NOTICE AND CALL OF A SPECIAL MEETING

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

Said SPECIAL MEETING of the Devil's Den Water District Board to be held on:

TUESDAY, DECEMBER 19, 2023 AT 7:00 PM
OR IMMEDIATELY FOLLOWING
THE REGULAR MEETING OF THE
UPPER SANTA CLARA VALLEY
JOINT POWERS AUTHORITY

AT THE LOCATION LISTED BELOW

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

AND TELECONFERENCE SITE LOCATED AT

DIRECTOR COLLEY
100 HEBGEN MOUNTAIN ROAD
WEST YELLOWSTONE, MT 59758
1-(661)-378-4748

PLEASE REFER TO THE INFORMATION SHEET AND AGENDA
FOR CALL-IN INFORMATION

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

Signed: Jeff Ford
President amj

Date: 12-12-23

Posted on December 13, 2023.

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Devil's Den
Water District
Special Meeting

Tuesday, December 19, 2023
See Agenda for Start Time
Members of the public may attend by the following options:

IN PERSON

Santa Clarita Valley Water Agency
Rio Vista Water Treatment Plant
Boardroom
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

See Agenda for Additional Location

BY PHONE

Toll Free: 1-(833)-568-8864
Webinar ID: 161 061 2743

VIRTUALLY

Please join the meeting from your computer, tablet or smartphone:
https://scvwa.zoomgov.com/j/1610612743

Have a Public Comment?

Members of the public unable to attend this meeting may submit comments either in writing to ajacobs@scvwa.org or by mail to April Jacobs, Board Secretary, Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 4:00 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 4:00 PM. the day of the meeting will be made available at the meeting, if practicable, and posted on the SCV Water website the following day. All correspondence with comments, including letters or emails, will be posted in their entirety. (Public comments take place during Item 1.2 of the Agenda and before each Item is considered. Please see the Agenda for details.)

This meeting will be recorded and the audio recording for all Board meetings will be posted to yourSCVwater.com within 3 business days from the date of the Board meeting.

Disclaimer: Attendees should be aware that while the Agency is following all applicable requirements and guidelines regarding COVID-19, the Agency cannot ensure the health of anyone attending a Board meeting. Attendees should therefore use their own judgment with respect to protecting themselves from exposure to COVID-19.

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

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

AND TELECONFERENCE SITE LOCATED AT

DIRECTOR COLLEY
100 HEBGEN MOUNTAIN ROAD
WEST YELLOWSTONE, MT 59758
1-(661)-378-4748

TUESDAY, DECEMBER 19, 2023 AT 7:00 PM
OR IMMEDIATELY FOLLOWING
THE REGULAR MEETING OF THE
UPPER SANTA CLARA VALLEY
JOINT POWERS AUTHORITY

IMPORTANT NOTICES

This meeting will be conducted in person at the addresses listed above. As a convenience to the public, members of the public may also participate virtually by using the **Agency's Call-In Number 1-(833)-568-8864, Webinar ID: 161 061 2743 or Zoom Webinar by clicking on the link https://scvwa.zoomgov.com/j/1610612743.** 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. However, in the event there is a disruption of service which prevents the Agency from broadcasting the meeting to members of the public using either the call-in option or internet-based service, this meeting will not be postponed or rescheduled but will continue without remote participation. The remote participation option is being provided as a convenience to the public and is not required. Members of the public are welcome to attend the meeting in person.

Attendees should be aware that while the Agency is following all applicable requirements and guidelines regarding COVID-19, the Agency cannot ensure the health of anyone attending a Board meeting. Attendees should therefore use their own judgment with respect to protecting themselves from exposure to COVID-19.

Members of the public unable to attend this meeting may submit comments either in writing to ajacobs@scvwa.org or by mail to April Jacobs, Board Secretary, Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 4:00 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 4:00 PM the day of the meeting, will be made available at the meeting, if practicable, and will be posted on the SCV Water website the following day. All correspondence with comments, including letters or emails, will be posted in their entirety.

1. REGULAR PROCEDURES

1.1. Call to Order

1.2. Public Comments – Members of the public may comment as to items within the subject matter jurisdiction of the Agency that are not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so 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.) To participate in public comment from your computer, tablet, or smartphone, click the "raise hand" feature in Zoom. You will be notified when it is your turn to speak, please unmute when requested. To participate in public comment via phone, dial *9 to raise your hand. When it is your turn to speak, dial *6 to unmute.

1.3. Approval of the Agenda

2. SPECIAL PROCEDURES	**PAGE**
2.1. Administer Ceremonial Oath of Office to Directors DiPrimio, Ford and Orzechowski	
2.2. * Conduct a Public Hearing Regarding an Ordinance to Increase Director Compensation Rate and Discuss the Director Compensation Rate and Consider Whether to Adopt an Ordinance to Increase It or Not	9

3. CONSENT CALENDAR	**PAGE**
3.1. * Approve Minutes of the February 7, 2023 Special Devil's Den Water District Board Meeting	15
3.2. * Approve Receiving and Filing of the Devil's Den Water District Third and Fourth Quarter Fiscal Year 2022/23 Investment Report	17
3.3. * Approve Receiving and Filing of the Devil's Den Water District First Quarter Fiscal Year 2023/24 Investment Report	29

4. GENERAL AGENDA ITEMS	**PAGE**
4.1. * Approve Receiving and Filing of the Devil's Den Water District June 30, 2023 Financial Statement	35

5. ADJOURNMENT

* Indicates Attachment
♦ Indicates Handout

Note: The Board reserves the right to discuss or take action or both on all of the above Agenda items.

NOTICES

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

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

Posted on December 13, 2023.

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ITEM NO. 2.2

DEVIL’S DEN WATER DISTRICT

DATE: October 24, 2023

TO: Devil’s Den Water District Board of Directors

FROM: General Counsel

SUBJECT: Conduct a Public Hearing Regarding an Ordinance to Increase Director Compensation Rate and Discuss the Director Compensation Rate and Consider Whether to Adopt an Ordinance to Increase It or Not

---

SUMMARY AND DISCUSSION

The Devil’s Den Water District (DDWD) Board of Directors consists of five (5) Directors: three (3) Santa Clarita Valley Water (SCV Water) Board members and two (2) Directors who do not sit on the SCV Water Board. Pursuant to the Water Code, the District may by ordinance set Director compensation for attendance at meetings and services rendered for the District at up to $100 per day, and they may increase the amount above $100 per day by a certain percentage. The current stipend amount for the Devil’s Den Water District Directors is $25 per day, with a maximum of 10 meetings per month. This amount is well below the statutorily allowed $100. As background, typically the Santa Clarita Valley Water Agency (SCV Water) Board meets on the same night as the DDWD Board and a stipend is not paid to the SCV Water Directors who sit on DDWD since they receive a stipend from SCV Water for their attendance at the SCV Water regular Board meeting. As a result, the fiscal impact of an increase would be very small.

Since the current stipend of $25 is very little and well below the statutorily allowed amount of $100 (the statute was adopted in 1984), there is an interest in increasing the amount to provide more appropriate compensation to those who take time out of their personal lives to serve as Directors. This may also provide additional incentive to serve. As a result, it would be appropriate for the DDWD Board of Directors to adopt the attached ordinance (Attachment 1) increasing the DDWD stipends to match the statute of $100 per meeting for the DDWD Board.

In Addition, the Agenda includes a public hearing and notice of public hearing (Attachment 2) has been provided consistent with the requirements of the Water Code.

FINANCIAL CONSIDERATIONS

DDWD Director stipends will be paid from the DDWD property tax revenues.

RECOMMENDATION

That the Devil’s Den Water District Board of Directors adopt the attached ordinance increasing the current stipend from $25 per meeting to $100 per day, a maximum of 10 meetings per month to be effective 60 days after the adoption of this ordinance.

Attachments

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ATTACHMENT 1

ORDINANCE NO. ________

ORDINANCE OF THE BOARD OF DIRECTORS OF THE DEVIL'S DEN WATER DISTRICT INCREASING THE DEVIL'S DEN WATER DISTRICT DIRECTORS COMPENSATION

WHEREAS, Water Code Section 20201 allows water districts to, by ordinance, provide compensation to Directors of up to $100 per day for attendance at meetings and services rendered for the District, and to increase the amount above $100 by a certain percentage; and

WHEREAS, the Devil's Den Water District Directors currently receive compensation for meetings and services rendered in the amount of $25 per day; and

WHEREAS, the Devil's Den Water District Board of Directors feel that it is appropriate to increase the compensation to the statutorily allowed amount of $100 per day for attendance at meetings and services rendered effective 60 days after the adoption of this Ordinance; and

WHEREAS, notice of the required public hearing was published by the Agency twice in a newspaper of general circulation as required by law on December 8, 2023 and December 15, 2023; and

WHEREAS, on December 19, 2023, the Board conducted a noticed public hearing on this Ordinance and heard any public comment regarding an adjustment in Board of Director compensation.

NOW THEREFORE, BE IT RESOLVED,

1. That the Board of Directors of the Devil's Den Water District approves an increase to the Devil's Den Water District Director compensation from $25 per day for attendance at meetings and for services rendered to $100 per day effective 60 days after the adoption of this Ordinance.

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ATTACHMENT 2

NOTICE OF PUBLIC HEARING

DEVIL'S DEN WATER DISTRICT
BOARD OF DIRECTORS
SANTA CLARITA VALLEY WATER AGENCY
BOARDROOM
27234 BOUQUET CANYON ROAD
SANTA CLARITA, CA 91350

TUESDAY, DECEMBER 19, 2023, 7:00 PM OR IMMEDIATELY FOLLOWING THE CONCLUSION OF THE UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY MEETING

REGARDING CONSIDERATION OF WHETHER TO ADOPT AN ORDINANCE TO INCREASE COMPENSATION FOR MEMBERS OF THE BOARD OF DIRECTORS OF THE DEVIL'S DEN WATER DISTRICT

Members of the public may also join the Public Hearing by using the Agency's call-in number 1-(833)-568-8864, Webinar ID: 161 061 2743 or Zoom Webinar by clicking on the link https://scvwa.zoomgov.com/j/1610612743

PLEASE TAKE NOTICE that on Tuesday, December 19, 2023, immediately following the conclusion of the Upper Santa Clara Valley Joint Powers Authority meeting, the Board of Directors of the Devil's Den Water District (DDWD) will hold a public hearing to consider whether to adopt an Ordinance to increase the amount of compensation paid to the DDWD Board of Directors or not.

A copy of the draft Ordinance is available for review at the SCV Water Office and can be viewed on the front page of the SCV Water Website https://yourscvwater.com.

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DRAFT

ITEM NO. 3.1

Minutes of the Special Meeting of the Board of Directors of the Devil's Den Water District Board – February 7, 2023

A special meeting of the Board of Directors of the Devil's Den Water District Board was held at Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 at 5:47 PM on Tuesday, February 7, 2023. A copy of the Agenda is inserted in the Minute Book of the District preceding these minutes.

DIRECTORS PRESENT:	Ed Colley, William Cooper, Robert DiPrimio, Jeff Ford and R. J. Kelly.
DIRECTORS ABSENT:	None.

Also present: SCV Water Assistant General Manager Steve Cole, Board Secretary April Jacobs, Customer Service Manager Kathleen Willson, General Counsel for SCV Water Joe Byrne, General Manager Matthew Stone, Treasurer Rochelle Patterson, Information Technology Technician I Jonathan Thomas, SCV Water staff and members of the public.

President Ford called the meeting to order at 5:47 PM. A quorum was present.

President Ford announced there were no changes to the February 7, 2023 Agenda, and it was accepted as shown (Item 1.3).

Upon motion of Director Colley, seconded by Director Kelly and carried, the Board approved the Consent Calendar by the following roll call votes (Item 2):

Vice President Cooper	Yes	Director Colley	Yes
Director DiPrimio	Yes	President Ford	Yes
Director Kelly	Yes		

Upon motion of Director Cooper, seconded by Director DiPrimio and carried, the Board appointed SCV Water Board member Kathye Armitage to sit on the Upper Santa Clara Valley Joint Powers Authority Board as an appointed Director by the following roll call votes (Item 3.1):

Vice President Cooper	Yes	Director Colley	Yes
Director DiPrimio	Yes	President Ford	Yes
Director Kelly	Yes		

The meeting was adjourned at 5:54 PM (Item 4).

April Jacobs, Board Secretary

ATTEST:

____
President

ITEM NO.
3.2

Devil's Den Water District

Approve Receiving and Filing of the Third Quarter FY 2022/23 Investment Report

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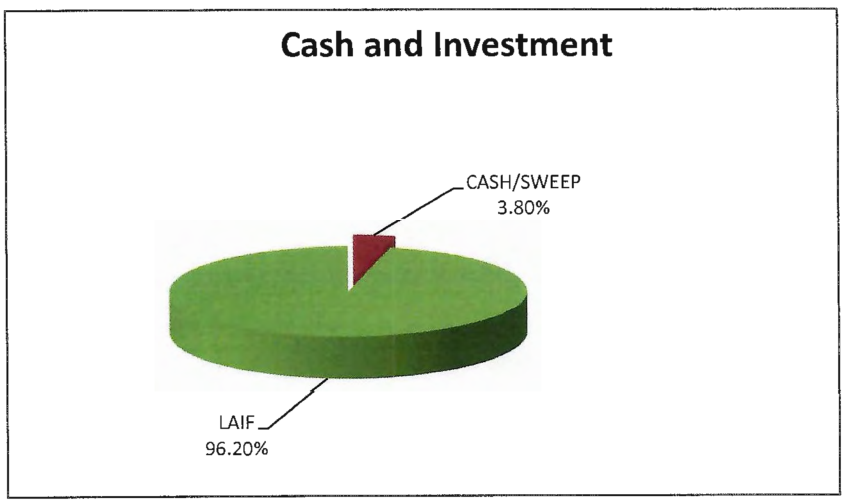
Devil's Den Water District
Cash and Investment Summary
As of March 31, 2023

		BALANCE	% OF TOTAL	WGHTD. AVG. YIELD
Cash & Sweep Account	$	10,297	3.80%	0.00%
LAIF		260,544	96.20%	2.83%
Total Cash and Investment	$	270,841	100.00%	

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

Rochelle Patterson
Treasurer

Amy Aguer
Controller



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Cash and Investment Activity as of March 2023

	CASH & SWEEP	LAIF	TOTAL
Cash & Investments @ 1/1/2023	7,180	259,190	266,371
Cash & Sweep Transactions:			
Receipts:			
Taxes	3,117		3,117
Interest	0		0
Disbursements:			
			0
			0
Investment Transactions:			
LAIF Transactions:			
Interest Deposited		1,354	1,354
Cash & Investments @ 3/31/23	10,297	260,544	270,841

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ITEM NO.
3.2

Devil's Den Water District

Approve Receiving and Filing of the Fourth Quarter FY 2022/23 Investment Report

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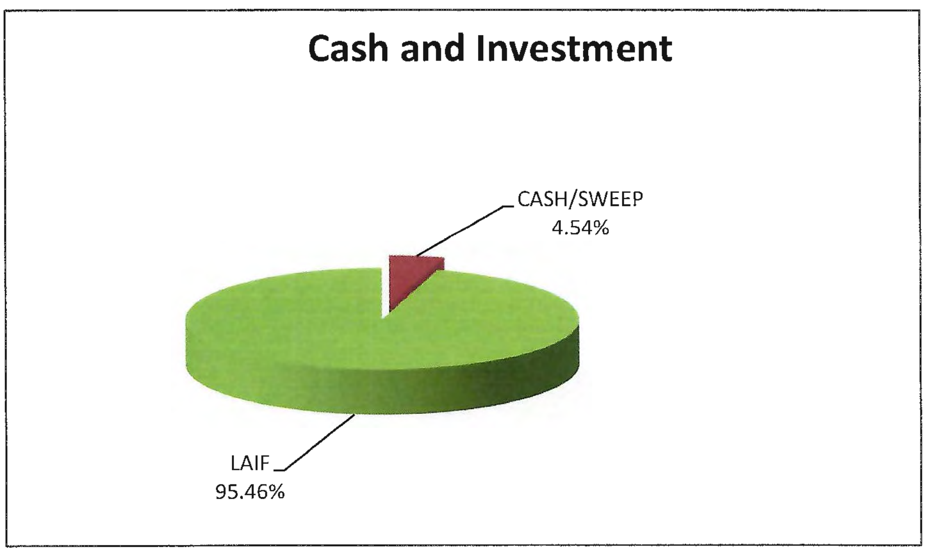
Devil's Den Water District
Cash and Investment Summary
As of June 30, 2023

		BALANCE	% OF TOTAL	WGHTD. AVG. YIELD
Cash	$	12,584	4.54%	0.00%
LAIF		264,360	95.46%	3.17%
Total Cash and Investment	$	276,943	100.00%	

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

Rochelle Patterson
Treasurer/Director of Finance & Administration

Amy Aguer
Controller



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Cash and Investment Activity as of June 2023

	CASH & SWEEP	LAIF	TOTAL
Cash & Investments @ 4/1/2023	10,297	260,544	270,842
Cash & Sweep Transactions:			
Receipts:			
Taxes	2,657		2,657
Interest	0		0
Wells Fargo Client Analysis Service Charge 4/11/23	(370)		(370)
Investment Transactions:			
LAIF Transactions:			
Interest Earned		1,756	1,756
Interest Receivable		2,059	2,059
Cash & Investments @ 6/30/23	12,584	264,360	276,944

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ITEM NO.
3.3

Devil's Den Water District

Approve Receiving and Filing of the First Quarter FY 2023/24 Investment Report

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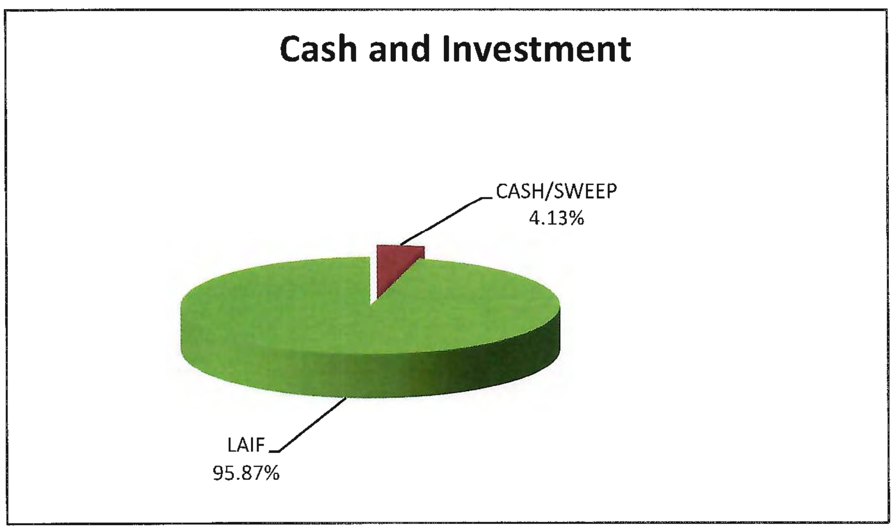
Devil's Den Water District
Cash and Investment Summary
As of September 30, 2023

		BALANCE	% OF TOTAL	WGHTD. AVG. YIELD
Cash & Sweep Account	$	11,380	4.13%	0.00%
LAIF		264,360	95.87%	3.53%
Total Cash and Investment	$	275,740	100.00%	

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

Rochelle Patterson
Chief Financial and Administrative Officer

Amy Aguer
Controller



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Cash and Investment Activity as of September 2023			
	CASH & SWEEP	LAIF	TOTAL
Cash & Investments @ 7/1/2023	12,584	262,301	274,885
Cash & Sweep Transactions:			
Receipts:			
Taxes	78		78
Interest	0		0
Disbursements:			
Check #575 ACWA JPIA - Excess Crime Premium	(782)		(782)
Check #576 ACWA JPIA - Property Program	(500)		(500)
Investment Transactions:			
LAIF Transactions:			
Interest QE 6/30/23		2,059	2,059
Transfer in to LAIF			
Cash & Investments @ 9/30/23	11,380	264,360	275,740

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ITEM NO.
4.1

DEVIL'S DEN WATER DISTRICT

DATE: December 12, 2023

TO: Devil's Den Water District Board of Directors

FROM: Rochelle Patterson RP
SCV Water Chief Financial and Administrative Officer

SUBJECT: Approve Receiving and Filing of the Devil's Den Water District June 30, 2023 Financial Statement

---

SUMMARY

To review Devil's Den Water District's (DDWD) June 30, 2023 Financial Statement prepared by Lance, Soll & Lunghard, LLP (LSL). The DDWD is a blended component unit of the Santa Clarita Valley Water Agency.

DISCUSSION

The June 30, 2023 Financial Statement (attached) is meant to give the reader a narrative overview and analysis of DDWD's financial performance during the period of July 1, 2022 to June 30, 2023. The DDWD details can be found in the report, starting on page 68.

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 there is no reservation as to the fairness of presentation of SCV Water's Financial Statement and their conformity with Generally Accepted Accounting Principles (GAAP). In the auditor's opinion, DDWD has presented fairly its financial position, results of operations, and changes in cash flows.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Devil's Den Water District Board of Directors receive and file the attached combined DDWD Financial Statement, which was included in SCV Water's Financial Statement, for the period of July 1, 2022 to June 30, 2023.

