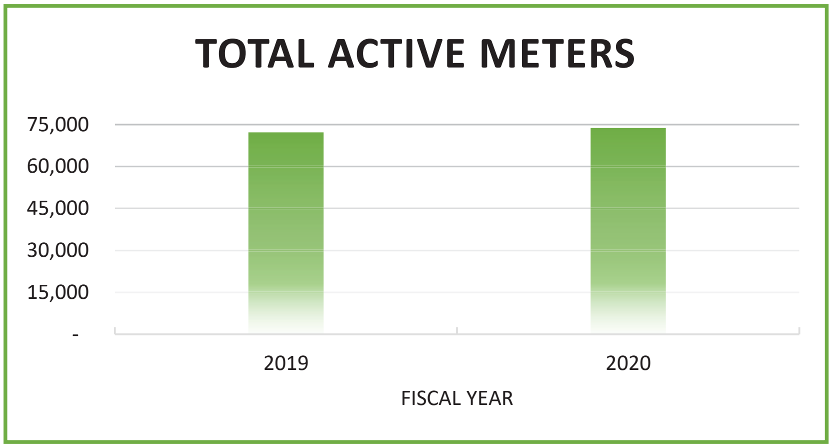
Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Operating and Capacity Indicators

Active Meters By Size

Fiscal Year	5/8"	3/4"	1"	1 1/2"	2"	2 1/2"	3"	4"	6"	8"	10"	12"	Total
2019	4,960	53,832	7,826	1,336	3,817	25	187	146	50	28	10	0	72,217
2020	5,965	54,307	7,777	1,367	3,866	25	183	178	57	31	11	0	73,767



Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

Operating and Capital Indicators

Water System	Fiscal Year 2019	Fiscal Year 2020
Service Area (In Acres)	125,056	125,056
Miles of Water Main	861	879
Number to Storage Reservoirs[1]	94	96
Water Storage Capacity (In Million Gallons)	153.8	155.7
Total Water Connections (Active Meters)	72,217	73,767
Number of Booster Pump Stations	51	52
Number of Valves	23,826	23,826
Number of Hydrants	7,126	7,126
Number of Wells in Service[2]	40	40
In Service Wells GPM	48,000	48,000

[1]Does not include the Sand Canyon Reservoir (7mg) or the treatment plant clear wells
[2]In FY 2020, 20 wells are offline due to PFAS contamination, pending treatment completion

Source: SCV Water Agency

Note: Only 2 years of available data. SCV Water creation January 1, 2018.

ITEM NO. 2.4

UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY

Date: February 22, 2021

To: Upper Santa Clara Valley Joint Powers Authority Board of Directors

From: Rochelle Patterson
Treasurer

Subject: Approve a Resolution Adopting a Revised Investment Policy

---

SUMMARY AND DISCUSSION

Pursuant to Government Code Section 53646, the California Legislature mandates that the Authority annually prepare and adopt an Investment Policy. The Authority last adopted its policy in February 2020.

General Counsel has advised that there have been changes in state Government Codes and has modified the existing policy as marked below in Sections 9.8.2 and 9.11. The red struck lines indicate deletion, whereas the unstruck lines have been added. There are no other changes to the policy.

9.8.2 organized within the United States as a special-purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally-recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. The Agency shall invest no more than 25% of its money in eligible commercial paper; provided that if the Agency has $100,000,000 or more of investment assets under management, the Agency may invest no more than 40% of its money in eligible commercial paper. The Agency shall ~~purchase no more than 10% of the outstanding~~ invest no more than 10% of its total investment assets in the commercial paper and medium-term notes of any single ~~corporate issue~~ issuer.

9.11 Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of 5 years or less, issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this policy and shall not exceed 30% of the Agency's money which may be invested pursuant to this policy. The Agency may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Board of Directors of the Upper Santa Clara Valley Joint Powers Authority approve the attached resolution adopting a revised Investment Policy.

RP

Attachment

MGS

RESOLUTION NO. ___

**A RESOLUTION OF THE
UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY
ADOPTING A REVISED INVESTMENT POLICY**

1.0 POLICY

1.1 WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

1.2 WHEREAS; the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 53601 et seq.; and

1.3 WHEREAS; the Treasurer of the Upper Santa Clara Valley Joint Powers Authority ("Authority"), acting under the direction and authority of the Finance Committee of the Authority, shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;

1.4 NOW THEREFORE, it shall be the policy of the Authority to invest funds in a manner, which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Authority and conforming to all statutes governing the investment of Authority funds.