RP

Attachment

MGS

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December 6, 2023

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

We have audited the financial statements of the Santa Clarita Valley Water Agency, California (the "Agency") for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

<ins>Significant Audit Matters</ins>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Agency changed accounting policies related to subscription-based information technology arrangements, and by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, in fiscal year 2022-2023. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimates of the net pension liability and net other postemployment benefits liability, are based on actuarial valuation estimates. We evaluated the methods, assumptions, and data used to develop the actuarial valuation estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 6, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2023-2024

GASB Statement No. 99, *Omnibus 2022.*

Fiscal Year 2024-2025

GASB Statement No. 101, *Compensated Absences.*

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

Future Projects

Comprehensive Project, *Financial Reporting Model.*

Comprehensive Project, *Revenue and Expense Recognition.*

Major Project, *Going Concern Uncertainties and Severe Financial Stress.*

Major Project, *Infrastructure Assets.*

Practice Issue, *Classification of Nonfinancial Assets.*

Practice Issue, *Risks and Uncertainties Disclosures.*

Pre-Agenda Research Activities, *Subsequent Events.*

Restriction on Use

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

Very truly yours,

Lance, Soll & Lunghard, LLP

Brea, California

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

ATTACHMENT

Summary of Unadjusted Audit Differences

Name of Governmental Unit: Santa Clarita Valley Water Agency

Date of Combined Balance Sheet: June 30, 2023

Opinion Unit, Fund Type or Fund: Santa Clarita Valley Water Agency

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

SCV WATER

Established in 2018
Serving Santa Clarita Valley

ANNUAL COMPREHENSIVE FINANCIAL REPORT

ACFR

FY 2022/23

"Providing responsible water stewardship to ensure the Santa Clarita Valley has reliable supplies of high quality water at a reasonable cost."

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SCV WATER

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Prepared by:
Finance Department
Santa Clarita, California

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SANTA CLARITA VALLEY WATER AGENCY

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Table of Contents

SANTA CLARITA VALLEY WATER AGENCY

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Table of Contents

Page

STATISTICAL SECTION (Unaudited)

Introductory Section

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

Honorable Board of Directors
Santa Clarita Valley Water Agency

I am pleased to present the Santa Clarita Valley Water Agency's (Agency) Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2023.

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 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 to 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, 2023, 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, 2023, 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 and Demographics

Santa Clarita Valley Water Agency headquarters is in the City of Santa Clarita in 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 boundaries encompass approximately 197-square miles in portions of the City of Santa Clarita, Los Angeles County and Ventura County.

The Agency's service area, which is included in the Santa Clarita Valley, is a diverse and growing community and is considered a premier community for raising families and building businesses. The area is known for its attractive residential neighborhoods, low crime rate and excellent schools.

The City's 2023 estimated population is reported at 223,570 (222,237 in FY 2022), up 0.6% from the prior year, and the population in the Agency's service area (greater Santa Clarita Valley) is estimated at 294,090, making it the third-largest City in Los Angeles County. The City boasts a well-educated population, with a considerable number of residents holding college degrees. According to the census data, around 45% of adults in Santa Clarita have a bachelor's degree or higher.

The per capita income was estimated at $42,435, which is an increase of 58% compared to 2000 when it was $26,841. In Santa Clarita Valley, the median household income is currently $123,300, while the poverty rate is 5.1%. This is an increase of 84.8% when compared to the median household income of $66,717 in 2000. The fact that Santa Clarita's median household income is higher than the national average indicates that the area is exceptionally prosperous.

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 the area customer through more than 74,100 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

SCV Water has a three electoral division system with equal population per division. The initial board consisted of 15 members, 5 of whom were directors of the Newhall County Water District (NCWD) on December 31, 2017, and 10 of whom were of Castaic Lake Water Agency (CLWA) on December 31, 2017. In March 2018, the Board was reduced to 14 Directors and in February 2019 was reduced to 13 Directors after two Directors retired and moved out of the area. The initial terms of directors whose respective terms as a member of NCWD or CLWA Board of Directors would have expired following the 2018 general election now expired following the 2020 general election, and terms of members that would have expired following the 2020 general election now expire following the 2022 general election. Two directors were elected for each electoral division at the 2020 general election (reducing the number of Directors to 12), and at every election on that four-year election cycle thereafter. One director was elected for each electoral division at the 2022 general election (reducing the number of Directors to 9) and at every election on that four-year election cycle thereafter. There will be no appointed director position after January 1, 2023.

As of June 2023, the Agency employed a staff of 234 (223 full-time, 10 part-time and 1 limited duration) under the direction of the Board-appointed General Manager. 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 Operating Officer, Chief 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 two surface water treatment facilities to supply water delivered through the State Water Project to its retail customers and to one wholesale customer, 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 941 miles of distribution and transmission mains, 101 above ground welded steel reservoirs, 66 booster pump stations, and 45 permitted (23 in service) groundwater wells.

The Agency also operates a number of groundwater treatment facilities which remove perchlorate contamination caused by past activity with the Whitaker Bermite facility. In FY 2023, the Agency produced a total of 52,803-acre feet (AF) with approximately 19,004 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 109,600 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 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 49.822 AF in FY 2023 through more than 74,100 service connections. Of the total water sales ($73,957,020), 68% comes from residential, 16% from dedicated irrigation, 8% from commercial, and 5% institutional and industrial customers. The remainder is made up of construction water and fire service revenue accounts.

ECONOMIC CONDITIONS & OUTLOOK

The Agency is largely located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles, although approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The 2021 (last reported) gross product of Los Angeles County is estimated at $711.8 billion (LA County EDC).

OVERVIEW OF THE ECONOMIC CONDITIONS – The City of Santa Clarita is known for its strong and diverse economy. As of now, the economic conditions are relatively stable. Even though the COVID-19 pandemic significantly disrupted the global economy, between 2022 and 2023 the economy recovered significantly. Yet, there is speculation of an economic revamp with additional disruption and uncertainties coming in 2024.

CPI - The Consumer Price Index (CPI) rose to 8.5% in March 2022, the greatest 12-month gain since 1981, as inflation began to ramp up in the middle of 2022. As a result, the Federal Reserve Board chose to raise interest rates more quickly in order to keep inflation under control. The CPI had since fallen to 3% in June 2023.

UNEMPLOYMENT – LOCAL - In terms of unemployment, it is now lower than it was before the pandemic. In April 2020, Santa Clarita's unemployment rate hit a record high of 13.6%. The economy began to recover in 2021, and since then, the rate has decreased, reaching 4.3% in August of 2023. According to the Santa Clarita Valley Economic Development Corporation (SCVEDC), the number of businesses reporting employment in California continues to improve. In the Santa Clarita Valley, more positions are being filled in healthcare, manufacturing, local government, and professional business services. Along with hospitality, recreation, and entertainment, it has fully recovered from the pandemic recession. In 2024, the forecast still has the local economy creating 1,700 jobs. Despite a positive recovery from the COVID pandemic, California's economy has fallen behind many other national trends moving in the opposite direction because personal income growth has stagnated, prices are still rising.

LOCAL ECONOMY - While economic stability will allow businesses in the Santa Clarita Valley to continue to grow and succeed, some households are still facing past-due utility bills. With the expiration of the Governor's Executive Order (N-42-20) on September 30, 2021, there are still approximately 3.8% of the Agency's customer accounts past due. Though the economy has achieved considerable gains in recent years, the Agency is mindful that some customers are still struggling to pay their utility bills. The Agency has actively sought grants and other initiatives to assist customers in paying their bills to avoid termination, as well as offering installment payments and waiving late fees. Furthermore, one component of these measures is the adoption of the Ratepayer Assistance Pilot Program, which went into effect on July 1, 2023.

DEVELOPMENT - 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 21,500 connections and accommodate 65,000 new residents. According to the SCVEDC, the main question is how the demand for new homes will be impacted by the current levels of mortgage rates. In 2023, the housing inventory in the Santa Clarita Valley was at an all-time low, which inhibited sales of real estate. Compared to 2022, the number of new listings has decreased by 41% as a result of higher mortgage rates, inflation and a rising trend of residents relocating in search of affordable housing. The existing home sales rose to their highest level since the spring of 2006. In July 2023, the median sale price of a home in Santa Clarita was 787.5K, up 17.6% since 2022. By August 2023, the average 30-year fixed rate mortgage was 5.2%, which led to higher mortgage rates and a decline in housing demand. The SCVEDC predicts the forthcoming buying season is unlikely to start until March 2024, and sales will remain weak due to high financing rates and low inventory levels. The Santa Clarita Valley is expected to see 6,467 new housing starts between 2024 and 2028, according to the SCVEDC.

GROWTH - Based on current development activity, the Agency currently expects moderate growth within its Service Area in the current and next few Fiscal Years (1.36% annually). 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 forecasted water demand is estimated to increase from approximately 59,000 acre-feet in 2023 to 93,900 acre-feet in 2050, representing an average annual increase ranging from 1 to 3%. These projections were compared with population projections prepared by the City and County. The timing of future development is influenced by a number of factors including economic activity in the Santa Clarita region, availability of financing for development, costs of construction materials, real estate market conditions, new or updated regulations, in addition to other factors.

PFAS - Like many communities throughout the nation, trace amounts of PFAS have been found in our water supply. PFAS (Per- and polyfluoroalkyl substances) are a group of man-made chemicals which have been manufactured and used in a variety of industries worldwide for more than 70 years.

These chemicals are found in thousands of commonly used products, such as non-stick cookware, shampoo, food wrappers, firefighting foam, clothing, paints and cleaning products. Additionally, these chemicals exist in the environment due to manufacturing, product use and discharge of treated wastewater. Most people have measurable amounts of PFAS in their blood and are typically exposed to PFAS through eating food grown in contaminated water/soil or consuming food from packaging that contains PFAS; breathing air with dust particles from contaminated soil, upholstery, clothing; inhaling fabric sprays containing PFAS; or drinking contaminated water.

The Agency quickly responds to changing guidelines and regulations from the State Water Resources Control Board – Division of Drinking Water. On March 14, 2023, the USEPA released six PFAS—PFOA, PFOS, PFNA, hexafluoropropylene oxide dimer acid (GenX chemicals), PFHxS, and PFBS—proposed rules. For PFOA and PFOS, the proposed regulations include legally binding MCLs of 4 ppt, for PFOS and PFOA, non-binding health based MCL targets of 0, and for PFNA, PFHxS, PFBS, and GenX compounds, as well as any mixture containing one or more of these four PFAS, a hazard score of 1.0. The hazard index assesses the health risks associated with concurrent exposure to chemical combinations. To calculate the hazard index, public water utilities would monitor and compare the concentration of each PFAS in drinking water to the corresponding Health Based Water Concentration (HBWC). The regulations will have a three-year compliance period when they are finalized, according to the USEPA, by the end of 2023.

As of May 2023, the Agency has identified 30 wells with PFOA or PFOS levels exceeding the Notification Level. Of these 30 wells, six are in service with PFAS removal treatment or blending, eight well remain online because the levels of PFOA and PFOS detected in those wells are below the Response Level and 16 remain offline with detected levels that exceed the Response Level of PFOA or PFOS. Despite the closure of these wells, the Agency projects that the Agency will be able to meet existing demands for retail and wholesale water in Fiscal Year 2024 from other available sources, including the wells that are currently in service. In order to prioritize PFAS groundwater treatment projects, the Agency is undertaking a feasibility and cost analysis. Once all facilities are operational, annual operating costs will range between $12 million and $15 million.

UNEMPLOYMENT – CALIFORNIA - California's unemployment rate increased by 1.3 percentage points from June 2022 to 4.6 percent in June 2023 as the state's employers added 397,400 nonfarm payroll jobs to the economy, according to data released by the California Employment Development Department (EDD) from two surveys. Despite an increase in nonfarm payroll jobs in the County, the film and television industries' employment are being disrupted by the Hollywood strikes (WGA and SAG-AFTRA).

U.S. ECONONOMY - The country's long-term economic prognosis is less certain as we approach 2024. As worries about a recession fade, attention is now focused on China's economy, which has just experienced deflation. With predictions for US inflation improving and the belief that the worst of the global inflationary rise would have passed in a year, the inflation outlook exhibits the most pessimism. The benchmark oil price in the US, on the other hand, is at its highest level since November of 2022. According to a Bureau of Labor Statistics news release, the Consumer Price Index increased by more than half from July to August of 2023. In August, the index for gasoline increased month over month by 10.6%, and the index for fuel oil increased month over month by 9.1%.

U.S. INFLATION - The country's ongoing worry is inflation. We are all aware that consumer prices are rising more quickly than they have in the past since the early 1980s. The challenging task of reducing core inflation, which is still high at 4.7 percent, falls now on the Federal Reserve. The Fed is vigilantly pursuing and controlling intrinsic inflation. Inflationary headwinds include rising credit card delinquency rates, a $1 trillion consumer debt threshold in the United States, and the return of student loan repayments after a three-year forgiveness period. After a record number of significant multi-family housing construction projects were completed in July, housing is predicted to slow down. However, the danger that rising energy prices is causing overall inflation to increase in part as a result of higher oil prices.

The rise in gasoline prices, which contributed to a 10.6% increase in September 2023 and a 5.6% increase in energy costs, has an influence on consumer spending by limiting purchases of other commodities. The job market has begun to decline as evidenced by the Labor Department's report that average hourly earnings fell 0.5% in August. The personal consumption expenditures price (PCE) index for July likewise revealed rising inflation, which was driven by an increase in the costs of services rather than goods. While there are still geopolitical problems, there is a chance that inflation will cease this year, unemployment will rise only slightly enough to keep consumers from cutting back on their spending, and global economic growth, notably in Europe, will go up. This would keep the US's productivity capacity intact. The state of California's economy is uncertain, with housing shortages and a dwindling population being major issues.

The Federal Reserve announced its most recent steady hike in its main interest rate in July 2023, bringing it to its highest level in 22 years as it continues to fight persistent inflation. Even though it was only 0.25 percent, the increase revived the debate among economists and politicians about whether the Federal Reserve's anti-inflation policies will lead to a "soft landing" or a recession. California's economy has been steadily growing overall, and 2023 appears to be a better year than 2022.

WATER SUPPLY INITIATIVES

WATER USE EFFICIENCY AND ENVIRONMENTAL INITIATIVES - SCV Water's supplies will be subject to a wide variety of known and unknown risks in the coming years. To ensure a sustainable water supply for its customers, SCV Water will need to respond to more extreme droughts, floods, rising temperatures, and changing regulatory requirements. Staff proposes to undertake a multi-year Water Resiliency Initiative with the objective of taking actions that will ensure safe and resilient water supplies and healthy water ways for our community, economy, and the environment. The Santa Clara River's environmental resources and water supplies are interdependent, and an integrated approach is required. Further, SCV Water will face financially significant investment decisions related to water supplies in upcoming years. The Water Resiliency Initiative seeks to expand our knowledge, develop necessary analytic tools, and prepare associated studies and other activities (as identified below) to inform SCV Water's investment strategies:

ENVIRONMENTAL – Groundwater supplies are tied to the Santa Clara River's environmental health. Greater understanding of the ecosystems, their conditions, and the factors that influence sustainability will be required as SCV Water advances water management programs in the upcoming years.

WATER RESOURCE INTEGRATION – SCV Water has a complex array of interdependent water supply programs; however, its current modeling tools cannot fully integrate the operation of these programs, nor are they able to fully analyze the integration of alternative new water supplies. Investing in analytic tools will be important to selecting cost-effective investments in new water reliability programs.

SURFACE WATER AND GROUNDWATER – Understanding the interconnection between surface water, groundwater and environmental resources will be vital to the Agency developing local groundwater resources. Aquifer monitoring and testing, along with integrated modeling, will afford SCV Water the capability to update the current operating plan which is based on work done in 2023.

STAKEHOLDER ENGAGEMENT – A lesson learned through implementation of the Sustainable Groundwater Management Act is the importance of involving a diverse set of stakeholders from the outset of an initiative. Staff propose to build on that experience in the Water Resiliency Initiative by incorporating a robust public outreach component into this effort.

PLANNING AND STRATEGIC INTEGRATION – Management of the Water Resiliency Initiative is to assure alignment with the Agency's Planning and other policy initiatives utilizing strategic and legal services will be employed to produce a masterplan and its accompanying CEQA document.

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, from 2012 to 2017, nor the recent drought 2020 to 2023 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 a reduction in customer demand due to conservation requirements and the trend 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.

BUDGET SUMMARY

Looking forward, the FY 2023/24 & FY 2024/25 Biennial Budget reflects planned activities to achieve the Agency's mission and implement the strategic plan goals and objectives as developed by the Board of Directors. The Biennial Budget document combines the financial presentations for the Agency and represents the spending plan for the fiscal years beginning July 1, 2023, and July 1, 2024, 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. The Agency has had the opportunity to learn some valuable lessons since the merger on January 1, 2018. The Board of Directors and staff continue to evaluate and implement those innovative strategies and have worked hard to implement creative solutions to serve our employees and customers. 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.

Pressure comes from increased costs, which must be incorporated into department budgets. The budget emphasizes short and long-term planning, recognizing slow growth in the short-term, 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 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.

OPERATING BUDGET - 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.

REVENUE - The total revenues for FY 2023/24 are budgeted at $155.5 million and are comprised of $98 million in water sales, $31 million in one-percent property tax revenues, $15.8 million in grants and reimbursements, $1.6 million in facility/retail capacity fee, $9.1 million in miscellaneous revenues. This is an increase of 4.7% ($7 million) over the adopted Budget of FY 2022/23. The Agency is expecting to increase its service connections by 1,068 in FY 2023/24 and 1,086 in FY 2024/25, an approximate 1.36% growth rate, but has also accounted for a reduction in sales to meet conservation requirements.

This is the second year of the five-year retail water sales rate study, with the first year of the study (FY 2021/22) being revenue neutral. The objectives of the study were to unify retail water rates in the Santa Clarita Valley where the three previously separate retail water purveyors had different rates; build into retail water rates the new and substantial cost of PFAS extraction from the water supply; provide reasonable levels of funding for pay-as-you-go ("Pay-go") capital projects and planned financing costs of future debt funded capital projects during the rate plan period; while creating equitable and affordable rates for all customers in the service area that proportionately allocate costs of providing water to each parcel based on the parcel's cost of service. In addition to these rate changes for potable water, recycled water rates have been updated as well to reflect the cost of service for this product. With the adoption of the rate study, the water rates were normalized across the Agency's retail divisions and customers.

EXPENSES - Total operating expenditures for FY 2023/24 are budgeted at $155.5 million and are comprised of General Fund/Operating Budget expenditures of $99.8 million, debt service payments of $37.5 million and Pay-Go capital improvement program (CIP) expenditures (funded by operating budget) of $18.1 million. Overall, there was a 4.7% ($7 million) increase in operating expenditures over the adopted FY 2022/23 Budget. The most significant increases are due to $4.5 million in debt service payments; $3.1 million in Finance, Administration & IT primarily due to increases in technology services and liability insurance; and $2.6 million in Pumping due to PFAS treatment operations and maintenance, as well as additional purchased power costs.

CAPITAL IMPROVEMENT PLAN (CIP) - The proposed CIP "Pay-Go" (pay-as-you-go) in FY 2023/24 is projected at $76.4 million and FY 2024/25 is projected at $55.7 million. The Pay-Go CIP plan is funded by retail water rates, a portion of the one-percent property taxes, retail capacity fees and transfers from the capital reserve. Significant increases are primarily due to scheduling delays from the prior year, which include construction of dry-year replacements wells, pipeline replacements, construction of storage tanks and pump stations, technology service improvements, water resiliency master plan and upgrades to the water conservation garden at the Rio Vista Water Treatment Plant.

In FY 2023/24, $18.1 million of Pay-Go CIP projects will be funded by revenues, $49.7 million from prior year carryover funds and $8.5 million from the Retail Capacity Fee fund. In FY 2024/25, $15.8 million will be funded by revenues, $9 million from prior year carryover funds and $31 million from the Capital and Operating Reserve.

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 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 policy that requires local officials to fully disclose particular financial transactions to comply with the anti-fraud rules of federal securities laws. The policy's purpose 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 detailed 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 are received and filed by the 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.

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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.

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 contribution required, as stated in the actuarial report. The plan is more fully described in Note 8 in 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, 2022. The Agency has received the award for three consecutive years.

The Agency also received the Excellence in Financial Reporting award for its Annual Comprehensive Financial Report for fiscal year ending June 30, 2022, from GFOA. This was the third year the Agency presented its report to GFOA.