2.0 SCOPE

This investment policy applies to all financial assets of the Authority. These funds are accounted for in the annual Authority audit. The Authority pools all cash for investment purposes. This policy is applicable, but not limited to all funds listed below:

General/Operating Fund
Special Revenue Funds
a) One Percent Property Tax Fund
b) Facility Capacity Fee Fund
c) State Water Project Fund
Capital Project Fund
Debt Service Fund
Reserve Funds
Enterprise Fund
Grant Funds

3.0 PRUDENCE; RESPONSIBILITY

3.1 Prudence: Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Authority, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3.2 Responsibility: The Treasurer and other individuals assigned to manage the investment portfolio, acting with the intent and scope of this investment policy while exercising due diligence, shall be relieved of personal responsibility for the credit risk and market price risk for securities held in the investment portfolio, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements and budgeted expenditures. Investments will be undertaken with the expectation that unplanned expenses will be incurred; therefore, portfolio liquidity will be created to cover reasonable contingency costs.

4.3 Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. The goal is to maximize return while ensuring that safety and liquidity objectives are not compromised.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code 53600, et seq. Overall accountability and authority for implementation of this policy shall remain with the Board of Directors of the Authority and overseen by the Authority's

Finance Committee. The day-to-day responsibility for management and implementation of the investment program is hereby delegated to the Treasurer, who, where and when appropriate, shall establish written procedures for the operation of the investment program consistent with this investment policy. With this delegation the Treasurer is given the authority to utilize internal staff and outside investment managers to assist in the investment program. The Treasurer shall use care to assure that those assigned responsibility to assist in the management of the Authority's portfolio do so in accordance with this policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

6.0 ETHICS AND CONFLICTS OF INTEREST

The Treasurer and officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Officials and staff members involved with the investment function shall disclose to the Board of Directors any personal financial interest with a financial institution, broker or investment issuer conducting business with the Authority. Officials and staff members shall further disclose to the Board of Directors any personal financial interest in any entity related to the investment performance of the Authority's portfolio.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the Authority's account with that firm has reviewed the Authority's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the Authority that are appropriate under the terms and conditions of the Investment Policy.

The Authority is a local authority authorized to invest surplus monies in the Local Authority Investment Fund (LAIF). LAIF is a special trust fund in the custody of the State Treasurer and the Local Investment Advisory Board created under Government Code

Section 16429.2, which advises the State Treasurer on the investment and reinvestment of LAIF deposits. Each local agency with LAIF deposits has a separate account within LAIF, but the total deposits in LAIF are managed as a pooled investment account. The securities eligible for LAIF investments are statutorily specified in Government Code Section 16430 and are more conservative than those investments permitted under Government Code Section 53601, which governs the management of invested surplus monies by local agencies. Accordingly, the Treasurer need not be concerned with the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

8.0 PORTFOLIO MATURITY LIMITS

The maximum maturity for any single investment in the portfolio shall not exceed five years. The maximum weighted average maturity for the investment portfolio shall not exceed three years.

When a security has a mandatory put date, the put date should be used when calculating weighted average portfolio maturity. When a security has an optional put date, the optional put date should be used when calculating weighted average portfolio maturity so long as the put is at the discretion of the Authority and the put price is equal to or greater than the market value for the security. (A put is a contract that gives its holder the right to sell an underlying security, commodity, or currency before a certain date for a predetermined price.)

9.0 AUTHORIZED AND SUITABLE INVESTMENTS

The Authority is empowered by California Government Code 53601 et seq. to invest in the following:

9.1 Bonds issued by the Authority.

9.2 United States Treasury Bills, Notes and Bonds.

9.3 Registered state warrants or treasury notes or bonds issued by the State of California.

9.4 Registered treasury notes or bonds of any of the 49 United States in addition to California, including bonds payable solely out of revenues from revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

9.5 Bonds, notes, warrants or other evidence of debt issued by a local authority within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency; and also including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies. The LAIF is an approved pooled investment account.

9.6 Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

9.7 Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances may not exceed 180 days' maturity or 40% of the Authority's money that may be invested pursuant to this policy. However, no more than 30% of the Authority's money can be invested in the bankers' acceptances of any single commercial bank.