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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 Annual Comprehensive 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

27234 Bouquet Canyon Road, Santa Clarita, CA 91350

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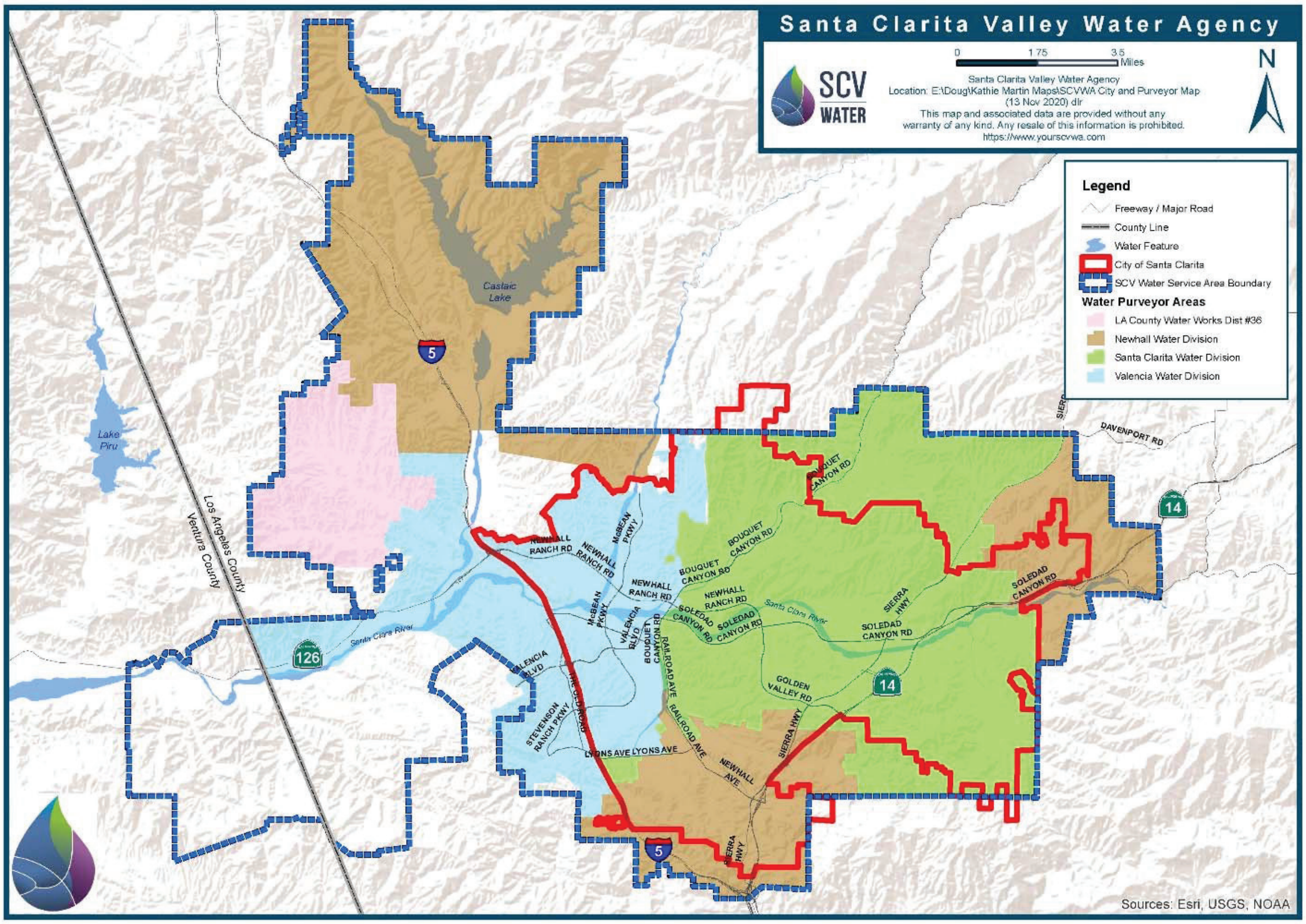
SANTA CLARITA VALLEY WATER AGENCY
Service Area Map

SCV Water Service Area, Purveyor and City Boundaries



AGENCY OFFICIALS

Board of Directors


Maria Gutzeit
Vice President


Gary Martin
President


Piotr Orzechowski
Vice President

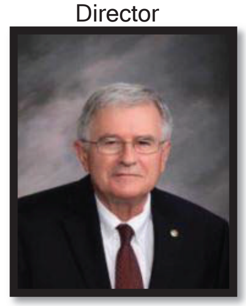

Kathye Armitage
Director


Beth Braunstein
Director


Ed Colley
Director


Willian Cooper
Director


Dirk S. Marks
Director


Kenneth J. Petersen, P.E.
Director

Agency Financial Management

Matthew G. Stone - General Manager

Stephen L. Cole - Assistant General Manager

Rochelle Patterson - Chief Financial and Administrative Officer

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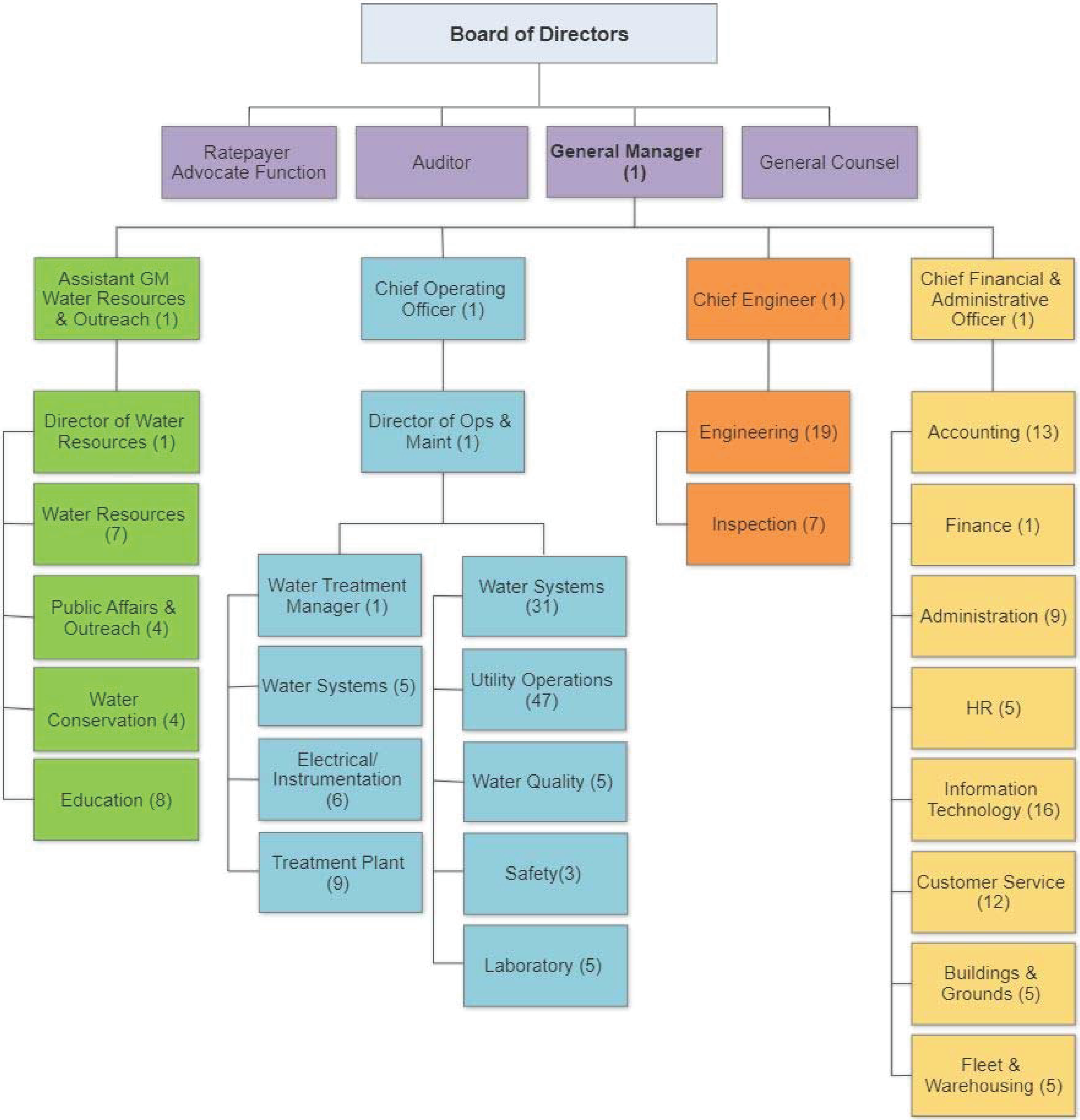
FY 2023 ORGANIZATIONAL STRUCTURE



TOTAL POSITIONS	**234**
FULL-TIME	**223**
PART-TIME	**10**
LIMITED DURATION EMPLOYEES	**1**
FTE EQUIVALENTS	**228**

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Santa Clarita Valley Water Agency
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

SCV WATER

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Standards for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the Agency adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary 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 accompanying combining fund financial statements (supplementary information) are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 6, 2023

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SANTA CLARITA VALLEY WATER AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

This section of the Santa Clarita Valley Water Agency's (Agency) annual comprehensive financial report presents our analysis of the Agency's financial performance and activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here with the basic financial statements and related notes, which follow this section.

OVERVIEW

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

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

The combining statements include the agency's three blended component units (BCUs):

- Upper Santa Clara Valley Joint Powers Authority, a BCU (Blended Component Unit)
- Devil's Den Water District, a BCU
- Groundwater Sustainability Agency, a BCU

Financial Highlights

- As of June 30, 2023, the Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $735.59 million as compared to $714.65 million in FY 2022 (net position). Of this balance, unrestricted net position amounted to $81.10 million as compared to $87.53 million in FY 2022.
- The Agency's total operating revenues amounted to $83.27 million during the period.
- The Agency's total operating expenses amounted to $123.56 million (including depreciation) during the period.

REQUIRED FINANCIAL STATEMENTS

This discussion and analysis are 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 Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

- The *Statement of Net Position* presents information on 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 Agency's success over the past year and can be used to determine if the Agency has recovered all its costs through its rates and other charges. However, one must consider other nonfinancial factors such as changes in economic or environmental 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. It also provides answers to such questions as where the cash came from, what the cash was used for, and what the change in cash balance was 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 records are maintained on an enterprise basis, or full accrual basis. 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 about the Agency in Note 1 to the basic financial statements.

Financial Analysis of the Agency

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

These two statements report on 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. It is important to consider other non-financial factors, such as changes in the Agency's property tax base and the grants the Agency is awarded, to assess the *overall financial health* of the Agency.

Statements of Net Position (Condensed)

	2023	2022	Variance
Assets			
Current and Other Assets	$ 180,603,401	$ 189,682,218	$ (9,078,817)
Restricted Assets	123,234,999	132,000,652	(8,765,653)
Lease Receivable	6,545,248	5,899,369	645,879
Net OPEB Asset	-	3,373,859	(3,373,859)
Capital Assets, Net	794,977,609	777,101,760	17,875,849
Total Assets	**1,105,361,257**	**1,108,057,858**	(2,696,601)
Deferred Outflows of Resources			
Deferred Pension Outflows	12,028,829	5,250,014	6,778,815
Deferred OPEB Outflows	6,971,752	2,721,233	4,250,519
Loss on Defeasance of Debt	7,911,237	8,465,260	(554,023)
Total Deferred Outflows of Resources	**26,911,818**	**16,436,507**	10,475,311
Liabilities			
Current Liabilities	51,087,540	49,779,957	1,307,583
Restricted Liabilities	6,153,135	5,894,877	258,258
Noncurrent Liabilities	329,725,129	336,097,642	(6,372,513)
Total Liabilities	**386,965,804**	**391,772,476**	(4,806,672)
Deferred Inflows of Resources			
Deferred Pension Inflows	973,195	6,750,652	(5,777,457)
Deferred OPEB Inflows	2,291,795	4,773,004	(2,481,209)
Deferred Lease Inflows	6,453,243	6,553,224	(99,981)
Total Deferred Inflows of Resources	**9,718,233**	**18,076,880**	(8,358,647)
Net Position			
Net Investment in Capital Assets	472,064,418	512,694,591	(40,630,173)
Restricted	117,081,863	114,418,427	2,663,436
Unrestricted	146,442,756	87,531,991	58,910,765
Total Net Position	**$ 735,589,037**	**$ 714,645,009**	$ 20,944,028

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, 2023, the Agency's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $735.59 million as compared to $714.65 million in FY 2022, a $20.94 million or a 2.93% 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 64.2% as of June 30, 2023) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related, outstanding debt and liabilities used to acquire those capital assets. Net investment in capital assets decreased to $472.06 million as compared to $512.69 million for the year ended June 30, 2022, a $40.63 million or 7.9% decrease. 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 11 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022	Variance
Operating Revenues:			
Water Consumption Sales and Services	$ 73,957,020	$ 79,321,746	$ (5,364,726)
Other Charges and Services	9,308,453	8,221,293	1,087,160
Total Operating Revenues	**83,265,473**	**87,543,039**	**(4,277,566)**
Operating Expenses:			
Management	2,767,057	3,991,186	(1,224,129)
Finance, Administration, and Technology	17,270,520	16,844,402	426,118
Customer Care	3,039,506	2,827,118	212,388
Engineering	4,788,524	4,114,430	674,094
Water Quality, Treatment, and Maintenance	13,344,284	12,057,264	1,287,020
Pumping, Wells and Storage	14,498,952	12,777,423	1,721,529
Transmission and Distribution	10,761,758	12,345,349	(1,583,591)
Water Resources and Public Outreach	8,061,253	5,871,991	2,189,262
Source of Supply	9,742,717	8,834,320	908,397
Depreciation Expense	38,067,863	38,763,550	(695,687)
Non-Departmental	1,215,712	(5,494,516)	6,710,228
Total Operating Expenses	**123,558,146**	**112,932,517**	**10,625,629**
Operating Income (Loss)	(40,292,673)	(25,389,478)	14,903,195
Nonoperating Revenues (Expenses):			
Taxes	71,962,316	65,355,663	6,606,653
Intergovernmental	2,295,392	3,963,468	(1,668,076)
Interest Revenue	8,712,278	(5,315,989)	14,028,267
Interest Expense	(10,052,884)	(14,550,338)	4,497,454
Other Revenue (Expense)	12,173,043	9,229,258	2,943,785
State Water Contract	(27,349,266)	(26,443,518)	(905,748)
Gain (loss) on Disposal of Capital Assets	(35,647)	-	(35,647)
Total Nonoperating Revenues (Expenses)	**57,705,232**	**32,238,544**	**25,466,688**
Income (Loss) Before Capital Contributions	17,412,559	6,849,066	10,563,493
Capital Contributions	3,531,469	9,544,610	(6,013,141)
Change in Net Position	20,944,028	16,393,676	4,550,352
Net Position:			
Beginning of Year, as previously reported	714,645,009	697,843,009	16,802,000
Restatements	-	408,324	(408,324)
Beginning of Fiscal Year, as restated	714,645,009	698,251,333	16,393,676
End of Fiscal Year	**$ 735,589,037**	**$ 714,645,009**	$ 20,944,028

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

The Agency's total revenues amounted to $178.41 million for the fiscal year ended June 30, 2023, as compared to $160.78 for the fiscal year ended June 30, 2022. Fiscal year 2023 operating revenues amounted to $83.27 million and are comprised of water consumption sales and services of $73.96 million, and other charges and services of $9.31 million. This compares to operating revenues of $87.54 million for the fiscal year ended June 30, 2022. There were two significant changes that affected operating revenues. Water Consumption Sales and Services were lower compared to the prior year, primarily due to conservation efforts and a wet year. The Agency sold 49,822-acre feet, 21% (13,601-acre feet) less water, in the fiscal year ended June 30, 2023, than was sold in the fiscal year ended June 30, 2022, resulting in lower water consumption revenue.

Nonoperating revenues amounted to $95.14 million for the fiscal year ended June 30, 2023, as compared to $73.23 million for the fiscal year ended June 30, 2022. The current year nonoperating revenues are comprised of $71.96 million in property taxes, $2.30 million in intergovernmental revenues, $8.71 million in interest earnings and $12.17 million in other revenue. The large increase in interest revenue is due to higher interest rates on investment holdings as of the fiscal year ended June 30, 2023. Facility Capacity & Connection fees are grouped with Non-Operating Revenues in the fiscal year ended June 30, 2023.

The Agency's total expenses (including depreciation expense) amounted to $161.00 million for the fiscal year ended June 30, 2023, as compared to $153.93 million for the fiscal year ended June 30, 2022. Operating expenses for the fiscal year ended June 30, 2023, amounted to $123.56 million. Some Operating Departments were reorganized and combined for increased efficiencies. Operating expenses are comprised of Management expense of $2.77 million, Finance, Administration, and Technology expense of $17.27 million, Customer Care expenses of $3.04 million, Engineering expense of $4.79 million, Water Quality, Treatment, and Maintenance of $13.34 million, Pumping, Wells, and Storage expense of $14.50 million, Transmission and Distribution of $10.76 million, Water Resources and Public Outreach of $8.06 million, Source of Supply of $9.74 million, and Depreciation expense of $38.07 million. There were no significant changes to operating expenses, except in the Transmission and Distribution department. The Agency experienced a couple of mainline leaks requiring sizable repairs and the added cost of resin media for the newly constructed PFAS (Polyfluoroalkyl Substances) treatment facilities. The Source of Supply department is now tracking major water purchases, other than the State Water Project. These were previously included in the Water Resources Department.

Nonoperating expenses amounted to $37.44 million for the year ended June 30, 2023, as compared to $40.99 million for the fiscal year ended June 30, 2022. The current year nonoperating expenses are comprised of $27.35 million in State Water Contract expenses and interest expense of $10.05 million. The State Water Project's costs increased due to supply-chain issues, inflationary costs, and more pumping costs due to a wet year. Interest expense decreased due to the decreasing amount of accreted interest remaining on the 1999A Certificates of Participation.

Capital Assets and Debt Administration

The Agency's capital assets as of June 30, 2023, totaled $794.98 million (net of accumulated depreciation) as compared to $777.10 million as of June 30, 2022, a 2.3% increase.

Capital Assets

	2023	2022	Variance
Capital Assets, not being depreciated			
Non-depreciable Assets	$ 175,586,417	$ 143,972,178	$ 31,614,239
Capital Assets, net - being depreciated			
Depreciable Assets	1,223,830,909	1,200,775,537	23,055,372
Accumulated Depreciation and Amortization	(604,439,717)	(567,645,955)	(36,793,762)
Subtotal	619,391,192	633,129,582	(13,738,390)
Total Capital Assets, net	**$ 794,977,609**	**$ 777,101,760**	**$ 17,875,849**

The Agency's investment in capital assets includes land, water treatment plants, contractual state water project rights, contractual water rights with other agencies, transmission and distribution systems, pumping, wells and storage, treatment plants, buildings and structures, equipment, furniture and fixtures, vehicles, solar projects, and construction-in process.

Major capital asset additions included the upgrades to state water project rights, upgrades to contractual rights with other agencies, upgrades to water treatment plants, upgrades to booster stations, upgrades to the control system, 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 fully analyzed in Note 5 of the basic financial statements.

Long-term Debt

Long-Term Debt Administration

	2023	2022	Variance
Certificates of Participation	$ 67,061,078	$ 73,494,884	$ (6,433,806)
Revenue Bonds	255,607,054	272,309,903	(16,702,849)
Leases Payable	577,662	236,825	340,837
Subscriptions Payable	613,137	-	613,137
Total Long-Term Debt	**$ 323,858,931**	**$ 346,041,612**	**$ (22,182,681)**

The Agency had $323.86 million in long-term debt, as of June 30, 2023, compared to $346.04 million as of June 30, 2022. Long-Term debt decreased due to principal reductions in the Certificates of Participation and the Revenue Bonds. The current portion of long-term debt is $20.44 million. This includes the current portion of the Certificates of Participation, Revenue Bonds, Leases Payable, and Subscriptions Payable. Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* was implemented in FY 2022-23. This increased long-term debt, as well as the current portion of long-term debt. This compares to a $19.22 million current portion of long-term debt as of June 30, 2022. The long-term debt position of the Agency is fully analyzed in Notes 6, 7, and 10 of 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. Water treatment for trace amounts of PFAS, as required by State regulation, will involve considerable capital. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. The current CIP includes several water quality and pipeline projects that will not have significant operating costs. However, the ongoing 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 Chief Financial and Administrative Officer at 27234 Bouquet Canyon Road, Santa Clarita, California 91350-2173 or (661) 297-1600.

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Statement of Net Position
June 30, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	$ 36,722,991
Investments	32,064,233
Receivables (net of uncollectibles):	
Accounts - water sales	13,244,912
Property tax	916,294
Accrued interest	1,135,755
Accounts - other	455,975
Grants	1,711,435
Lease	516,539
Prepaid items	776,006
Materials and supplies inventory	4,263,464
Restricted:	
Cash and cash equivalents	9,895,674
Investments	62,184,759
Cash with fiscal agent	11,956,568
Receivables:	
Property tax	846,640
Accrued interest	810,021
Grants	295,570
Total current assets	**177,796,836**
Noncurrent assets:	
Investments	89,312,336
Investments - restricted	37,245,767
Lease receivable	6,028,709
Capital assets - not being depreciated	175,586,417
Capital assets - net of accumulated depreciation/amortization	619,391,192
Total noncurrent assets	**927,564,421**
Total assets	**1,105,361,257**

See Notes to Financial Statements.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Statement of Net Position
June 30, 2023

DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	12,028,829
Deferred OPEB outflows	6,971,752
Loss on defeasance of debt	7,911,237
Total deferred outflows of resources	**26,911,818**
LIABILITIES	
Current liabilities:	
Accounts payable	10,543,555
Accounts payable - restricted	3,842,546
Accrued liabilities	1,400,485
Accrued liabilities - restricted	2,310,589
Accrued interest	5,923,519
Unearned revenues	223,246
Deposits payable	852,702
Lease payable	138,574
Subscription payable	406,832
Advances for construction	11,013,365
Compensated absences	693,000
Certificates of participation	2,677,262
Revenue bonds	17,215,000
Total current liabilities	**57,240,675**
Noncurrent liabilities:	
Lease payable	439,088
Subscription payable	206,305
Compensated absences	2,079,553
Certificates of participation	64,383,816
Revenue bonds	238,392,054
Net pension liability	21,030,604
Net OPEB liability	3,193,710
Total noncurrent liabilities	**329,725,130**
Total liabilities	**386,965,805**
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	973,195
Deferred OPEB inflows	2,291,795
Deferred lease inflows	6,453,243
Total deferred inflows of resources	**9,718,233**
NET POSITION	
Net investment in capital assets	472,064,418
Restricted for:	
Debt service	10,568,173
State water contract	97,183,822
Capacity fees	9,329,868
Unrestricted	146,442,756
Total net position	**$ 735,589,037**

See Notes to Financial Statements.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

OPERATING REVENUES	
Water consumption sales and services	$ 73,957,020
Other charges and services	9,308,453
Total operating revenues	**83,265,473**
OPERATING EXPENSES	
Management	2,767,057
Finance, adminstration and technology	17,256,168
Customer care	3,039,506
Engineering services	4,788,524
Water quality, treatment, and maintenance	13,344,284
Pumping, wells and storage	14,498,952
Transmission and distribution	10,761,758
Water resources and public outreach	8,061,253
Source of supply	9,742,717
Non-departmental	1,215,712
Depreciation/amortization expense	38,082,215
Total operating expenses	**123,558,146**
Operating income (loss)	**(40,292,673)**
NONOPERATING REVENUES (EXPENSES)	
Taxes - unrestricted	32,551,970
Taxes - restricted	39,410,346
Intergovernmental - unrestricted	2,519,995
Investment earnings - unrestricted	5,884,401
Investment earnings - restricted	2,827,877
Interest expense	(10,052,884)
Other revenue	11,948,440
State water contract	(27,349,266)
Loss on disposal of capital assets	(35,647)
Total nonoperating revenues (expenses)	**57,705,232**
Income (loss) before capital contributions	**17,412,559**
Capital Contributions	3,531,469
Change in net position	**20,944,028**
Net position-beginning	714,645,009
Net position-ending	**$ 735,589,037**

See Notes to Financial Statements.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Statement of Cash Flows
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	82,123,553
Payments to suppliers and service providers		(66,143,308)
Payments to employees for salaries and benefits		(16,642,043)
Net cash provided by (used for) operating activities		**(661,798)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from property taxes		73,532,090
Payments for state water contract		(27,349,266)
Proceeds from grants		675,819
Proceeds from non-operating revenues		11,948,440
Contributed revenue		80,000
Net cash provided by (used for) noncapital financing activities		**58,887,083**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions		3,531,469
Acquisition and construction of capital assets		(54,553,898)
Principal paid on capital debt		(19,093,729)
Interest paid on capital debt		(14,052,679)
Principal paid on lease liability		(272,380)
Principal paid on subscription liability		(489,893)
Proceeds from sales of capital assets		(144,515)
Net cash provided by (used for) capital and related financing activities		**(85,075,625)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal received on lease receivable		696,215
Interest earnings		6,784,295
Net cash provided by (used for) investing activities		**7,480,510**
Net increase (decrease) in cash and cash equivalents		**(19,369,830)**
Cash and cash equivalents-beginning		298,752,158
Cash and cash equivalents-ending	**$**	**279,382,328**
RECONCILIATION OF CASH AND CASH EQUIVALENTS, AND INVESTMENTS TO THE STATEMENT OF NET POSITION		
Current:		
Cash and cash equivalents	$	36,722,991
Investments		8,057,523
Other investments		24,006,710
Restricted:		
Cash and cash equivalents		9,895,674
Investments		62,184,759
Cash with fiscal agent		11,956,568
Noncurrent:		
Investments		89,312,336
Investments - restricted		37,245,767
Total cash and cash equivalents, and investments	**$**	**279,382,328**

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	$	(40,292,673)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation/amortization expense		38,082,215
(Increase) decrease in accounts receivable		1,870,435
(Increase) decrease in materials and supplies inventory		(1,627,296)
(Increase) decrease in prepaid expense		(519,860)
Increase (decrease) in accounts payable		(1,556,916)
Increase (decrease) in due to other governments		(19,447)
Increase (decrease) in deposits payable		35,696
Increase (decrease) in unearned revenue		91,436
Increase (decrease) in accrued liabilities		2,204,435
Increase (decrease) in net OPEB liability and related items		(164,159)
Increase (decrease) in net pension liability and related items		1,107,219
Increase (decrease) in compensated absences		227,098
Total adjustments		**39,630,875**
Net cash provided by (used for) operating activities	**$**	**(661,798)**
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES		
Amortization of Premiums/Discounts	$	442,849
Accreted interest of 1999A Revenue COP		(3,600,077)

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.

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 when 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.

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 the 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. The cost of acquiring the land and equipment was approximately $5.0 million. The Devil's Den Water District (District) encompasses 8,676 acres in Kern and Kings Counties. The land is being leased to an outside party by the Agency under 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 the above-mentioned land and water allocation transactions. Although the District is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of the Agency's operations. There are no separate basic financial statements prepared for the District.

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.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 six 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.

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 may elect to sell a security prior to its maturity and record a capital gain or loss to manage the quality, liquidity, or yield of the portfolio in response to market conditions or the Agency's risk preferences.

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.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a US Bank 1% Property Tax Depository Account, on behalf of 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 February 1 Collection
Dates	December 10 and April 10

I. Accounts Receivable

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

J. Materials and Supplies Inventory

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

K. Prepaid Items

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. 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, floating holiday, and sick time is accrued at fiscal year-end to account for the Agency's obligation to the employees for the amount owed.

Vacation accrual generally begins with 80 hours per calendar year and increases to 120 hours for each full year of continuous service after 5 years until completion of 10 years of continuous service. After 10 full years, vacation leave shall accrue at 160 hours per year.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sick leave shall accrue commencing upon employment. Full-time employees who are regularly scheduled to work forty (40) hours per work week shall accrue 3.70 hours of sick leave with pay, for each biweekly pay period (equivalent to twelve (12) working days per year or ninety-six (96) hours total). Employees working at least thirty-two (32) but fewer than forty (40) hours per week shall accrue sick leave on a prorated basis. If 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 more than 480 hours as a cash bonus. This bonus shall be based on the sick leave balance on December 31 and is typically paid within 3 months of that date.

M. <u>Capital Assets</u>

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 or more, and with an economic life greater than one year. 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 acquisition 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.

Depreciation/amortization will be posted monthly and will be calculated when the project is operational and placed in use. Depreciation/amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Castaic Turnout – 50 years
- Communications Equipment – 7 years
- Computer Hardware and Software – 5 years
- Fencing – 15 years
- Franchise and consents – 20 years
- Fire mains – 50 years
- Hydrants – 30 years
- Lab Equipment – 5 years
- Lighting and Roads – 25 years
- Maintenance Facility – 30 years
- Meters and Meter installation – 20 years
- Office Furniture and Equipment – 10 years
- Organizational costs – 33 years
- Other General Plant Equipment – 8 years
- Other Intangible plan – 20 years
- Other Pumping Equipment – 30 years
- Other Transmission and Distribution Plant – 35 years
- Power Operating Equipment – 10 years
- Pumping Equipment – 20 years
- Reservoirs and Tanks – 50 years
- Services – 30 years
- Sewer Lift Stations – 51 years
- Sewer Plant – 50 years
- Stores Equipment – 10 years
- Structures and Improvements (General) – 40 years
- Structures and Improvements (Pumping Plant) – 30 years
- Structures and Improvements (Reservoirs & Tanks) – 30 years
- Structures and Improvements (Wells) – 30 years
- Tools, Shop and Garage – 10 years
- Transmission and Distribution mains – 50 years
- Treatment Plant – 50 years
- Treatment Structures – 35 years
- Vehicles – 10 years
- Water Treatment Equipment – 30 years
- Wells – 30 years

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Leases

Lessee: The Agency is a lessee for a noncancellable lease of equipment. The Agency recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Agency recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. If the lease terms are extended, amortization is recalculated based on the extended terms. Key estimates and judgments related to leases include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The Agency is a lessor for a lease of a building and easements. The Agency recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Agency determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Agency uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Agency monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Subscription-Based Information Technology Arrangements

The Agency is a subscriber for a noncancellable subscription of information technology services. The Agency recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The Agency recognizes subscription liabilities with an initial, individual value of $5,000 or more.

At the commencement of a subscription, the Agency initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. If the subscription terms are extended, amortization is recalculated based on the extended terms. Key estimates and judgments related to subscriptions include how the Agency determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Agency uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

P. 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, 2021
- Measurement Date: June 30, 2022
- Measurement Period: July 1, 2021 to June 30, 2022

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

R. 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.

S. 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. This includes annual member contributions to the Santa Clarita Valley Groundwater Sustainability Agency, a blended component unit of the Agency.

T. Deferred Outflows/Inflows of Resources

Deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Agency has three items that qualify for reporting in this category. It is the deferred loss on defeasance of debt, and deferred amounts related to pension and OPEB. The deferred loss on defeasance resulted from the difference between the extinguished debt and collateral obtained to release the debt. This amount is deferred and amortized over the shorter of the life of the extinguished debt or collateral obtained. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Agency has three items that qualify for reporting in this category. It is the deferred amounts related to leases, and deferred amounts related to pension and OPEB.

U. 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, or short-term liabilities 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.

V. Budgetary Policies

The Agency follows specific procedures in establishing the budgetary data reflected in the financial statements. The Agency's General Manager and Assistant General Manager prepare and submit a biennial capital and operating budget to the Board of Directors every two years in April. The biennial budget is revised in April at the beginning of year two. The budget is adopted no later than June and becomes operative on July 1. Biennial budgets are adopted generally consistent with GAAP for all enterprise funds. Biennial Annual budgets are adopted on an accrual basis for the enterprise (proprietary) fund.

New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncements were effective for and/or early implemented for the fiscal year ended June 30, 2023:

1. GASB Statement No. 91, Conduit Debt Obligations

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitment's issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

2. GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

4. GASB Statement No. 100, Accounting Changes and Error Corrections

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

NOTE 2: CASH AND INVESTMENTS

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

	2023
Cash and cash equivalents	$ 36,912,972
Cash and cash equivalents (restricted)	9,705,694
Cash and cash equivalents with fiscal agent	11,956,567
Investments - current	32,064,234
Investment - non-current	89,312,336
Investments - current (restricted)	62,184,759
Investment - non-current (restricted)	37,245,767
Total cash and investments	$ 279,382,328

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

	2023
Cash on hand	$ 2,500
Deposits with financial institutions	34,230,892
Cash with fiscal agent	11,956,567
Investments	233,192,369
Total cash and investments	$ 279,382,328

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

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

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

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investment	Maximum	Maximum Percentage	Maximum Investment
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Municipal Obligations	5 years	30%	None
U.S. Government Agency and Sponsored Enterprise	5 years	20%	30%
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	40%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse Repurchasing Agreements/Securities Lending	92 days	20%	None
Medium Term Notes	5 years	30%	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collaterialized Bank Deposits	5 years	None	None
Mortgage Pass-Through and Asset Backed Securities	5 years	20%	5%
Los Angeles County Pooled Investment Fund (LACPIF)	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Fund Program	N/A	None	None
Supernationals	5 years	30%	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 email to LACPIF.
- One business day’s advance notice is required for withdrawals of $2 million or greater.

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 Annual Comprehensive Financial Report (ACFR). Copies of the ACFR 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).

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.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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, 2023:

		Remaining Maturity (In Months)			
Investment Type	Total	12 Months or Less	13 to 24 Months	25-60 Months	Exceed 60 Months
Federal Farm Credit Bank	$ 12,577,167	$ 5,964,653	$ 3,000,909	$ 3,945,705	$ -
Federal Home Loan Bank	30,000,447	13,047,809	13,467,840	4,780,000	-
Fannie Mae	5,437,902	-	-	5,978,520	-
Asset Backed Securities (ABS)	6,350,238	-	-	6,363,371	-
Collateralized Mortgage Obligations (CMO)	13,623,268	-	-	-	13,854,753
State and Local Agencies	13,020,145	4,400,175	4,307,738	4,444,223	997,060
Commercial Issues	40,303,753	4,444,736	2,470,605	33,828,405	-
Local Agency Investment Fund (LAIF)	48,393,439	49,138,950	-	-	-
Los Angeles County Pooled Investment Fund	46,290	48,641	-	-	-
Certificates of Deposit	3,400,522	2,428,754	1,094,470	-	-
US Treasury Notes	57,195,576	17,805,838	4,969,570	9,862,969	24,907,266
Money Market Funds	2,843,621	2,843,621	-	-	-
Total	$ 233,192,369	$ 100,123,178	$ 29,311,132	$ 69,203,192	$ 39,759,079

Concentration of Credit Risk

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

Issuer	Investment Type	Bank
Federal Farm Credit Bank	Federal agency securities	$ 12,577,167
Federal Home Loan Bank	Federal agency securities	30,000,447
		$ 42,577,614

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, 2023, were as follows:

Investment Type	Total	Legal Rating	Exempt From Disclosure	A	AAA
Federal Farm Credit Bank	$ 12,577,167	N/A	$ -	$ -	$ 12,577,167
Federal Home Loan Bank	30,000,447	N/A	-	-	30,000,447
Fannie Mae	5,437,902	N/A	-	-	5,437,902
Asset Backed Securities (ABS)	6,350,238	N/A	-	-	-
Collateralized Mortgage Obligations (CMO)	13,623,268	N/A	-	-	1,852,866
State and Local Agencies	13,020,145	N/A	-	-	9,253,809
Commercial Issues	40,303,753	N/A	-	31,796,184	8,026,273
Local Agency Investment Fund (LAIF)	48,393,439	N/A	-	-	-
Los Angeles County Pooled Investment Fund	46,290	N/A	-	-	-
Certificates of Deposit	3,400,522	N/A	-	749,715	-
US Treasury Notes	57,195,576	N/A	-	11,075,569	46,120,007
Money Market Funds	2,843,621	N/A	2,843,621	-	-
	$ 233,192,369		$ 2,843,621	$ 43,621,468	$ 113,268,471

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2023, are as follows:

		Fair Value Measurement Using		
Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Federal Agencies	$ 48,015,517	$ -	$ 48,015,517	$ -
Asset Backed Securities (ABS)	6,350,238	-	6,350,238	-
Collateralized Mortgage Obligations (CMO)	13,623,268	-	13,623,268	-
Certificates of Deposit	3,400,522	-	3,400,522	-
Commercial Issues	40,303,753	-	40,303,753	-
US Treasury	57,195,576	-	57,195,576	-
State and local agencies	13,020,145	-	13,020,145	-
Total Investments with Observable Inputs	181,909,019	$ -	$ 181,909,019	$ -
Local Agency Investment Fund (LAIF)	48,393,439			
Los Angeles County Pooled Investment Fund (LACPIF)	46,290			
Money Market Funds	2,843,621			
Total Investments Measured at Fair Value	$ 233,192,369			

NOTE 3: DEFERRED CONTRIBUTION PLANS

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, 2023, was $25,101,445.

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, 2023, was $1,303,446.

NOTE 4: 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, 2022	Earned	Taken	Balance June 30, 2022	Current Portion	Noncurrent Portion
$ 2,545,455	$ 2,790,813	$ 2,563,715	$ 2,772,553	$ 693,000	$ 2,079,553

NOTE 5: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023, were as follows:

	Balance June 30, 2022	Adjustments/ Transfers	Additions/ Transfers*	Deletions/ Transfers	Balance June 30, 2023
Non-depreciable assets:					
Land and land rights	$ 40,438,436	$ 158,758	$ -	$ -	$ 40,597,194
Construction in-process	103,533,742	-	54,553,898	(23,098,417)	134,989,223
Total non-depreciable assets	143,972,178	158,758	54,553,898	(23,098,417)	175,586,417
Depreciable assets:					
Contractual state water project rights	162,939,413	-	3,928,547	-	166,867,960
Contractual water rights-other agencies	136,501,146	-	4,740,653	-	141,241,799
Treatment plant	365,926,552	-	153,276	(95,280)	365,984,548
Water mains	234,293,747	-	2,831,814	-	237,125,561
Reservoirs and tanks	88,567,186	5,876	960,939	-	89,534,001
Boosters	39,154,490	-	537,527	-	39,692,017
Reclaimed water	5,255,820	-	-	-	5,255,820
Control system	7,296,989	-	645,893	(69,278)	7,873,604
Castic turnouout	398,243	-	-	-	398,243
Services and meters	62,813,601	-	6,139,171	(1,219,426)	67,733,346
Maintenance facility	188,310	-	-	-	188,310
Large tools and equipment	12,502,686	69,278	804,779	-	13,376,743
Furniture and fixtures	7,811,362	-	-	-	7,811,362
Vehicles	4,418,545	-	1,093,601	-	5,512,146
Office equipment	2,389,620	-	-	(40,233)	2,349,387
Solar projects	15,581,305	-	114,870	(38,522)	15,657,653
Building	1,434,284	-	-	-	1,434,284
Hydrants	22,512,906	-	341,241	-	22,854,147
Well	14,843,598	-	641,937	-	15,485,535
Sewer plant	1,627,570	-	-	-	1,627,570
Structure & improvements	5,876	-	-	(5,876)	-
Office structures & improvement	13,369,706	-	5,411	-	13,375,117
Right-to-use leased equipment	364,139	-	406,144	-	770,283
Right-to-use subscriptions	-	770,323	332,707	-	1,103,030
Intangible	578,443	-	-	-	578,443
Total depreciable assets	1,200,775,537	845,477	23,678,510	(1,468,615)	1,223,830,909
Accumulated depreciation and amortization:					
Contractual state water project rights	(95,579,236)	-	(4,015,703)	-	(99,594,939)
Contractual water rights-other agencies	(47,974,840)	-	(6,947,426)	-	(54,922,266)
Treatment plant	(160,650,831)	-	(10,329,393)	-	(170,980,224)
Water mains	(100,600,180)	-	(4,543,504)	-	(105,143,684)
Reservoirs and tanks	(45,585,426)	(392)	(2,175,236)	-	(47,761,054)
Boosters	(29,792,644)	-	(1,284,584)	-	(31,077,228)
Reclaimed water	(2,755,053)	-	(147,275)	-	(2,902,328)
Control system	(324,064)	-	(1,541,671)	13,856	(1,851,879)
Castic turnouout	(334,528)	-	(7,965)	-	(342,493)
Services and meters	(38,763,237)	-	(2,427,284)	1,219,426	(39,971,095)
Maintenance facility	(188,310)	-	-	-	(188,310)
Large tools and equipment	(9,688,173)	(13,856)	(876,663)	-	(10,578,692)
Furniture and fixtures	(6,735,563)	-	(310,142)	-	(7,045,705)
Vehicles	(2,908,331)	-	(327,755)	-	(3,236,086)
Office equipment	(1,811,587)	-	(199,463)	-	(2,011,050)
Solar projects	(976,726)	-	(903,439)	4,055	(1,876,110)
Building	(385,281)	-	(31,716)	-	(416,997)
Hydrants	(15,906,235)	-	(589,600)	-	(16,495,835)
Well	(446,395)	-	(440,329)	-	(886,724)
Sewer plant	(579,240)	-	(28,562)	-	(607,802)
Structure & improvements	(392)	-	-	392	-
Office structures & improvement	(5,148,014)	-	(347,287)	-	(5,495,301)
Lease assets	(98,454)	(30,925)	(122,309)	50,724	(200,964)
Subscription assets	-	-	(422,224)	-	(422,224)
Intangible	(413,215)	-	(17,512)	-	(430,727)
Total accumulated depreciation and amortization	(567,645,955)	(45,173)	(38,037,042)	1,288,453	(604,439,717)
Total depreciable assets, net	633,129,582	800,304	(14,358,532)	(180,162)	619,391,192
Total capital assets, net	$ 777,101,760	$ 959,062	$ 40,195,366	$ (23,278,579)	$ 794,977,609

* Activity is due to GASB 96 implementation. See Note 7 for additional information.

NOTE 5: 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.

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:

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

	2023
Developer Funded	$ 27,535,119
Pay-Go	
Booster Improvements	1,285,560
Customer Service Software Upgrade	365,028
Earl Schmidt Emergency Generator	1,057,837
Other Projects < $500K	5,885,440
PFAS Wells	6,764,763
Pipeline Improvements	3,888,881
Recycled Water Projects	2,243,062
Replacement Wells	8,048,678
SCADA Agencywide	741,598
Tank Improvements	2,515,543
Technology Improvements	1,337,255
Urban Water Management Plan	1,226,471
WaterSmart AMI Meters	1,585,712
Well Improvements	9,671,667
Debt Funded	
Castaic Conduit	1,293,166
Other Projects < $500K	708,390
Earl Schmidt Sludge Collection	15,112,111
Magic Mountain Pkwy Projects	22,976,505
Recycled Water Projects	18,148,039
Sites Reservoir - Storage	1,507,122
Well 201 VOC Groundwater Treatment Improvements	1,091,276
Total	$ 134,989,223

NOTE 6: LEASES

A. Lease Receivable

On June 5, 2023, the Agency entered a 180-month lease as Lessor for the use of Castaic Tank 1A - 33030 Ridge Route Rd. An initial lease receivable was recorded in the amount of $623,448. As of June 30, 2023, the value of the lease receivable is $623,448. The lessee is required to make monthly fixed payments of $3,500. The lease has an interest rate of 2.8900%. The value of the deferred inflow of resources as of June 30, 2023, was $630,896, and The Agency recognized lease revenue of $3,052 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

NOTE 6: LEASES (CONTINUED)

On July 1, 2021, the Agency entered a 17-month lease as Lessor for the use of Bouquet Tank - 27234 Bouquet Cyn. An initial lease receivable was recorded at $68,567. As of June 30, 2023, the value of the lease receivable is $0. The lessee is required to make monthly fixed payments of $4,154. The lease has an interest rate of 0.3870%. The value of the deferred inflow of resources as of June 30, 2023, was $0.00, and The Agency recognized lease revenue of $21,905 during the fiscal year.

On July 1, 2021, the Agency entered a 71-month lease as Lessor for the use of Catala Tank - 27590 Catala Ave. An initial lease receivable was recorded in the amount of $265,644. As of June 30, 2023, the value of the lease receivable is $182,953. The lessee is required to make monthly fixed payments of $3,907. The lease has an interest rate of 1.2170%. The value of the deferred inflow of resources as of June 30, 2023, was $176,435, and The Agency recognized lease revenue of $44,604 during the fiscal year. The lessee has 1 extension option(s), each for 59 months.

On July 1, 2021, the Agency entered a 191-month lease as Lessor for the use of Honby Tank - 20500 Keaton St. An initial lease receivable was recorded in the amount of $979,861. As of June 30, 2023, the value of the lease receivable is $880,773. The lessee is required to make monthly fixed payments of$6,043. The lease has an interest rate of 2.0680%. The value of the deferred inflow of resources as of June 30, 2023, was $857,038, and the Agency recognized lease revenue of $61,412 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On July 1, 2021, the Agency entered a 60-month lease as Lessor for the use of American Tower. An initial lease receivable was recorded at $56,891. As of June 30, 2023, the value of the lease receivable is $34,763. The lessee is required to make monthly fixed payments of $973. The lease has an interest rate of 0.5140%. The value of the deferred inflow of resources as of June 30, 2023, was $34,134, and the Agency recognized lease revenue of $11,378 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On July 1, 2021, the Agency entered a 69-month lease as Lessor for the use of Pinetree 3 - 29600 Mammoth Lane. An initial lease receivable was recorded at $287,301. As of June 30, 2023, the value of the lease receivable is $193,701. The lessee is required to make monthly fixed payments of $4,312. The lease has an interest rate of 1.2170%. The value of the deferred inflow of resources as of June 30, 2023, was $188,231, and the Agency recognized lease revenue of $49,535 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On July 1, 2021, the Agency entered a 27-month lease as Lessor for the use of Action Family Counseling - Soledad Cyn. An initial lease receivable was recorded at $357,317. As of June 30, 2023, the value of the lease receivable is $40,600. The lessee is required to make monthly fixed payments of $13,545. The lease has an interest rate of 0.5140%. The value of the deferred inflow of resources as of June 30, 2023, was $39,702, and the Agency recognized lease revenue of $158,808 during the fiscal year. The lessee has 1 extension option, for 12 months.