9.8 Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally-recognized statistical-rating organization. The entity that issues the commercial paper shall either be:

9.8.1 organized and operating within the United States as a general corporation, shall have total assets in excess of Five Hundred Million Dollars ($500,000,000), and shall issue debt, other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a nationally-recognized statistical-rating organization; or

9.8.2 organized within the United States as a special-purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally-recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. The Authority shall invest no more than 25% of its money in eligible commercial paper; provided that if the Authority has $100,000,000 or more of investment assets under management, the Authority may invest no more than 40% of its money in eligible commercial paper. The Authority shall invest no more than 10% of its total investment assets in the commercial paper and medium-term notes of any single issuer.

9.9 (i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30% of the Authority's money which may be invested pursuant to this policy. The Board of Directors and the Treasurer are prohibited from investing Authority funds, or funds in the Authority's custody, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Board of Directors, or any person with investment decision-making authority within the Authority also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(ii) Deposits at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of such certificates of deposit, pursuant to Government Code Section 53601.8. Deposits shall be subject to

Government Code Section 53638 and may not exceed 50% of the Authority's money which may be invested pursuant to this policy.

9.10 Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53061. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and are subject to the special limits and conditions of California Government Code 53601(j).

9.11 Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of 5 years or less, issued by corporations organized and operating with the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. Purchases of medium-term notes shall not include other instruments authorized by this policy and shall not exceed 30% of the Authority's money which may be invested pursuant to this policy. The Authority may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

9.12 Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this policy, and shares in money market mutual funds, subject to the restrictions of California Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed 20% of the Authority's investments under this policy. However, no more than 10% of the Authority's money may be invested in any one mutual fund.

9.13 Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

9.14 Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by California Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by California Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

9.15 Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of "A" or its equivalent or better for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision shall not exceed 20% of the Authority's money that may be invested pursuant to this policy.

9.16 Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized under Government Code Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible, the joint powers authority issuing the shares must have retained an investment advisor that is registered or exempt from registration with the Securities and Exchange Commission, have not less than five years of experience in investing in the securities and obligations authorized under Government Code Section 53601, and have assets under management in excess of five hundred million dollars ($500,000,000).

9.17 Proposition 1A receivables sold pursuant to California Government Code Section 53999. A "Proposition 1A receivable" constitutes the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

9.18 United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

9.19 Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as otherwise provided in Government Code Section 53601.

The Authority shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

10.0 COLLATERALIZATION

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(i)(2).

11.0 SAFEKEEPING AND CUSTODY

All securities owned by the Authority, except collateral for repurchase agreements, will be held in safekeeping at a third party bank trust department that will act as agent for the Authority under terms of a custody agreement.

Securities used as collateral for repurchase agreements with a term of up to seven days can be safe kept by a third party bank trust department, or by the broker/dealer's safekeeping institution, acting as agent for the Authority under the terms of a custody agreement executed by the broker/dealer and the Authority and specifying the Authority's perfected ownership of the collateral.

Payment for all transactions will be conducted on a delivery-versus-payment (DVP) basis.

12.0 LEVERAGING

Investments may not be purchased on margin. Securities can be purchased on a "When Issued" basis only when a cash balance can be maintained to pay for the securities on the purchase settlement date.

13.0 DIVERSIFICATION

The Authority will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

13.1 Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

13.2 Maturities selected shall provide for stability of income and liquidity.

13.3 Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

14.0 REPORTING

The Treasurer shall submit to each member of the Board of Directors an investment report at least monthly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Authority by third party contracted managers. The report will also include the source of the portfolio valuation. For funds, which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the Authority will meet its expenditure obligations for the next six months as required by Government Code Section 53646(b)(2) and (3), respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

15.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Authority. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

[This page intentionally left blank.]

ITEM NO.
2.5

Upper Santa Clara Valley Joint Powers Authority

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

June 30, 2020

[This page intentionally left blank.]

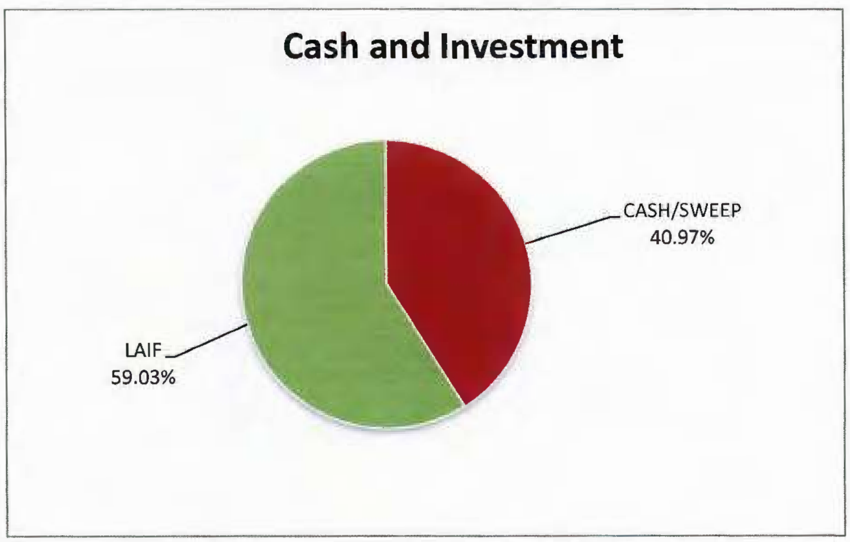
Upper Santa Clara Valley Joint Powers Authority
Cash and Investment Summary
As of June 30, 2020