On July 1, 2021, the Agency entered a 126-month lease as Lessor for the use of Princess Tank - 25529 1/2 Mountain Pass Rd. An initial lease receivable was recorded in the amount of $525,975. As of June 30, 2023, the value of the lease receivable is $417,795. The lessee is required to make annual fixed payments of $48,179. The lease has an interest rate of 1.6810%. The value of the deferred inflow of resources as of June 30, 2023, was $426,552, and the Agency recognized lease revenue of $49,711 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

NOTE 6: LEASES (CONTINUED)

On July 1, 2021, the Agency entered a 31-month lease as Lessor for the use of Mammoth - 29600 N. Mammoth Lane. An initial lease receivable was recorded at $124,191. As of June 30, 2023, the value of the lease receivable is $0. The lessee is required to make monthly fixed payments of $3,886. The lease has an interest rate of 0.7270%. The value of the deferred inflow of resources as of June 30, 2023, was $0, and the Agency recognized lease revenue of $11,790 during the fiscal year.

On July 1, 2021, the Agency entered a 161-month lease as Lessor for the use of Whitney Cyn - 23554 Dockweiler Dr. An initial lease receivable was recorded in the amount of $591,056.24. As of June 30, 2023, the value of the lease receivable is $514,121. The lessee is required to make monthly fixed payments of$4,163. The lease has an interest rate of 1.8360%. The value of the deferred inflow of resources as of June 30, 2023, was $502,948, and the Agency recognized lease revenue of $44,054 during the fiscal year. The lessee has 2extension option(s), each for 60 months.

On July 1, 2021, the Agency entered a 70-month lease as Lessor for the use of Phoenix Tower - Catala Ave. An initial lease receivable was recorded in the amount of $278,342. As of June 30, 2023, the value of the lease receivable is $151,156. The lessee is required to make annual fixed payments of $48,179. The lease has an interest rate of 1.2170%. The value of the deferred inflow of resources as of June 30, 2023, was $182,910, and the Agency recognized lease revenue of $47,716 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On July 1, 2021, the Agency entered a 310-month lease as Lessor for the use of Bouquet Tank - 27236 Bouquet Cyn. An initial lease receivable was recorded at $1,271,205. As of June 30, 2023, the value of the lease receivable is $1,199,906. The lessee is required to make monthly fixed payments of $5,560. The lease has an interest rate of 2.5010%. The value of the deferred inflow of resources as of June 30, 2023, was $1,173,032, and the Agency recognized lease revenue of $49,087 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On July 1, 2021, the Agency entered a 223-month lease as Lessor for the use of Princess Tank - 25521 Mountain Pass Rd. An initial lease receivable was recorded in the amount of $944,229. As of June 30, 2023, the value of the lease receivable is $850,721. The lessee is required to make annual fixed payments of $50,150. The lease has an interest rate of 2.3000%. The value of the deferred inflow of resources as of June 30, 2023, was $842,608, and the Agency recognized lease revenue of $50,811 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On July 1, 2021, the Agency entered a 177-month lease as Lessor for the use of Newhall Tank - 23554 Dockweiler Dr. An initial lease receivable was recorded in the amount of $627,203. As of June 30, 2023, the value of the lease receivable is $560,932. The lessee is required to make monthly fixed payments of $3,706. The lease has an interest rate of 1.9910%. The value of the deferred inflow of resources as of June 30, 2023, was $542,175, and the Agency recognized lease revenue of $42,514 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, the Agency entered a 63-month lease as Lessor for the use of Newhall Tank 2 - 23554 Dockweiler Dr. An initial lease receivable was recorded in the amount of $83,966. As of June 30, 2023, the value of the lease receivable is $52,482. The lessee is required to make monthly fixed payments of $1,3670. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2023, was $51,979, and the Agency recognized lease revenue of $15,993 during the fiscal year. The lessee has 1 extension option, for 60 months.

On July 1, 2021, the Agency entered a 193-month lease as Lessor for the use of Bouquet Tank - 27236 Bouquet Cyn. An initial lease receivable was recorded at $918,866. As of June 30, 2023, the value of the lease receivable is $844,430. The lessee is required to make monthly fixed payments of $4,637. The lease has an interest rate of 2.0680%. The value of the deferred inflow of resources as of June 30, 2023, was $804,603, and the Agency recognized lease revenue of $57,132 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

NOTE 6: LEASES (CONTINUED)

The future lease revenue and related interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 516,539	$ 135,054	$ 651,593
2025	492,428	126,545	618,973
2026	511,154	117,760	628,914
2027	445,989	108,552	554,541
2028	366,826	100,480	467,306
2029-2033	1,935,839	378,067	2,313,906
2034-2038	1,667,638	168,372	1,836,010
2039-2043	362,712	51,337	414,049
2044-2047	248,656	12,643	261,299
Total	$ 6,547,781	$ 1,198,810	$ 7,746,591

B. Lease Payable

On August 1, 2022, the Agency entered a 60-month lease as Lessee for the use of Enterprise - #252 Ford e-Transit (2022). An initial lease liability was recorded for $56,380. As of June 30, 2023, the value of the lease liability is $47,553. The Agency is required to make monthly fixed payments of $1,128. The lease has an interest rate of 8.3067%. The value of the right to use asset as of June 30, 2023, of $56,380 with accumulated amortization of $10,256 is included with Vehicles on the Lease Class activities table found below.

On November 1, 2022, the Agency entered a 60-month lease as Lessee for the use of Enterprise - #55 Ford Maverick (2022). An initial lease liability was recorded for $22,825. As of June 30, 2023, the value of the lease liability is $20,441. The Agency is required to make monthly fixed payments of $472. The lease has an interest rate of 9.3018%. The value of the right to use asset as of June 30, 2023, of $22,825 with accumulated amortization of $2,993 is included with Vehicles on the Lease Class activities table found below.

On July 1, 2021, the Agency entered a 60-month lease as Lessee for the use of Stambaugh - 29600 Mammoth Lane (Crown Castle). An initial lease liability was recorded of $223,086. As of June 30, 2023, the value of the lease liability is $137,453. The Agency is required to make monthly fixed payments of $3,881. The lease has an interest rate of 1.0590%. The value of the right to use asset as of June 30, 2023, of $223,086 with accumulated amortization of $89,234 is included with Land on the Lease Class activities table found below. The Agency has 1 extension option(s), each for 60 months.

On June 23, 2023, the Agency entered a 48-month lease as Lessee for the use of Enterprise - #128 Ford F150 Lightning (2023). An initial lease liability was recorded of $54,166.04. As of June 30, 2023, the value of the lease liability is $53,824. The Agency is required to make monthly fixed payments of $1,283. The lease has an interest rate of 6.9649%. The Vehicles estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2023, of $54,166 with accumulated amortization of $300 is included with Vehicles on the Lease Class activities table found below.

On December 8, 2022, the Agency entered a 60-month lease as Lessee for the use of Enterprise - #124 Ford F150 Lightning (2022). An initial lease liability was recorded for $54,157. As of June 30, 2023, the value of the lease liability is $48,426. The Agency is required to make monthly fixed payments of $967. The lease has an interest rate of 3.3469%. The value of the right to use asset as of June 30, 2023, of $54,157 with accumulated amortization of $6,031 is included with Vehicles on the Lease Class activities table found below.

NOTE 6: LEASES (CONTINUED)

On June 23, 2023, the Agency entered a 48-month lease as Lessee for the use of Enterprise - #129 Ford F150 Lightning (2023). An initial lease liability was recorded of $54,166. As of June 30, 2023, the value of the lease liability is $53,824. The Agency is required to make monthly fixed payments of $1,2823. The lease has an interest rate of 6.9649%. The value of the right to use asset as of June 30, 2023, of $54,166 with accumulated amortization of $299 is included with Vehicles on the Lease Class activities table found below.

On June 23, 2023, the Agency entered a 60-month lease as Lessee for the use of Enterprise - #125 Ford F150 Lightning (2023). An initial lease liability was recorded for $62,685. As of June 30, 2023, the value of the lease liability is $62,345. The Agency is required to make monthly fixed payments of $1,277. The lease has an interest rate of 8.6411%. The value of the right to use asset as of June 30, 2023, of $62,685 with accumulated amortization of $278 is included with Vehicles on the Lease Class activities table found below.

On June 16, 2023, the Agency entered a 60-month lease as Lessee for the use of Enterprise - #127 Ford F150 Lightning (2023). An initial lease liability was recorded for $52,801. As of June 30, 2023, the value of the lease liability is $52,268. The Agency is required to make monthly fixed payments of $1,067. The lease has an interest rate of 8.4470%. The value of the right to use asset as of June 30, 2023, of $52,801 with accumulated amortization of $436 is included with Vehicles on the Lease Class activities table found below.

On June 8, 2023, the Agency entered a 60-month lease as Lessee for the use of Enterprise - #126 Ford F150 Lightning (2023). An initial lease liability was recorded for $52,687. As of June 30, 2023, the value of the lease liability is $51,870. The Agency is required to make monthly fixed payments of $1,065. The lease has an interest rate of 8.6149%. The value of the right to use asset as of June 30, 2023, of $52,687 with accumulated amortization of $665 is included with Vehicles on the Lease Class activities table found below.

On April 21, 2023, the Agency entered a 49-month lease as Lessee for the use of Enterprise - #352 Ford F350 Super Cab (2022). An initial lease liability was recorded for $44,547. As of June 30, 2023, the value of the lease liability is $42,478. The Agency is required to make monthly fixed payments of $1,115. The lease has an interest rate of 10.8986%. The value of the right to use asset as of June 30, 2023, of $44,547 with accumulated amortization of $2,107 is included with Vehicles on the Lease Class activities table found below.

On July 1, 2021, the Agency entered a 60-month lease as Lessee for the use of Stambaugh - 29600 Mammoth Lane (T-Mobile). An initial lease liability was recorded for $202,897. As of June 30, 2023, the value of the lease liability is $0. The Agency was required to make monthly fixed payments of $3,497. The lease had an interest rate of 1.0590%.

On July 1, 2021, the Agency entered a 25-month lease as Lessee for the use of GT Modular Building - 21110 W. Golden Triangle. An initial lease liability was recorded for $92,783. As of June 30, 2023, the value of the lease liability is $7,180. The Agency is required to make monthly fixed payments of $3,593. The lease has an interest rate of 0.6500%. The value of the right to use asset as of June 30, 2023, of $92,783 with accumulated amortization of $88,365 is included with Buildings on the Lease Class activities table found below.

Amount of lease assets by major classes of underlying assets are as follows:

	As of June 30, 2023	
Asset Class	Right-to-use Leased Asset	Accumulated Amortization
Vehicles	$ 454,413	$ 23,365
Land	223,086	89,234
Buildings	92,784	88,365
Total	$ 770,283	$ 200,964

NOTE 6: LEASES (CONTINUED)

Annual requirements to amortize long-term obligations and related interest are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 138,574	$ 31,068	$ 169,642
2025	137,765	24,692	162,457
2026	145,652	16,805	162,457
2027	106,311	8,461	114,772
2028	49,360	1,976	51,336
Total	$ 577,662	$ 83,002	$ 660,664

NOTE 7: SUBSCRIPTIONS - SBITAS

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On February 8, 2023, the Agency entered a 24-month subscription for the use of Studio5000 Workbench Software. An initial subscription liability was recorded for $21,467. As of June 30, 2023, the value of the subscription liability is $10,620. The Agency is required to make annual fixed payments of $10,907. The subscription has an interest rate of 2.7070%. The value of the right to use asset as of June 30, 2023, of $21,467 with accumulated amortization of $4,264 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, the Agency entered a 23-month subscription for the use of 8x8 UCaaS/CCaaS. An initial subscription liability was recorded for $125,172. As of June 30, 2023, the value of the subscription liability is $60,369. The Agency is required to make monthly fixed payments of $5,544. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of June 30, 2023, of $125,172 with accumulated amortization of $65,307 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, the Agency entered a 15-month subscription for PB System use. An initial subscription liability was recorded for $67,829. As of June 30, 2023, the value of the subscription liability is $0.00. The Agency is required to make annual fixed payments of $68,119. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of June 30, 2023, of $67,829 with accumulated amortization of $54,263 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, the Agency entered a 30-month subscription for the use of Oracle Cloud Service. An initial subscription liability was recorded for $567,353. As of June 30, 2023, the value of the subscription liability is $343,283. The Agency is required to make quarterly fixed payments of $58,312. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of June 30, 2023, of $567,353 with accumulated amortization of $223,710 is included with Software on the Subscription Class activities table found below.

On October 18, 2022, the Agency entered a 36-month subscription for the use of Esri - ArcGIS. An initial subscription liability was recorded at $161,293. As of June 30, 2023, the value of the subscription liability is $106,841. The Agency is required to make annual fixed payments of $55,000. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of June 30, 2023, of $161,293 with accumulated amortization of $37,784 is included with Software on the Subscription Class activities table found below.

NOTE 7: SUBSCRIPTIONS - SBITAS (CONTINUED)

On February 8, 2023, the Agency entered a 32-month subscription for the use of KnowBe4 - Security Awareness Training Diamond Subscription. An initial subscription liability was recorded for $14,945. As of June 30, 2023, the value of the subscription liability is $9,854. The Agency is required to make annual fixed payments of $5,124. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of June 30, 2023, of $14,945 with accumulated amortization of $2,271 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, the Agency entered a 13-month subscription for the use of OpenGov - Cloud Software. An initial subscription liability was recorded for $9,969. As of June 30, 2023, the value of the subscription liability is $0. The Agency is required to make annual fixed payments of $10,000. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of June 30, 2023, of $9,969 with accumulated amortization of $9,202 is included with Software on the Subscription Class activities table found below. The Agency had a termination period of 1 month as of the subscription commencement.

On February 7, 2023, the Agency entered a 36-month subscription for the use of Safeconsole Cloud. An initial subscription liability was recorded as $8,278. As of June 30, 2023, the value of the subscription liability is $5,446. The Agency is required to make annual fixed payments of $2,832. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of June 30, 2023, of $8,278 with accumulated amortization of $1,104 is included with Software on the Subscription Class activities table found below.

On November 1, 2022, the Agency entered a 36-month subscription for the use of Spatial Wave ELA. An initial subscription liability was recorded as $87,207. As of June 30, 2023, the value of the subscription liability is $57,207. The Agency is required to make annual fixed payments of $30,000. The subscription has an interest rate of 3.2380%. The value of the right to use asset as of June 30, 2023, of $87,207 with accumulated amortization of $19,379 is included with Software on the Subscription Class activities table found below.

On April 1, 2023, the Agency entered a 24-month subscription for the use of DebtBook Platform. An initial subscription liability was recorded as $39,518. As of June 30, 2023, the value of the subscription liability is $19,518. The Agency is required to make annual fixed payments of $20,000. The subscription has an interest rate of 2.4700%. The value of the right to use asset as of June 30, 2023, of $39,518 with accumulated amortization of $4,940 is included with Software on the Subscription Class activities table found below.

Amount of subscription assets by major classes of underlying assets are as follows:

	As of June 30, 2023	
Asset Class	Right-to-use Subscription Asset	Accumulated Amortization
Software	$ 1,103,030	$ 422,224

Annual requirements to amortize long-term obligations and related interest are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 406,832	$ 11,261	$ 418,093
2025	206,305	3,275	209,580
Total	$ 613,137	$ 14,536	$ 627,673

NOTE 8: DEFINED BENEFIT PENSION PLAN

A. 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.

B. 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, or previously enrolled in CalPERS, 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, 2023, 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%	7.25%
Required employer contritbution rates	11.610%	7.760%

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. 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, 2023, the contributions recognized as part of pension expense for the Plan were as follows:

	2023
Contributions - Employer	$ 3,705,870

D. Net Pension Liability

As of June 30, 2023, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2023
Proportionate share of net pension liability	$ 21,030,604

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, 2022, (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, 2020 (the valuation date), rolled forward to June 30, 2022, 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, 2022, was as follows:

	Miscellaneous
Proportion - June 30, 2021	0.13622%
Change in proportion	0.04585%
Proportion - June 30, 2022	0.18207%

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

E. Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2023, 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	$ 3,705,870	$ -
Differences between actual and expected experience	-	282,862
Differences in actual contribution and proportionate share of contribution	1,893,350	690,333
Changes in assumptions	2,155,025	-
Net differences between projected and actual earnings on plan investments	3,852,248	-
Adjustment due to differences in proportions of net pension liability	422,336	-
Total	$ 12,028,829	$ 973,195

As of June 30, 2023, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $3,705,870 and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

At June 30, 2023, 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**
2024	$ 2,184,033
2025	1,810,844
2026	998,721
2027	2,356,166

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

F. Actuarial Assumptions

The total pension liabilities were determined by actuarial valuation reports as of June 30, 2021, which were rolled forward to June 30, 2022, using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	6.80% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefits	The lesser of contract COLA or 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 probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

G. Change of Assumptions

On November 17, 2021, the CalPERS board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions for Public Agencies. These new assumptions are incorporated in the current actuarial valuation. In addition, the CalPERS board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%

H. Discount rate

The discount rate used to measure the total pension liability was 6.90 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.

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.

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2023, 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[1,2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	0.59%
Total	100.0%	

1) In the System's ACFR, 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.

I. 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, 2023, 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% 5.90%	**Current Discount Rate 6.90%**	**Discount Rate +1% 7.90**
Agency's Net Pension Liability	$ 34,370,513	21,030,604	10,055,169

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

J. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

A. 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.

B. 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 $149 per month in 2022 and $151 per month in 2023.

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.

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 Platinum 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 Platinum 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.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Employee Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

	2023
Particpating active employees	209
Retiree employees	66
Total plan membership	275

D. Discount Rate

The discount rate to measure the total OPEB liability was 6.15%, 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.

E. Deferred OPEB Outflows (Inflows) of Resources

For the year ended June 30, 2023, the Agency recognized OPEB expense of $601,390.

At June 30, 2023, 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	$ 1,757,837	$ -
Differences between actual and expected experience	91,076	-
Changes in assumptions	2,300,595	814,142
Net differences between projected and actual earnings on investments	2,822,244	1,477,653
Total	$ 6,971,752	$ 2,291,795

As of June 30, 2023, the Agency reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of $1,757,837, which will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2024.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

At June 30, 2023, 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	Net Deferred Outflows/Inflows of Resources
2024	$ 422,136
2025	396,222
2026	418,686
2027	1,489,374
2028	102,161
Thereafter	93,541

F. Actuarial Assumptions

The Agency's total OPEB liability in the June 30, 2022, actuarial valuation, which was measured at June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal year Ending	June 30, 2023
Measurement Date	June 30, 2022
Valuation Date	June 30, 2022
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market Value of Assets
Long Term Return on Assets	6.15% as of June 30, 2022, and 7.05% as of June 30, 2021
Discount Rates	6.15% as of June 30, 2022, and 7.05% as of June 30, 2021
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% 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	2.5% per year.

Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the CalPERS using data from 1997 to 2019, except for a different basis used to project future mortality improvements.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

As of June 30, 2023, 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% 5.15%	Current Discount Rate 6.15%	Discount Rate +1% 7.15%
Net OPEB Liability (Asset)	$ 8,562,646	3,193,710	(1,137,435)

H. Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

As of June 30, 2023, 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 (Asset)	$ (1,732,666)	3,193,710	9,461,088

I. Changes in the Net OPEB Liability/Asset

Changes in the net OPEB liability/asset 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, 2022	$ 29,882,087	$ 33,255,946	$ (3,373,859)
Changes during the year:			
Service Cost	1,431,994	-	1,431,994
Interest Cost	2,179,019	-	2,179,019
Differences between expected and actual experience	(1,660,305)	(6,936,061)	5,275,756
Changes of assumptions	1,679,428	-	1,679,428
Contributions - employer		1,616,933	(1,616,933)
Net investment income	-	2,373,216	(2,373,216)
Benefit payments	(812,021)	(812,021)	-
Administrative fee	-	8,479	(8,479)
Net changes	2,818,115	(3,749,454)	6,567,569
Balance at June 30, 2023	$ 32,700,202	$ 29,506,492	$ 3,193,710

NOTE 10: LONG-TERM DEBT

Changes in the Agency's long-term debt for the year ended June 30, 2023, were as follows:

	Balance June 30, 2022	Additions	Payments/ Retirements	Balance June 30, 2023	Current Portion	Long-Term Portion
Certificates of Participation						
1999 Series A Revenue COPS - Principal	$ 20,409,217	$ -	$ 2,833,729	$ 17,575,488	$ 2,677,262	$ 14,898,226
1999 Series A Revenue COPS - Accreted interest	53,085,667	-	3,600,077	49,485,590	-	49,485,590
Total Certificates of Participation	73,494,884	-	6,433,806	67,061,078	2,677,262	64,383,816
Revenue Bonds						
2018 Series A Revenue Bonds	26,735,000	-	-	26,735,000	650,000	26,085,000
Discount on issuance - 2018 Series A	(315,411)	-	(12,341)	(303,070)	-	(303,070)
2020 Series A Revenue Bonds	78,440,000	-	2,400,000	76,040,000	2,050,000	73,990,000
Premium on issuance - 2020 Series A	12,745,314	-	455,190	12,290,124	-	12,290,124
2020 Series B Revenue Bonds	154,705,000	-	13,860,000	140,845,000	14,515,000	126,330,000
Total Revenue Bonds	272,309,903	-	16,702,849	255,607,054	17,215,000	238,392,054
Total Regional Water Division Activities	$345,804,787	$ -	$ 23,136,655	$322,668,132	$ 19,892,262	$302,775,870

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 legacy Castaic Lake Water Agency's (CLWA), now Santa Clarita Valley Water Agency's 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). $45,520,000 from the 2006 Series A COPs (Certificate of Participation) was used to pay off the outstanding principal of the 1999 Series A Revenue COPs. As a result, the 1999 Series A Revenue COPs 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 2006 Series A certificates of participation (2016 Series A Refunding). (See 2020 Series B Revenue Refunding Bonds which refunded the 2016A Refunding Revenue Bonds for the respective debt service requirements).