		BALANCE	% OF TOTAL	WGHTD. AVG. YIELD	
Cash & Sweep Account	$	5,000	40.97%	0.000%	40.97%
LAIF		7,203	59.03%	1.217%	59.03%
Total Cash and Investment	$	12,203	100.00%		

We certify that all investment actions executed since the last investment report have been made in full compliance with the Investment Policy as adopted by the Board of Directors, and that the Agency will meet its expenditure obligations for the next 6 months as required by Government Code Section 53646(b)(2) and (3), respectively.

Rochelle Patterson
Treasurer

Amy Aguer
Controller



\RPortbl\SCVWA_DOCS\AAGUER\23644_1.xlsx

[This page intentionally left blank.]

Upper Santa Clara Valley Joint Powers Authority
Cash and Investment Activity
As of June 30, 2020

	CASH & SWEEP	LAIF	TOTAL
Cash & Investments @ 3/31/20	$ 5,000	$ 7,167	$ 12,167
Cash & Sweep Transactions:			
Receipts:			
	-		-
	-		-
Disbursements:			
	-		-
	-		-
Investment Transactions:			
LAIF Transactions:			
Interest Deposited	-	36	36
Interest Receivable	-	-	-
SCV Water Pass-Through Investment	-	-	-
Note: Interest accrued in Qtr Ended 6/30/20			
Cash & Investments @ 6/30/20	$ 5,000	$ 7,203	$ 12,203

C:\NRPortbl\SCVWA_DOCS\AAGUER\23644_1.XLSX

[This page intentionally left blank.]

ITEM NO.
2.6

Upper Santa Clara Valley Joint Powers Authority

Approve Receiving and Filing the First Quarter FY 2020/21 Investment Report

September 30, 2020

[This page intentionally left blank.]

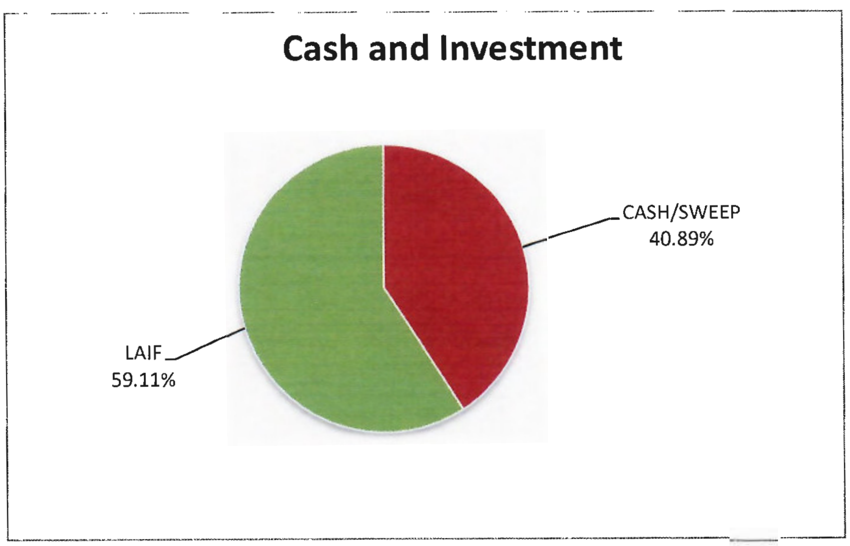
Upper Santa Clara Valley Joint Powers Authority
Cash and Investment Summary
As of September 30, 2020

		BALANCE	% OF TOTAL	WGHTD. AVG. YIELD	
Cash & Sweep Account	$	5,000	40.89%	0.000%	40.89%
LAIF		7,229	59.11%	0.685%	59.11%
Total Cash and Investment	$	12,229	100.00%		

We certify that all investment actions executed since the last investment report have been made in full compliance with the Investment Policy as adopted by the Board of Directors, and that the Agency will meet its expenditure obligations for the next 6 months as required by Government Code Section 53646(b)(2) and (3), respectively.

Rochelle Patterson
Treasurer

Amy Aguer
Controller



\RPortbl\SCVWA_DOCS\AAGUER\23646_1.XLSX

[This page intentionally left blank.]

Upper Santa Clara Valley Joint Powers Authority
Cash and Investment Activity
As of September 30, 2020

	CASH & SWEEP	LAIF	TOTAL
Cash & Investments @ 6/30/20	$ 5,000	$ 7,203	$ 12,203
Cash & Sweep Transactions:			
Receipts:			
	-		-
	-		-
Disbursements:			
	-		-
	-		-
Investment Transactions:			
LAIF Transactions:			
Interest Deposited	-	26	26
Interest Receivable	-	-	-
SCV Water Pass-Through Investment	-	-	-
Cash & Investments @ 9/30/20	$ 5,000	$ 7,229	$ 12,229

C:\NRPortbl\SCVWA_DOCS\AAGUER\23646_1.XLSX

[This page intentionally left blank.]

ITEM NO.
2.6

Upper Santa Clara Valley
Joint Powers Authority

Approve Receiving and Filing the Second Quarter FY 2020/21 Investment Report

December 31, 2020

[This page intentionally left blank.]

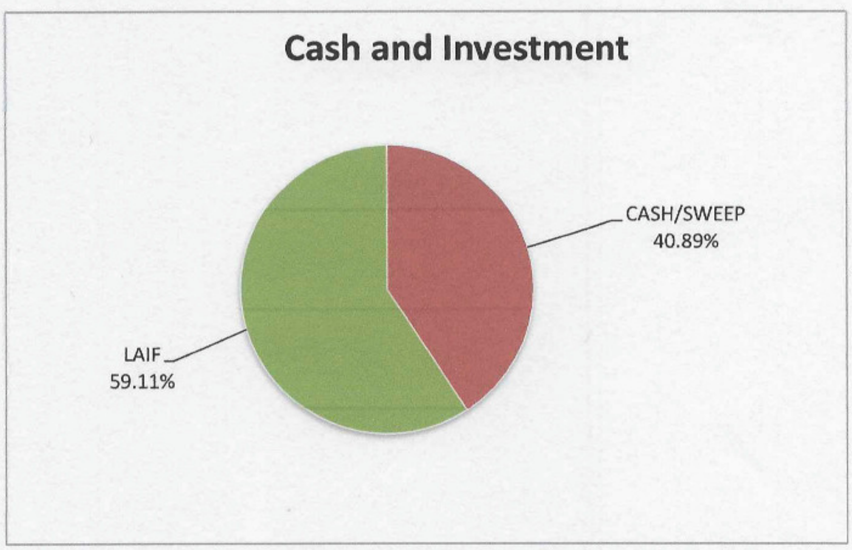
Upper Santa Clara Valley Joint Powers Authority
Cash and Investment Summary
As of December 31, 2020

		BALANCE	% OF TOTAL	WGHTD. AVG. YIELD	
Cash & Sweep Account	$	5,000	40.83%	0.000%	40.83%
LAIF		7,245	59.17%	0.685%	59.17%
Total Cash and Investment	$	12,245	100.00%		

We certify that all investment actions executed since the last investment report have been made in full compliance with the Investment Policy as adopted by the Board of Directors, and that the Agency will meet its expenditure obligations for the next 6 months as required by Government Code Section 53646(b)(2) and (3), respectively.

Rochelle Patterson
Treasurer

Amy Aguer
Controller



\RPortbl\SCVWA_DOCS\AAGUER\24742_1.XLSX

[This page intentionally left blank.]

Upper Santa Clara Valley Joint Powers Authority
Cash and Investment Activity
As of December 31, 2020

	CASH & SWEEP	LAIF	TOTAL
Cash & Investments @ 9/30/2020	$ 5,000	$ 7,229.17	$ 12,229.17
Cash & Sweep Transactions:			
Receipts:			
	-		-
	-		-
Disbursements:			
	-		-
	-		-
Investment Transactions:			
LAIF Transactions:			
Interest Deposited	-	15.35	15.35
Interest Receivable	-	-	-
SCV Water Pass-Through Investment	-	-	-
Cash & Investments @ 12/31/2020	$ 5,000	$ 7,244.52	$ 12,244.52

C:\NRPortbl\SCVWA_DOCS\AAGUER\24742_1.XLSX

[This page intentionally left blank.]