The Certificates are payable by installment payments according to their respective Installment Agreements. Interest is payable semi-annually on August 1 and February 1 of each year, and the principal is due annually on August 1. The outstanding balance as of 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 (Fiscal Year) 2015/16 (2016A Refunded Revenue Bonds). (See 2020 Series B Revenue Refunding Bonds which refunded the 2016A Refunding Revenue Bonds for the respective debt service requirements).

The par amount of the certificates is comprised of $23,408,498 (original amount) capital appreciation certificates. 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 accreted interest 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. Payments of principal and interest began during the fiscal year ended June 30, 2022.

NOTE 10: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements on the 1999 Series A Revenue Certificates of Participation are as follows:

Year	Principal	Interest*	Total
2024	$ 2,677,262	$ 7,767,738	$ 10,445,000
2025	2,517,245	7,927,755	10,445,000
2026	2,377,804	8,067,196	10,445,000
2027	2,240,244	8,204,756	10,445,000
2028	2,110,203	8,334,797	10,445,000
2029-2033	5,652,730	25,682,270	31,335,000
Total	$ 17,575,488	$ 65,984,512	$ 83,560,000

*Interest accreted to date as of June 30, 2023 is $49,485,590.

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.

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
2024	$ 650,000	$ 968,038	$ 1,618,038
2025	665,000	949,541	1,614,541
2026	685,000	929,706	1,614,706
2027	705,000	908,856	1,613,856
2028	730,000	886,875	1,616,875
2029-2033	4,020,000	4,049,563	8,069,563
2034-2038	4,815,000	3,260,034	8,075,034
2039-2043	5,820,000	2,255,547	8,075,547
2044-2048	7,060,000	1,012,344	8,072,344
2049-2053	1,585,000	30,709	1,615,709
Total	26,735,000	$ 15,251,213	$ 41,986,213
Less: disount on issuance	(303,070)		
Less: current portion	(650,000)		
Total non-current	$ 25,781,930		

NOTE 10: LONG-TERM DEBT (CONTINUED)

2020 Series A Revenue Refunding Bonds

In July 2020, the Authority issued $78,440,000 of revenue bonds to finance the acquisition of certain capital improvements water system and provide a portion of the funds to refund the outstanding Castaic Lake Water Agency Refunding Revenue Certificates of Participation, Series 2010A. Upper Santa Clara Valley JPA 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 2020 A Bonds are structured as serial bonds with maturities ranging from 2022 through 2040 and two term bonds maturing on 2045 and 2050, respectively. Yields for the serial bonds range from 0.120% to 1.370% (yields to call for maturities 2022 through 2040), with the term bonds yielding 1.560% and 1.640% (yields to call). The ultimate structure produced an original issue premium of $13,655,694 to be amortized over the life of the debt service.

Annual debt service requirements on the 2020 Series A Revenue Refunding Bonds are as follows:

Year	Principal	Interest	Total
2024	$ 2,050,000	$ 3,282,950	$ 5,332,950
2025	2,215,000	3,176,325	5,391,325
2026	-	3,120,950	3,120,950
2027	-	3,120,950	3,120,950
2028	-	3,120,950	3,120,950
2029-2033	-	15,604,750	15,604,750
2034-2038	17,435,000	13,275,625	30,710,625
2039-2043	14,910,000	9,644,750	24,554,750
2044-2048	21,175,000	5,836,700	27,011,700
2049-2053	18,255,000	1,179,900	19,434,900
Total	76,040,000	$ 61,363,850	$ 137,403,850
Add: bond premium	12,290,124		
Less current portion	(2,050,000)		
Total non-current	$ 86,280,124		

2020 Series B Revenue Refunding Bonds

In July 2020, the Authority issued $172,635,000 of revenue bonds to provide a portion of the funds to advance refund the outstanding Upper Santa Clara JPA Revenue Bonds, Series 2015A, 2016A and 2017A. Upper Santa Clara Valley JPA 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 2020 B Bonds are structured as serial bonds with maturities ranging from 2021 through 2033 and term bonds maturing on 2040. Yields for the serial bonds range from 0.405% to 2.083% (yields to call for maturities 2021 through 2033), with the term bonds yielding 2.621% (yield to call).

NOTE 10: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements on the 2020 Series B Revenue Refunding Bonds are as follows:

Year	Principal	Interest	Total
2024	$ 14,515,000	$ 1,856,012	$ 16,371,012
2025	14,715,000	1,745,814	16,460,814
2026	17,230,000	1,599,938	18,829,938
2027	17,575,000	1,411,655	18,986,655
2028	18,355,000	1,182,211	19,537,211
2029-2033	49,680,000	2,894,618	52,574,618
2034-2038	6,420,000	575,656	6,995,656
2039-2043	2,355,000	93,634	2,448,634
Total	140,845,000	$ 11,359,538	$ 152,204,538
Less current portion	(14,515,000)		
Total non-current	$ 126,330,000		

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.

NOTE 11: NET POSITION

	2023
Net investment in capital assets	
Capital assets, net	$ 794,977,609
Certificate of participation - principal	(17,575,489)
Revenue bonds payable	(243,620,000)
Discounts/premiums	(11,987,054)
Deferred charge on refunding - Revenue bonds	7,911,237
Accreted interest	(49,485,590)
Unspent proceeds	3,033,416
Accounts payable, retainage payable and accrued liabilties related to capital assets	(9,998,912)
Lease payable	(577,662)
Subscription payable	(613,137)
Total net investment in capital assets	**472,064,418**
Restricted net position:	
Restricted for state water contract:	
Restricted - cash and cash equivalents	6,672,278
Restricted - investments	90,180,719
Restricted -property tax receivable	846,640
Restricted - accrued interest receivable	696,866
Restricted - accrued liablities	(1,212,523)
Restricted - accounts payable	(158)
Total restricted for state water contract	**97,183,822**
Restricted for capacity fees:	
Restricted - investments	9,249,807
Restricted - accrued interest receivable	80,061
Total restricted for capactiy fees	**9,329,868**
Restricted for debt service:	**10,568,173**
Total restricted net position	**117,081,863**
Unrestricted net position:	
Non-spendable net position:	
Materials and supplies inventory	4,263,464
Prepaid expenses and other assets	776,006
Total non-spendable net position	**5,039,470**
Board assigned net position per 2023 adopted budget:	
Capital Reserves	16,028,922
Emergency / Disaster Reserves	31,353,687
Operating Reserves	42,425,044
Revenue Rate Stabilization Reserves	18,183,048
Water Supply Reliability Reserves	6,000,000
Total board assigned net position	**113,990,701**
Spendable net position is designated as follows:	
Unrestricted	27,412,585
Total spendable net position	**27,412,585**
Total unrestricted net position	**146,442,756**
Total net position	**$ 735,589,037**

NOTE 12: 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-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the ACWA/JPIA is to arrange and administer programs of insurance for the pooling of self- insured losses and to purchase excess insurance coverage. As of June 30, 2023, the Agency's participation in the self-insurance programs of JPIA is as follows:

- General, Automobile, Employment Practices & Public Officials' errors and omissions. Broad coverage against third-party claims for the Agency, its directors, employees, and volunteers. Covered up to the following limits: The JPIA pools for the first $5,000,000, per occurrence and purchases additional excess coverage layers of $55,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

- Property Loss: Covered up to replacement value with a $25,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a $1,000 deductible per occurrence and actual cash value on scheduled vehicles with a $500 deductible per occurrence. JPIA is self-insured up to $10,000,000 per loss and has purchased re-insurance coverage up to a $500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of $100,000,000 with deductible $25,000 to $50,0000 depending on type of equipment.

- Workers' Compensation: Covered for statutory limits for all work-related injuries/illnesses covered by State law, and Employer's Liability is Covered up to $4,000,000 per accident and $2,000,000 per disease. JPIA is self-insured up to $2,000,000 and excess insurance coverage has been purchased.

- Cyber Liability: Including Cyber Security up to $3,000,000 per occurrence and $5,000,000 Aggregate Limit. Cyber Liability Deductible varies from $75,000 to $100,000 depending on Agency Revenue.

- Employee Dishonesty/Crime Supplement: Covered up to $1,100,000 per occurrence with a $1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer. The JPIA pools for the first $100,000, and the Agency purchases excess coverage.

- Earthquake and Flood Group Purchase – Difference in Conditions Policy -: Covered up to $25,000,000 for scheduled values, subject to minimum $25,000 deductible.

There were no reductions in insurance coverage in the year ended June 30, 2023. 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, 2023.

NOTE 13: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Restricted Net Position

At June 30, 2023, the Agency had an internal deficit net position in the Capital Projects Fund reported within the Agency's enterprise operating fund, in the amount of $1,388,394. This deficit is the result of costs that were incurred prior to issuance of the 2023 Revenue Bonds, occurring subsequent to June 30, 2023. The Agency included a declaration of intent in the Tax Certificate for $1,388,394 of expenses made 60 days prior to closing of the 2023 Revenue Bonds to be reimbursed from the issuance, allowing this deficit to be absorbed by the bond issuance.

NOTE 14: 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 amended Contract is for the project re-payment period or through 2085, whichever is longer, and provides for a pledge of certain Agency 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 the Agency based on water entitlement and/or delivery. The transportation charge is for facilities needed to deliver water to the contractors and includes capital, maintenance, operation, and replacement components.

NOTE 14: COMMITMENTS AND CONTINGENCIES (CONTINUED)

At June 30, 2023, the Agency's remaining estimated commitment for these charges is as follows:

State Water Project/DWR	
Calendar year ending December 31	Amount
2023	$ 27,791,000
2024	29,324,000
2025	27,635,000
2026	28,753,000
2027	30,178,000
2028-2032	171,115,000
2033-2035	122,861,000
Total	$ 437,657,000

Delta Conveyance Design & Construction	
Calendar year ending December 31	Amount
2026	$ 2,519,071
2027	4,866,276
2028-2032	69,791,634
2033-2035	86,340,378
Total	$ 163,517,359

On May 22, 2007, the Agency 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 $929.08 per AF.

As of June 30, 2023, the Agency's remaining estimated commitment for these charges is as follows:

BV-RRB Water Purchases	
Calendar year ending December 31	Amount
2023	$ 10,964,000
2024	11,512,000
2025	12,088,000
2026	12,692,000
2027	13,327,000
2028-2032	77,322,000
2033-2035	56,301,000
Total	$ 194,206,000

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.

NOTE 14: COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 $33,688,480 of open construction contracts as of June 30, 2023.

The contracts outstanding include:

Project Name	Total Approved Contract	Construction Costs to Date	Balance to Complete
Vista Canyon (Phase 2B) Recycled Water Tanks	$ 4,213,175	$ 3,997,706	$ 215,469
Vista Canyon Recycled Water Main Extension (Phase 2B)	2,830,159	2,404,814	425,345
Bridgeport Pocket Park	378,294	272,339	105,955
Magic Mountain Pipeline Phase 5	3,269,979	3,138,522	131,457
Magic Mountain Pipeline Phase 6A	7,168,845	6,578,076	590,769
Magic Mountain Pipeline Phase 6B	4,568,687	4,345,002	223,685
Santa Clara & Honby Wells PFAS Groundwater Treatment Improvements Material Purchase	8,486,950	4,707,980	3,778,970
ESFP Washwater Return Improvements	17,526,700	12,566,111	4,960,589
Saugus #3 & #4 Wells Construction (Replacement Wells)	12,751,494	4,371,523	8,379,971
Dickason Drive Water Line Improvements	1,909,511	-	1,909,511
Pitchess Pipeline Modifications	159,000	-	159,000
Deane Pump Station at Sand Canyon Plaza (Cost Share)	1,969,954	-	1,969,954
Deane Pump Station at Skyline Ranch (Cost Share)	385,837	-	385,837
Deane Tank at Skyline Ranch (Cost Share)	3,127,268	-	3,127,268
Well 201 VOC Treatment Improvements	7,726,700	402,000	7,324,700
Total	$ 76,472,553	$ 42,784,073	$ 33,688,480

NOTE 15 SUBSEQUENT EVENTS

The Agency issued Revenue Bonds under the Upper Santa Clara Valley Joint Powers Authority in the amount of $62,645,000 on August 8, 2023, for use towards capital projects.

The Agency evaluated subsequent events for recognition and disclosure through December 6, 2023, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, other than an event disclosed above, that required recognition or disclosure in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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)]

	2023	2022	2021
Measurement Date	6/30/2022	6/30/2021	6/30/2020
Proportion of the Net Pension Liability	0.18207%	0.13622%	0.15440%
Proportionate Share of the Net Pension Liability	$ 21,030,604	$ 7,367,113	$ 16,799,599
Covered Payroll	$ 23,332,785	$ 21,207,482	$ 19,368,737
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	90.1%	34.7%	86.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.5%	88.3%	75.1%

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 November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22. In Fiscal Year 2020-21, no changes were made to the actuarial assumptions in relation to financial reporting. The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount.

[(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.

2020	2019	2018
6/30/2019	6/30/2018	6/30/2017
0.14646%	0.13844%	0.13729%
$ 15,007,891	$ 13,340,534	$ 13,615,322
$ 18,579,032	$ 15,958,119	$ 13,319,776
80.8%	83.6%	102.2%
75.3%	75.3%	73.3%

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)]

	2023	2022	2021
Actuarially Determined Contribution	$ 3,705,870	$ 3,284,432	$ 2,975,440
Contribution in Relation to the Actuarially Determined Contribution	(3,705,870)	(3,284,432)	(2,975,440)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Payroll	$ 23,332,785	$ 21,207,482	$ 19,368,737
Contributions as a Percentage of Covered Payroll	15.9%	15.5%	15.4%

Notes to Schedule of Plan Contributions:

Valuation Date: June 30, 2021

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/		Golden
	Investment	Non-investment	Method Change	Benefit Change	Handshake
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	0%	0%	0%	0%	0%
- 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: 2.300%

Payroll Growth: 2.800%

Projected Salary Increases: Varies by Entry Age and Service

Investment Rate of Return: 6.90% (net of pension plan investment and administrative expenses, includes inflation)

Retirement Age: All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, 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 rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

[(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.

2020	2019	2018
$ 2,561,639	$ 2,182,797	$ 1,759,981
(2,561,639)	(2,182,797)	(1,759,981)
$ -	$ -	$ -
$ 18,579,032	$ 15,958,119	$ 13,319,776
13.8%	13.7%	13.2%

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]

	2023	2022	2021
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020
Total OPEB Liability			
Service cost	$ 1,431,994	$ 1,390,285	$ 1,399,837
Interest on the total OPEB liability	2,179,019	1,994,589	1,751,858
Actual and expected experience difference	(1,660,305)	-	135,690
Changes in assumptions	1,679,428	-	751,808
Changes in benefit terms	-	-	-
Benefit payments	(812,021)	(809,080)	(719,221)
Net change in total OPEB liability	2,818,115	2,575,794	3,319,972
Total OPEB liability - beginning	29,882,087	27,306,293	23,986,321
Total OPEB liability - ending (a)	**32,700,202**	**29,882,087**	**27,306,293**
Plan Fiduciary Net Position			
Contribution - employer	1,616,933	1,709,080	6,533,284
Net investment income	2,373,216	1,820,661	660,805
Benefit payments	(812,021)	(809,080)	(719,221)
Administrative expense	8,479	(9,627)	(10,172)
Change due to investment experience	(6,936,061)	5,165,119	-
Other expenses	-	-	-
Net change in plan fiduciary net position	(3,749,454)	7,876,153	6,464,696
Plan fiduciary net position - beginning	33,255,946	25,379,793	18,915,097
Plan fiduciary net position - ending (b)	**29,506,492**	**33,255,946**	**25,379,793**
Net OPEB (Asset)/Liability - ending (a) - (b)	**$ 3,193,710**	**$ (3,373,859)**	**$ 1,926,500**
Plan fiduciary net position as a percentage of the total OPEB liability	90.2%	111.3%	92.9%
Covered-employee payroll	$ 22,324,410	$ 21,888,937	$ 18,579,032
Net OPEB (asset)/liability as a percentage of covered-employee payroll	14.3%	-15.4%	10.4%

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.

2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017
$ 1,355,774	$ 991,161	$ 312,585
1,589,657	1,432,518	742,964
-	-	4,214
-	841,942	(2,687,699)
-	-	637,826
(625,439)	(571,142)	(273,181)
2,319,992	2,694,479	(1,263,291)
21,666,329	18,971,850	20,235,141
23,986,321	**21,666,329**	**18,971,850**
2,377,824	1,900,160	1,298,476
1,059,140	1,088,901	938,262
(625,439)	(571,142)	(273,181)
(3,567)	(7,502)	(3,116)
-	-	-
-	(18,101)	-
2,807,958	2,392,316	1,960,441
16,107,139	13,714,823	11,754,382
18,915,097	**16,107,139**	**13,714,823**
$ 5,071,224	**$ 5,559,190**	**$ 5,257,027**
78.9%	74.3%	72.3%
$ 15,957,307	$ 7,273,299	$ 5,990,450
31.8%	76.4%	87.8%

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Schedule of Plan Contributions
As of June 30, For the Last Ten Fiscal Years (1)

	2023	2022	2021
Actuarially Determined Contribution	$ 1,757,837	$ 1,710,472	$ 1,664,290
Contribution in Relation to the Actuarially Determined Contributions	(1,757,837)	(1,616,933)	(1,709,080)
Contribution Deficiency (Excess)	$ -	$ 93,539	$ (44,790)
Covered-employee payroll	$ 23,000,000	$ 22,324,410	$ 21,888,937
Contributions as a percentage of covered-employee payroll	7.64%	7.24%	7.81%

Notes to Schedule of Plan Contributions:

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2023 were from the June 30, 2022 actuarial valuation.

Valuation Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal, Level Percentage of Payroll
Amortization Method:	Level percent of pay; closed 30 years
Amortization Period:	24 years
Asset Valuation Method:	Market value of assets
Discount Rate:	6.15%
General Inflation:	2.50%
Medical Trend:	5.6% in 2024 decreasing to 3.9% by 2076
Mortality:	CalPERS 2021 experience study
Mortality Improvement:	Mortality Improvement Scale 2022 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.

2020	2019	2018
$ 1,722,326	$ 1,672,614	$ 1,333,497
(6,533,284)	(2,377,824)	(1,298,476)
$ (4,810,958)	$ (705,210)	$ 35,021
$ 18,579,032	$ 15,957,307	$ 7,273,299
35.16%	14.90%	17.85%

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Combining Statement of Net Position
June 30, 2023

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
ASSETS					
Current assets:					
Cash and cash equivalents	$ 36,620,468	$ 5,000	$ 12,584	$ 84,939	$ 36,722,991
Investments	7,791,904	7,298	258,321	-	8,057,523
Receivables (net of uncollectibles):					
Accounts - water sales	13,224,912	-	-	20,000	13,244,912
Property tax	916,294	-	-	-	916,294
Accrued interest	1,133,638	58	2,059	-	1,135,755
Accounts - other	455,975	-	-	-	455,975
Grants	1,711,435	-	-	-	1,711,435
Lease	516,539	-	-	-	516,539
Due from other governments	776,006	-	-	-	776,006
Materials and supplies inventory	4,263,464	-	-	-	4,263,464
Other investments	24,006,710	-	-	-	24,006,710
Restricted:					
Cash and cash equivalents	9,895,674	-	-	-	9,895,674
Investments	62,184,759	-	-	-	62,184,759
Cash with fiscal agent	11,956,568	-	-	-	11,956,568
Receivables:					
Property tax	846,640	-	-	-	846,640
Accrued interest	810,021	-	-	-	810,021
Grants	295,570	-	-	-	295,570
Total current assets	**177,406,577**	**12,356**	**272,964**	**104,939**	**177,796,836**
Noncurrent assets:					
Investments	89,312,336				89,312,336
Investments - restricted	37,245,767	-	-	-	37,245,767
Lease receivable	6,028,709	-	-	-	6,028,709
Capital assets - not being depreciated	175,586,417	-	-	-	175,586,417
Capital assets - net of accumulated depreciation/amortization	619,391,192	-	-	-	619,391,192
Total noncurrent assets	**927,564,421**	**-**	**-**	**-**	**927,564,421**
Total assets	**1,104,970,998**	**12,356**	**272,964**	**104,939**	**1,105,361,257**
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	12,028,829	-	-	-	12,028,829
Deferred OPEB outflows	6,971,752	-	-	-	6,971,752
Loss on defeasance of debt	7,911,237	-	-	-	7,911,237
Total deferred outflows of resources	**26,911,818**	**-**	**-**	**-**	**26,911,818**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Combining Statement of Net Position
June 30, 2023

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
LIABILITIES					
Current liabilities:					
Accounts payable	10,469,883	-	-	73,672	10,543,555
Accounts payable - restricted	3,842,546	-	-	-	3,842,546
Accrued liabilities	1,400,485	-	-	-	1,400,485
Accrued liabilities - restricted	2,310,589	-	-	-	2,310,589
Accrued interest	5,923,519	-	-	-	5,923,519
Unearned revenues	223,246	-	-	-	223,246
Deposits payable	852,702	-	-	-	852,702
Lease payable	138,574	-	-	-	138,574
Subscription payable	406,832	-	-	-	406,832
Advances for construction	11,013,365	-	-	-	11,013,365
Compensated absences	693,000	-	-	-	693,000
Certificates of participation	2,677,262	-	-	-	2,677,262
Revenue bonds	17,215,000	-	-	-	17,215,000
Total current liabilities	**57,167,003**	**-**	**-**	**73,672**	**57,240,675**
Noncurrent liabilities:					
Lease payable	439,088	-	-	-	439,088
Subscription payable	206,305	-	-	-	206,305
Compensated absences	2,079,553	-	-	-	2,079,553
Certificates of participation	64,383,816	-	-	-	64,383,816
Revenue bonds	238,392,054	-	-	-	238,392,054
Net pension liability	21,030,604	-	-	-	21,030,604
Net OPEB liability	3,193,710	-	-	-	3,193,710
Total noncurrent liabilities	**329,725,130**	**-**	**-**	**-**	**329,725,130**
Total liabilities	**386,892,133**	**-**	**-**	**73,672**	**386,965,805**
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	973,195	-	-	-	973,195
Deferred OPEB inflows	2,291,795	-	-	-	2,291,795
Deferred lease inflows	6,453,243	-	-	-	6,453,243
Total deferred inflows of resources	**9,718,233**	**-**	**-**	**-**	**9,718,233**
NET POSITION					
Net investment in capital assets	472,064,418	-	-	-	472,064,418
Restricted for:					
Debt service	10,568,173	-	-	-	10,568,173
State water contract	97,183,822	-	-	-	97,183,822
Capacity fees	9,329,868	-	-	-	9,329,868
Unrestricted	146,126,169	12,356	272,964	31,267	146,442,756
Total net position	**$ 735,272,450**	**$ 12,356**	**$ 272,964**	**$ 31,267**	**$ 735,589,037**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Combining Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
OPERATING REVENUES					
Water consumption sales and services	$ 73,957,020	$ -	$ -	$ -	$ 73,957,020
Other charges and services	9,308,453	-	-	-	9,308,453
Total operating revenues	**83,265,473**	**-**	**-**	**-**	**83,265,473**
OPERATING EXPENSES					
Management	2,767,057	-	-	-	2,767,057
Finance, administration and technology	17,249,579	2,196	4,334	59	17,256,168
Customer care	3,039,506	-	-	-	3,039,506
Engineering services	4,788,524	-	-	-	4,788,524
Water quality, treatment, and maintenance	13,344,284	-	-	-	13,344,284
Pumping, wells and storage	14,498,952	-	-	-	14,498,952
Transmission and distribution	10,761,758	-	-	-	10,761,758
Water resources and public outreach	8,061,253	-	-	-	8,061,253
Source of supply	9,742,717	-	-	-	9,742,717
Non-departmental	1,141,668	-	370	73,674	1,215,712
Depreciation/amortization expense	38,082,215	-	-	-	38,082,215
Total operating expenses	**123,477,513**	**2,196**	**4,704**	**73,733**	**123,558,146**
Operating income (loss)	(40,212,040)	(2,196)	(4,704)	(73,733)	(40,292,673)
NONOPERATING REVENUES (EXPENSES)					
Taxes - unrestricted	32,545,157	-	6,813	-	32,551,970
Taxes - restricted	39,410,346	-	-	-	39,410,346
Intergovernmental	2,519,995	-	-	-	2,519,995
Investment earnings - unrestricted	5,878,957	153	5,291	-	5,884,401
Investment earnings - restricted	2,827,877	-	-	-	2,827,877
Interest expense	(10,052,884)	-	-	-	(10,052,884)
Other revenue	11,948,440	-	-	-	11,948,440
State water contract	(27,349,266)	-	-	-	(27,349,266)
Loss on disposal of capital assets	(35,647)	-	-	-	(35,647)
Total nonoperating revenues (expenses)	**57,692,975**	**153**	**12,104**	**-**	**57,705,232**
Income (loss) before capital contributions and transfers	17,480,935	(2,043)	7,400	(73,733)	17,412,559
Capital Contributions	3,451,469	-	-	80,000	3,531,469
Transfers in	37,857,305	2,195	-	-	37,859,500
Transfers out	(37,859,500)	-	-	-	(37,859,500)
Change in net position	20,930,209	152	7,400	6,267	20,944,028
Net position-beginning	714,342,241	12,204	265,564	25,000	714,645,009
Net position-ending	**$ 735,272,450**	**$ 12,356**	**$ 272,964**	**$ 31,267**	**$ 735,589,037**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)
Combining Statements of Cash Flows
June 30, 2023

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 82,143,553	$ -	$ -	$ (20,000)	$ 82,123,553
Payments to suppliers and service providers	(66,056,648)	(2,196)	(4,704)	(79,760)	(66,143,308)
Payments to employees for salaries and benefits	(16,642,043)	-	-	-	(16,642,043)
Net cash provided by (used for) operating activities	**(555,138)**	**(2,196)**	**(4,704)**	**(99,760)**	**(661,798)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(37,859,500)	-	-	-	(37,859,500)
Transfers from other funds	37,857,305	2,195	-	-	37,859,500
Proceeds from property taxes	73,525,277	-	6,813	-	73,532,090
Payments for state water contract	(27,349,266)	-	-	-	(27,349,266)
Proceeds from grants	675,819	-	-	-	675,819
Proceeds from non-operating revenues	11,948,440	-	-	-	11,948,440
Contributed revenue	-	-	-	80,000	80,000
Net cash provided by (used for) noncapital financing activities	**58,798,075**	**2,195**	**6,813**	**80,000**	**58,887,083**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal received on lease receivable	696,215	-	-	-	696,215
Capital contributions	3,531,469	-	-	-	3,531,469
Acquisition and construction of capital assets	(54,553,898)	-	-	-	(54,553,898)
Principal paid on capital debt	(19,093,729)	-	-	-	(19,093,729)
Interest paid on capital debt	(14,052,679)	-	-	-	(14,052,679)
Principal paid on lease liability	(272,380)	-	-	-	(272,380)
Principal paid on subscription liability	(489,893)	-	-	-	(489,893)
Proceeds from sales of capital assets	(144,515)	-	-	-	(144,515)
Net cash provided by (used for) capital and related financing activities	**(84,379,410)**	**-**	**-**	**-**	**(84,379,410)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	6,780,484	109	3,702	-	6,784,295
Net cash provided by (used for) investing activities	**6,780,484**	**109**	**3,702**	**-**	**6,784,295**
Net increase (decrease) in cash and cash equivalents	**(19,355,989)**	**108**	**5,811**	**(19,760)**	**(19,369,830)**
Cash and cash equivalents-beginning	298,370,175	12,190	265,094	104,699	298,752,158
Cash and cash equivalents-ending	**$ 279,014,186**	**$ 12,298**	**$ 270,905**	**$ 84,939**	**$ 279,382,328**
RECONCILIATION OF CASH AND CASH EQUIVALENTS, AND INVESTMENTS TO THE STATEMENT OF NET POSITION					
Current:					
Cash and cash equivalents	$ 36,620,468	$ 5,000	$ 12,584	$ 84,939	$ 36,722,991
Investments	7,791,904	7,298	258,321	-	8,057,523
Other investments	24,006,710	-	-	-	24,006,710
Restricted:					
Cash and cash equivalents	9,895,674	-	-	-	9,895,674
Investments	62,184,759	-	-	-	62,184,759
Cash with fiscal agent	11,956,568	-	-	-	11,956,568
Noncurrent:					
Investments	89,312,336	-	-	-	89,312,336
Investments - restricted	37,245,767	-	-	-	37,245,767
Total cash and cash equivalents, and investments	**$ 279,014,186**	**$ 12,298**	**$ 270,905**	**$ 84,939**	**$ 279,382,328**

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	$ (40,212,040)	$ (2,196)	$ (4,704)	$ (73,733)	$ (40,292,673)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	38,082,215	-	-	-	38,082,215
(Increase) decrease in accounts receivable	1,890,435	-	-	(20,000)	1,870,435
(Increase) decrease in materials and supplies inventory	(1,627,296)	-	-	-	(1,627,296)
(Increase) decrease in prepaid expense	(519,860)	-	-	-	(519,860)
Increase (decrease) in accounts payable	(1,550,889)	-	-	(6,027)	(1,556,916)
Increase (decrease) in due to other governments	(19,447)	-	-	-	(19,447)
Increase (decrease) in deposits payable	35,696	-	-	-	35,696
Increase (decrease) in unearned revenue	91,436	-	-	-	91,436
Increase (decrease) in accrued liabilities	2,204,435	-	-	-	2,204,435
Increase (decrease) in net OPEB liability and related items	(164,159)	-	-	-	(164,159)
Increase (decrease) in net pension liability and related items	1,107,219	-	-	-	1,107,219
Increase (decrease) in compensated absences	227,098	-	-	-	227,098
Total adjustments	**39,656,902**	**-**	**-**	**(26,027)**	**39,630,875**
Net cash provided by (used for) operating activities	**$ (555,138)**	**$ (2,196)**	**$ (4,704)**	**$ (99,760)**	**$ (661,798)**
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES					
Amortization of Premiums/Discounts	$ 442,849	$ -	$ -	$ -	$ 442,849
Accreted interest of 1999A Revenue COP	(3,600,077)	-	-	-	(3,600,077)

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

To the Board of Directors
Stata 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, California (the "Agency"), as of and for the year ended June 30, 2023, 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 6, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not 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*.

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

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 6, 2023

Statistical Section

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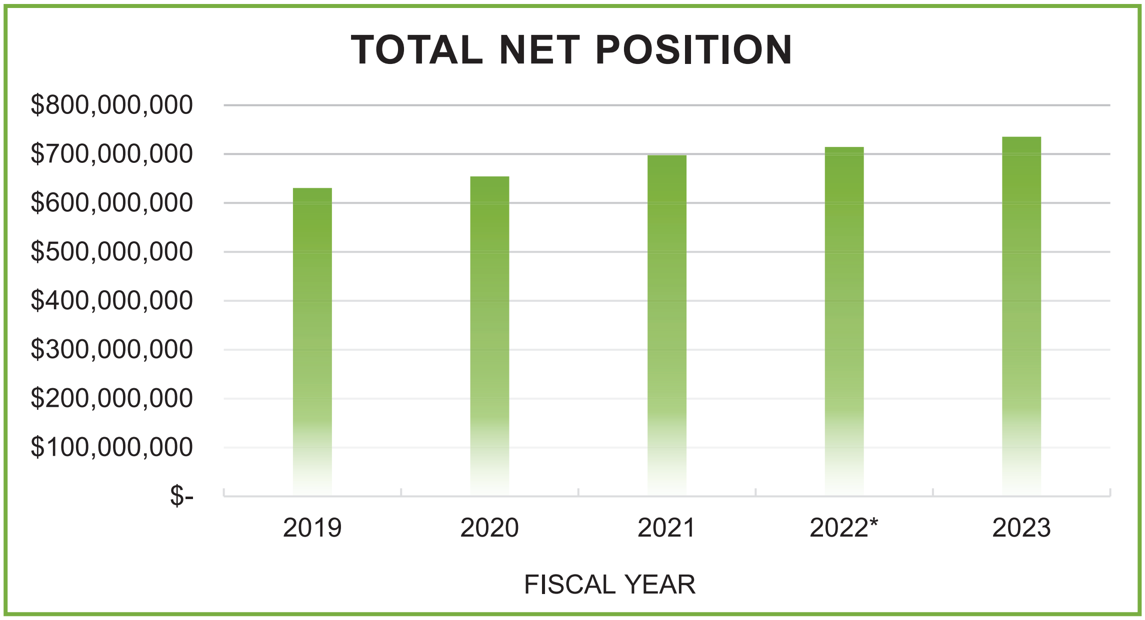
Santa Clarita Valley Water Agency
Net Position

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
2021	463,815,825	114,589,487	119,437,697	697,843,009
2022*	512,694,591	114,418,427	87,531,991	714,645,009
2023	472,064,418	117,081,863	146,442,756	735,589,037



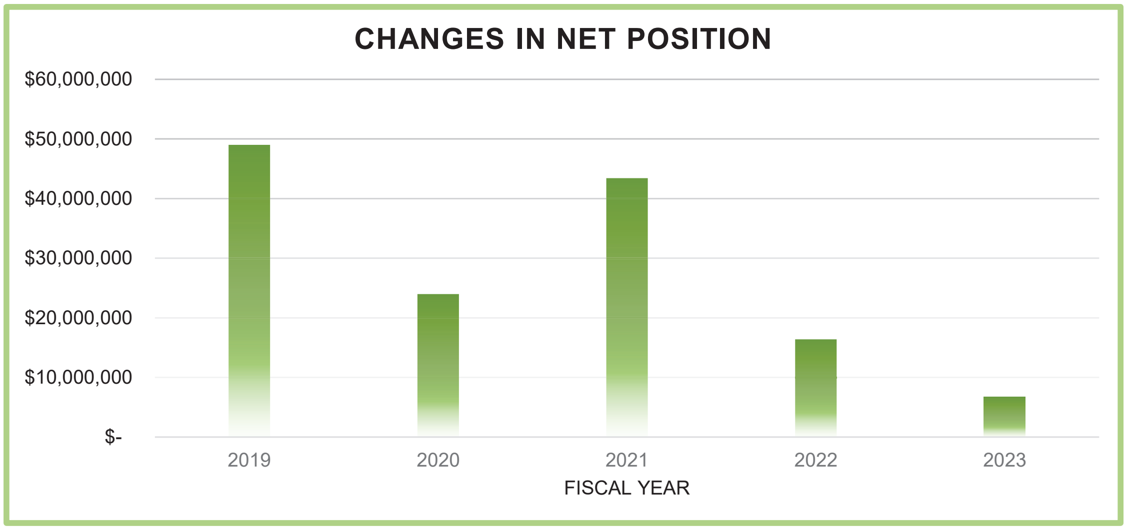
Source: SCV Water Agency

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

*There are prior period adjustments related to Capital Assets. See Note 14.

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
2021	107,293,632	103,655,643	3,637,989	35,999,770	39,637,759	3,789,061	43,426,820
2022*	87,543,039	112,932,517	(25,389,478)	32,238,544	6,849,066	9,544,610	16,393,676
2023	83,265,473	123,558,146	(40,292,673)	43,536,191	3,243,518	3,531,469	6,774,987



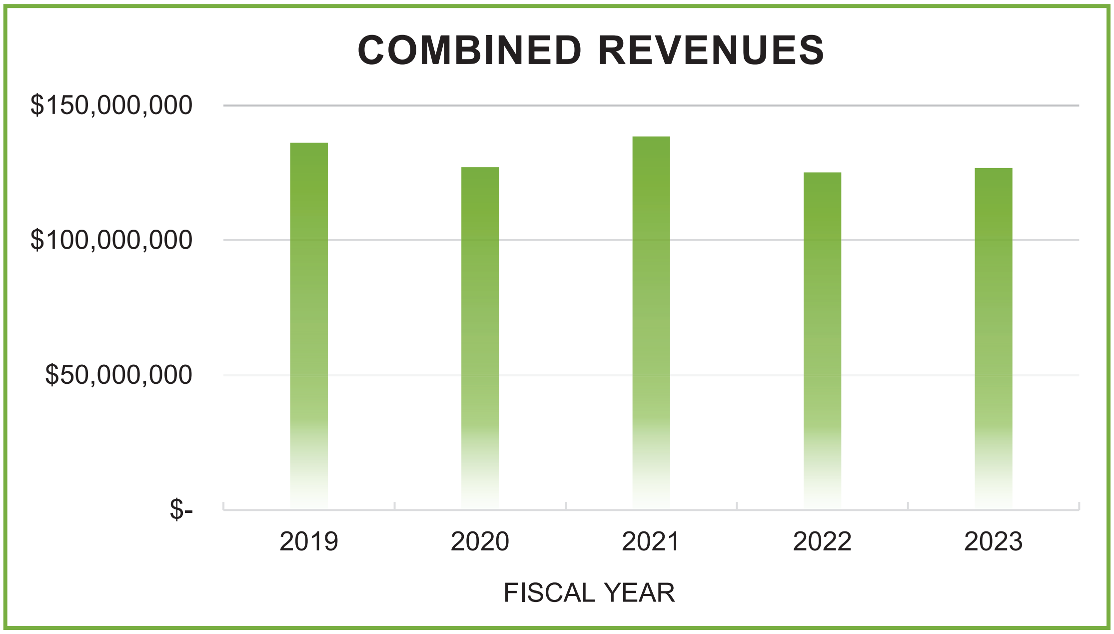
[1]Excludes restricted State Water Contract property tax revenues, interest income, and State Water Project Contract Charges
* There were prior period adjustments related to Capital Assets. See the fiscal year 2021/22 ACFR, Note 14.

Source: SCV Water Agency

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Revenues

	Operating Revenues		Non-Operating Revenues		
Fiscal Year	**Water Sales**	**Other Charges and Services**	**Property Taxes***	**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
2021	89,094,520	18,199,112	27,448,241	3,789,061	138,530,934
2022	79,321,746	8,221,293	29,786,510	7,876,737	125,206,286
2023	73,957,020	9,308,453	32,551,970	10,984,221	126,801,664



*Excludes restricted State Water Project property taxes and interest income

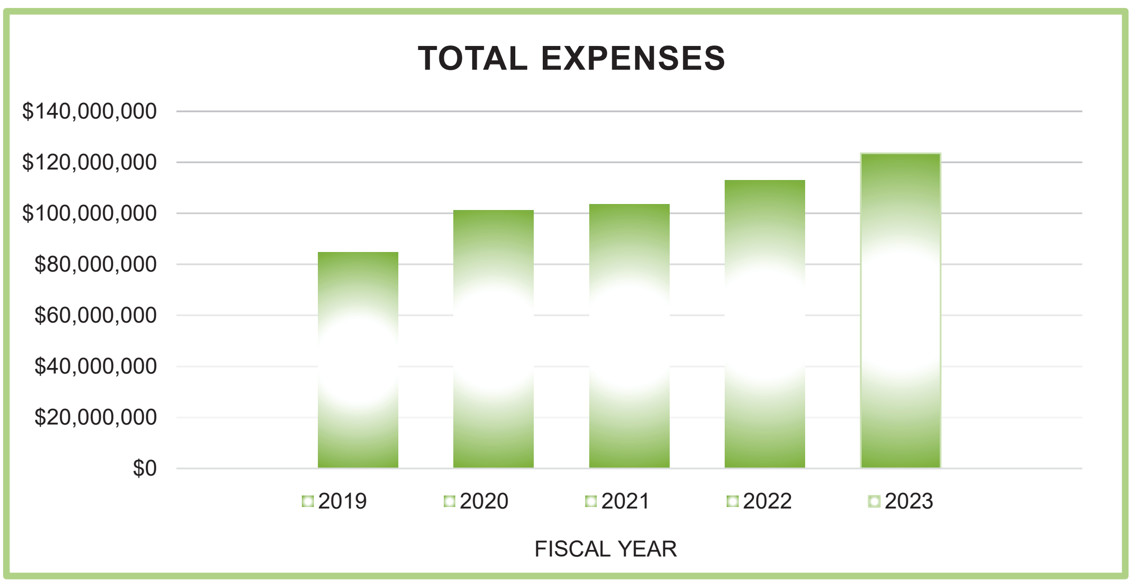
Source: SCV Water Agency

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Expenses by Function

Operating Expenses	Fiscal Year 2019	2020	2021	2022	2023
Source of Supply	$ 345,477	$ 465,943	$ 503,600	$ 8,834,320	$ 9,742,717
Pumping, Wells & Storage	6,292,006	7,711,757	9,304,445	12,777,423	14,498,952
Transmission & Distribution	6,196,650	7,630,261	10,900,673	12,345,349	10,761,758
Water Quality, Treatment, & Maintenance[1]	11,400,733	14,664,616	12,076,823	12,057,264	13,344,284
Finance, Administration, & Technical Services	17,240,344	20,598,391	19,544,792	16,844,402	17,270,520
Depreciation	31,263,128	32,201,715	32,824,057	38,763,550	38,067,863
Maintenance				-	-
Engineering	2,298,810	3,110,092	3,575,292	4,114,430	4,788,524
Water Quality				-	-
Water Resources & Public Outreach	5,792,111	10,197,555	10,691,530	5,871,991	8,061,253
Management	2,227,563	2,647,590	2,468,783	3,991,186	2,767,057
Customer Care	1,714,473	2,009,969	1,765,648	2,827,118	3,039,506
Non-Departmental	-	-	-	(5,494,516)	1,215,712
	$ 84,771,295	**$ 101,237,889**	**$ 103,655,643**	**$ 112,932,517**	**$ 123,558,146**

[1] Water Quality and Maintenance Departments were combined with the Water Treatment Department in FY 2022. Therefore, the FY 2019 through FY 2021 numbers were combined for consistency.

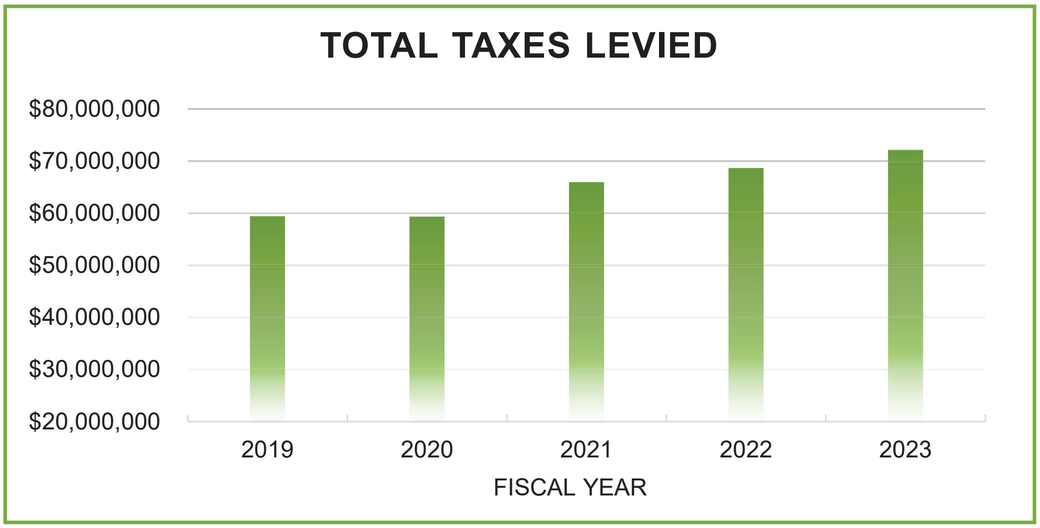


Source: SCV Water Agency

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Property Taxes Levies and Collections

Fiscal Year	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Year	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2019	$ 59,422,583	$ 58,205,621	97.95%	$ 1,216,962	$ 59,422,583	100%
2020	59,357,562	58,812,952	99.08%	544,610	59,357,562	100%
2021	65,964,410	65,084,327	98.67%	880,083	65,964,410	100%
2022	68,688,371	65,355,663	95.15%	3,332,708	68,688,371	100%
2023	72,153,010	71,962,316	99.74%	190,694	72,153,010	100%



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

Note 1: Only 5 years of available data. SCV Water creation January 1, 2018.
Note 2: The information on estimated actual value is not provided because it cannot be reasonably estimated based on assessed values.

Santa Clarita Valley Water Agency
Direct Rates

Meter	Newhall Division			Santa Clarita Division			Valencia Division			SCV Water	
Size	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
5/8"	-	-	-	21.88	22.32	22.32	13.26	16.81	16.81	13.64	14.52
3/4"	16.11	16.14	16.14	29.68	30.28	30.28	19.89	25.22	25.22	18.38	19.58
1"	26.90	26.96	26.96	45.25	46.16	46.16	33.15	42.03	42.03	27.87	29.69
1 1/2"	53.65	53.75	53.75	84.21	85.90	85.90	66.30	84.06	84.06	51.60	54.96
2"	85.87	86.04	86.04	130.94	133.56	133.56	106.08	134.50	134.50	80.08	85.28
2 1/2"	128.88	129.13	129.13	-	-	-	-	-	-	94.32	100.45
3"	161.10	161.42	161.42	255.60	260.72	260.72	198.90	252.19	252.19	146.52	156.04
4"	268.55	269.08	269.08	395.82	403.74	403.74	331.50	420.31	420.31	241.43	257.13
6"	536.95	538.00	538.00	785.33	801.04	801.04	663.00	840.63	840.63	478.72	509.84
8"	859.15	860.84	860.84	1,252.75	1,277.81	1,277.81	1,060.80	1,345.00	1,345.00	763.47	813.09
10"	1,235.15	1,237.58	1,237.58	-	-	-	1,524.90	1,933.44	1,933.44	1,095.67	1,166.89
12"	-	-	-	-	-	-	2,187.90	2,774.07	2,774.07	2,044.82	2,177.74
14"	-	-	-	-	-	-	2,983.50	3,782.82	3,782.82	-	-
Fire											
1"	-	-	-	3.01	3.08	3.08	-	-	-	6.29	6.70
2"	22.74	22.97	22.97	6.02	6.15	6.15	7.52	8.36	8.36	9.51	10.13
4"	73.05	73.78	73.78	12.03	12.28	12.28	15.04	16.72	16.72	19.47	20.73
6"	138.17	139.55	139.55	18.04	18.41	18.41	22.56	25.08	25.08	34.10	36.32
8"	216.15	218.31	218.31	24.05	24.54	24.54	30.08	33.44	33.44	51.67	55.03
10"	-	-	-	30.05	30.66	30.66	37.60	41.80	41.80	72.16	76.85
12"	-	-	-	36.06	36.79	36.79	45.12	50.16	50.16	130.71	139.21
14"	-	-	-	42.07	42.92	42.92	52.64	58.52	58.52	192.19	204.68
16"	-	-	-	48.08	49.05	49.05	-	-	-	272.98	290.73
18"	-	-	-	54.09	55.18	55.18	-	-	-	433.70	461.89
20"	-	-	-	60.09	61.30	61.30	-	-	-	546.41	581.92
Usage Rate Per CCF											
Volume Rate	2.7839	2.8542	2.8542	1.91*	1.99*	1.99*	1.89	1.84	1.84	2.09	2.22

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

Source: SCV Water Agency

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Principal Revenue Payers - Current and Two Years Ago

Fiscal Year 2022-23

	Customer Name	Annual Revenues	% of Water Sales
1	City of Santa Clarita	$ 3,650,391	4.38%
2	GH Palmer	1,558,324	1.87%
3	LA County Public Works	992,861	1.19%
4	Hart School District	660,513	0.79%
5	Six Flags Magic Mountain	611,577	0.73%
6	CF Arcis X Holdings LLC	577,669	0.69%
7	Equity Residential	393,154	0.47%
8	Needham Ranch Phase 1A LLC	384,770	0.46%
9	West Creek/West Hills HOA	349,081	0.42%
10	Westridge Valencia	305,511	0.37%
	Total (10 Largest)	9,483,851	11.39%
	Others	73,781,622	88.61%
	Grand Total	83,265,473	100.00%

Fiscal Year 2020-21

	Customer Name	Annual Revenues	% of Water Sales
1	City of Santa Clarita	$ 4,381,496	4.92%
2	GH Palmer	1,581,429	1.78%
3	LA County Public Works	1,232,470	1.38%
4	Hart School District	798,216	0.90%
5	Friendly Village	495,851	0.56%
6	Tesoro Del Valle HOA	487,525	0.55%
7	Six Flags Magic Mountain	379,862	0.43%
8	West Creek/West Hills HOA	373,833	0.42%
9	Equity Residential	369,087	0.41%
10	CF Arcis X Holdings LLC	348,453	0.39%
	Total (10 Largest)	10,448,221	11.73%
	Others	78,646,299	88.27%
	Grand Total	89,094,520	100.00%

Source: SCV Water Agency

Note: FY 2020/21 was the first year available of combined Agency data

Santa Clarita Valley Water Agency
Assessed Valuation of Taxable Property

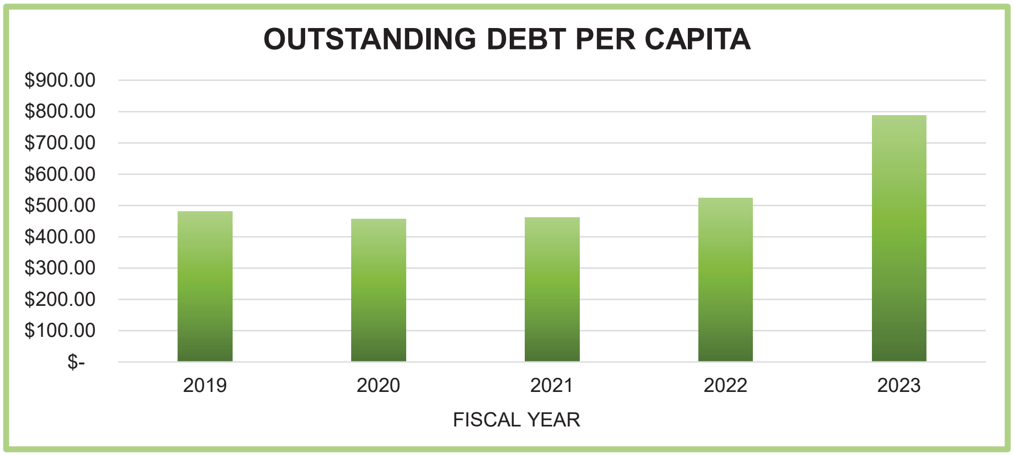
	Secured			Unsecured			
Fiscal Year	**Los Angeles County**	**Ventura County**	**Totals**	**Los Angeles County**	**Ventura County**	**Totals**	**Total Direct Tax Rate**
2019	42,530,762,287	28,776,667	42,559,538,954	1,161,623,197	1,274,455	1,162,897,652	0.0706
2020	44,484,636,167	34,083,193	44,518,719,360	1,175,937,200	1,253,240	1,177,190,440	0.0706
2021	46,884,085,113	40,422,691	46,924,507,804	1,195,550,968	1,501,155	1,197,052,123	0.0706
2022	48,527,311,805	40,422,691	48,567,734,496	1,238,870,949	1,501,155	1,240,372,104	0.0706
2023	52,712,373,571	42,255,333	52,754,628,904	1,311,350,692	1,396,635	1,312,747,327	0.0706

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

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Outstanding Debt

Fiscal Year	Santa Clarita Valley Population[1]	Certificates of Participation	Revenue Bonds	Notes Payable	Leases and Subscriptions Liabilities[(3,4)]	Total Debt	Per Capita	As a Share of Personal Income[2]
2019	292,281	$ 132,453,983	$ 217,040,224	$ 2,573,780	$ -	$ 352,067,987	$ 480.19	0.84%
2020	294,048	121,548,662	201,800,611	-	-	323,349,273	$ 456.64	0.76%
2021	292,941	79,575,190	270,352,752	-	-	349,927,942	$ 460.91	0.72%
2022	298,731	73,494,884	272,309,903	-	236,825	346,041,612	$ 523.41	0.83%
2023	294,090	67,061,078	255,607,054	-	1,190,799	323,858,931	$ 788.04	1.15%



[1] Santa Clarita Valley Population (SCV Economic Development Corporation)

[2] See Demographics Statistics for per capita personal income

[3] Lease Liabilities are being disclosed in 2022 to comply with the new GASB 87 requirements

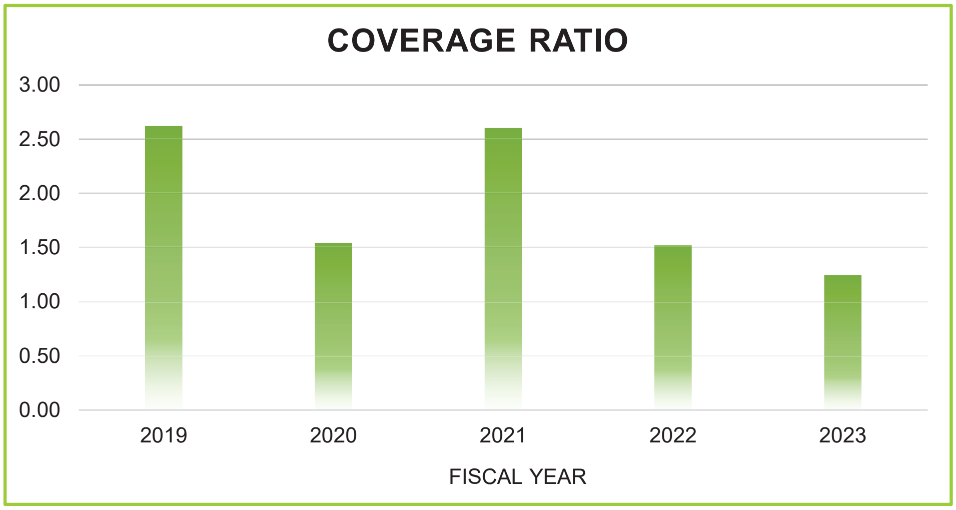
[4] Subscriptions Liabilities are being disclosed in 2023 to comply with the new GASBS 96 requirements

Source: SCV Water Agency

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Debt Coverage
Last Five Fiscal Years

Fiscal Year	Revenues [1]	Expenses [2]	Net Available Revenues	Debt Service [3] Principal	Interest	Total [4]	Coverage Ratio
2019	$ 136,159,876	$ 53,341,917	$ 82,817,959	$ 18,750,721	$ 12,839,698	$ 31,590,419	2.62
2020	126,766,054	68,952,367	57,813,687	27,748,780	9,707,424	37,456,204	1.54
2021	138,530,934	70,751,586	67,779,348	14,700,000	11,337,082	26,037,082	2.60
2022	125,206,286	74,168,967	51,037,319	19,024,282	14,550,338	33,574,620	1.52
2023	126,801,664	85,490,283	41,311,381	23,136,656	10,052,884	33,189,540	1.24



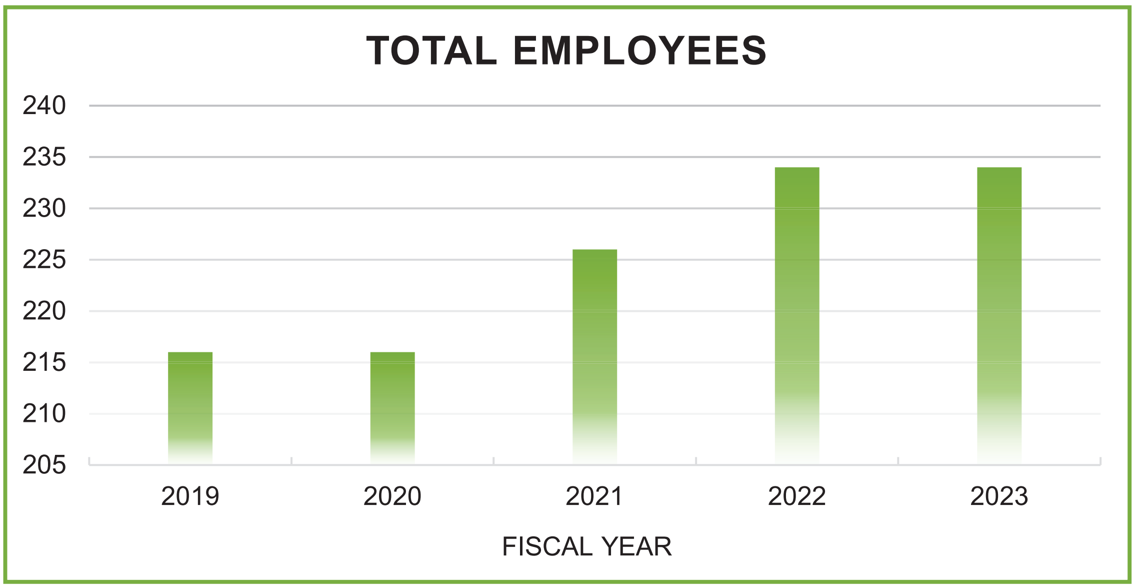
Notes: Debt Coverage
(1) Revenues include Operating Revenues and Non-Operating Revenues
Operating Revenues (Water Sales Revenues, Other charges & services)
Non-Operating Revenues (Facility Capacity Fee Revenues, 1% Prop Revenues, Investment Revenues, etc.)
(2) Operating Expenses exclude depreciation/amortization expense
(3) The debt Service doesn’t include the VWD Acquisition loan or payments of refinancing or issuance of debt
(4) The FY 2020 Debt Service payments includes prepayments of 2008A, 2014A and 2009 CNB/Municipal (NWD)

Source : SCV Water Audited Annual Comprehensive Financial Report

Santa Clarita Valley Water Agency
Operating and Capacity Indicators

Agency Employees

Fiscal Year	Management	Finance, Administration and Technology Services	Engineering Services	Operations, Maintenance and Treatment	Water Resources and Outreach	Total FTE
2019	5	51	24	113	23	216
2020	5	49	30	108	24	216
2021	3	60	27	115	21	226
2022	3	63	27	115	26	234
2023	3	65	27	115	24	234



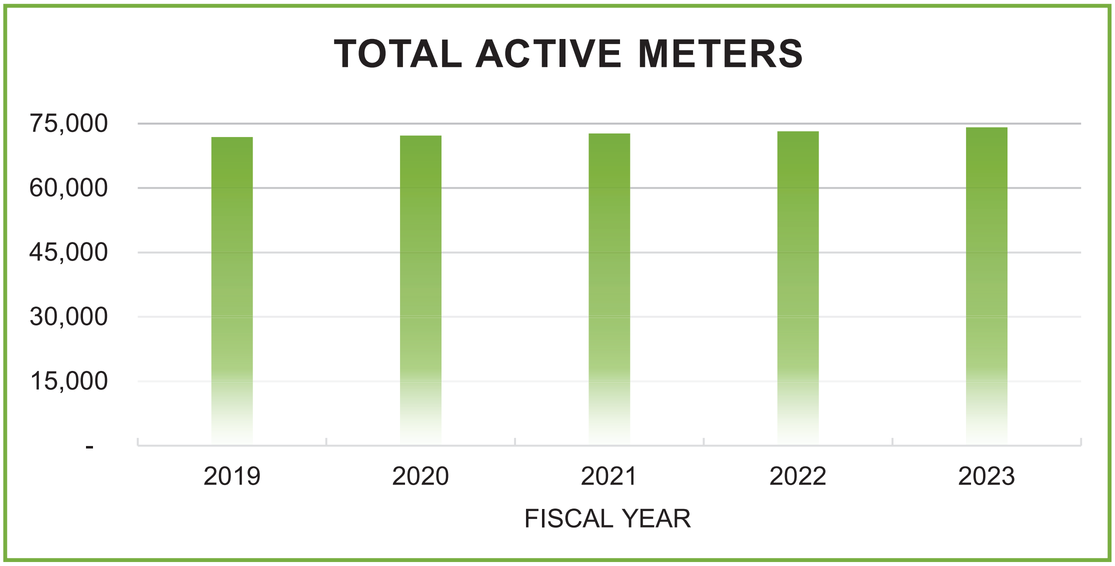
Source: SCV Water Agency

Note: Only 5 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[1]
2019	5,721	52,946	7,510	1,328	3,775	25	279	174	68	37	13	0	71,876
2020	4,960	53,832	7,826	1,336	3,817	25	187	146	50	28	10	0	72,217
2021	4,664	54,306	8,238	1,321	3,769	29	180	112	51	32	10	0	72,712
2022	4,484	53,851	9,237	1,360	3,796	151	123	122	46	38	10	4	73,222
2023	4,446	54,338	9,722	1,358	3,797	152	119	116	52	33	11	1	74,145



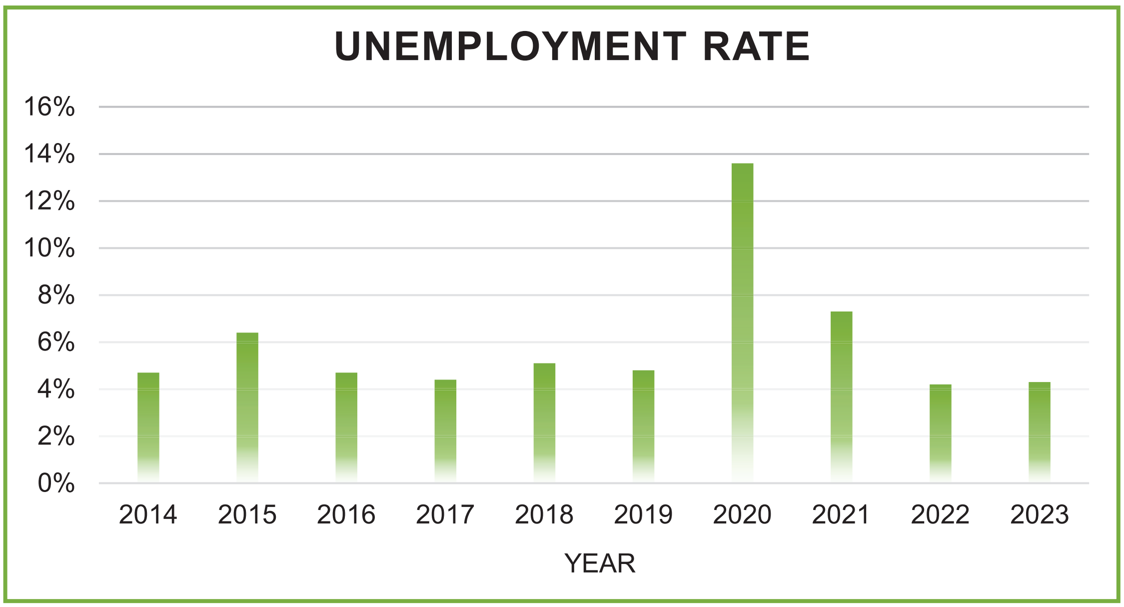
[1] The 2019 and 2020 data has been updated to exclude private fire meters

Source: SCV Water Agency

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Demographic and Economic Statistics

Year	City of Santa Clarita Population[1]	Unemployment Rate[2]	Personal Income (billions of dollars)	Average per Capita Income[3]
2014	209,130	4.70%	10.6	50,751
2015	213,231	6.40%	11.6	54,526
2016	219,231	4.70%	12.5	57,160
2017	216,350	4.40%	13.0	60,087
2018	216,589	5.10%	13.8	63,913
2019	218,103	4.80%	13.7	63,043
2020	221,932	13.60%	15.2	68,272
2021	221,572	7.30%	15.9	71,686
2022	222,237	4.2%	19.8	88,967
2023	223,570	4.3%	20.1	89,913



Source: City ot Santa Clarita

[1] State of California, Finance Department

[2] State of California, Department of Employment Development (EDD)

[3] U.S Department of Commerce, Beaureau of Economic Analysis (BEA)

Santa Clarita Valley Water Agency
Principal Employers - Current and Five Years Ago

	2023		
Principal Employers	**Number of Employees**	**Rank**	**Percentage of Total Employment**
Six Flags Magic Moutain	2,500	1	10%
Williams S. Hart Union School District	2,115	2	8%
Henry Mayo Newhall Memorial Hospital	1,775	3	7%
Saugus Union School District	1,483	4	6%
College of the Canyons	1,350	5	5%
Princess Cruises	1,100	6	4%
City of Santa Clarita	1,098	7	4%
US Postal Service	1,023	8	4%
The Master's University	916	9	4%
Newhall School District	808	10	3%
Total	14,168		56%
All Others	14,926		59%
Total Employment in Santa Clarita	29,094		116%

	2019		
Agency Employers	**Number of Employees**	**Rank**	**Percentage of Total Employment**
Six Flags Magic Mountain	3,200	1	10%
Princess Cruises	2,177	2	7%
Henry Mayo Hospital	1,982	3	6%
Boston Scientific	900	4	3%
The Master's University	765	5	2%
Walmart	705	6	2%
Cal Arts	700	7	2%
Woodward HRT	680	8	2%
Quest Diagnostics	660	9	2%
Aerospace Dynamics	581	10	2%
Total	12,350		40%
All Others	18,467		60%
Total Employment in Santa Clarita	30,817		100%

Source: Santa Clarita Valley Economic Development Corporation

Note: Only 5 years of available data.

Santa Clarita Valley Water Agency
Operating and Capacity Indicators

	Fiscal Year				
Water System	**2019**	**2020**	**2021**	**2022**	**2023**
Service Area (In Acres)	125,056	125,056	125,056	125,954	126,100
Miles of Water Main	861	879	879	928	941
Number to Storage Reservoirs[1]	94	96	97	99	101
Water Storage Capacity (In Million Gallons)	154	156	162	163	164
Total Water Connections (Active Meters)	72,217	73,767	72,712	73,222	74,145
Number of Booster Pump Stations[3]	51	52	52	66	66
Number of Valves	23,826	23,826	24,603	25,198	25,864
Number of Hydrants	7,126	7,126	7,126	7,573	7,688
Number of Wells in Service[2]	40	40	26	29	24
In Service Wells GPM	48,000	48,000	33,440	39,390	35,040

[1]Does not include the Sand Canyon Reservoir (7mg) or the treatment plant clear wells

[2]In FY 2020, 16 wells are offline due to PFAS contamination, pending treatment completion

[3]Excludes Turnouts

Source: SCV Water Agency

Note: Only 5 years of available data. SCV Water creation January 1, 2018.

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