




Date: December 14, 2020

To: **Finance and Administration Committee**
Robert DiPrimio, Chair
B. J. Atkins
Kathy Colley
Maria Gutzeit
R. J. Kelly
Dan Mortensen

From: Eric Campbell 
Chief Financial and Administrative Officer

The **Finance and Administration Committee** is scheduled to meet via teleconference on **Monday, December 21, 2020 at 6:00 PM**; dial-in information is listed below.

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TELECONFERENCING NOTICE

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Director may call into an Agency Committee meeting using the Agency's **Call-In Number (1-866-899-4679), Access Code 689-569-781** or **GoToMeeting by clicking on the link <https://global.gotomeeting.com/join/689569781>** without otherwise complying with the Brown Act's teleconferencing requirements.

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

We request that the public submit any comments in writing if practicable, which can be sent to **edill@scvwa.org** or mailed to **Erika Dill, Management Analyst II**, SCV Water, 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 Committee members and posted on the SCV Water website prior to the meeting. Anything received after 4:00 PM the day of the meeting will be posted on the SCV Water website the following day.

MEETING AGENDA

<u>ITEM</u>		<u>PAGE</u>
1.	Public Comments – Members of the public may comment as to items not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so now or at the time each item is considered. Please complete and return a comment request form to the Committee Chair. (Comments may, at the discretion of the Committee Chair, be limited to three minutes for each speaker.)	
2.	* Recommend Receiving and Filing of SCV Water June 30, 2020 Financial Statement	5
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	◆ To be distributed	

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 (661) 297-1600, or writing to SCV Water 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.

December 14, 2020

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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 SCV Water, located at 27234 Bouquet Canyon Road, Santa Clarita, California 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 15, 2020.

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COMMITTEE MEMORANDUM

DATE: December 14, 2020

TO: Finance and Administration Committee

FROM: Rochelle Patterson *[Signature]*
Director of Finance and Administration

SUBJECT: Recommend Receiving and Filing SCV Water June 30, 2020 Comprehensive Annual Financial Report

SUMMARY

To review Santa Clarita Valley Water Agency's (SCV Water) June 30, 2020 Comprehensive Annual Financial Report (CAFR) prepared by Lance, Soll & Lunghard, LLP (LSL).

DISCUSSION

The June 30, 2020 CAFR is meant to give the reader a narrative overview and analysis of SCV Water's financial performance during the period of July 1, 2019 to June 30, 2020.

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, SCV Water has presented fairly its financial position, results of operations, and changes in cash flows.

Prior to the Board receiving and filing the CAFR, staff will be adding an introductory section, which includes a letter of transmittal, an organizational overview, and details about the Board of Directors. This is SCV Water's first CAFR and will be submitted for award consideration for Excellence in Financial Reporting from the Government Financial Officers Association (GFOA).

The CAFR is attached.

Note: Formatting changes and narrative minor corrections will be made in the published document after the final CAFR is received and filed and prior to submission to the Government Finance Officers Association for award consideration

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Finance and Administration Committee recommends that the Board of Directors receive and file the attached SCV Water Comprehensive Annual Financial Report for the period of July 1, 2019 to June 30, 2020.

RP

Attachment

**SANTA CLARITA VALLEY WATER AGENCY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2020**

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SANTA CLARITA VALLEY WATER AGENCY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2020

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Prepared by:
Finance Department

SANTA CLARITA VALLEY WATER AGENCY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2020

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SANTA CLARITA VALLEY WATER AGENCY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Clarita Valley Water Agency, (the Agency), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Santa Clarita Valley Water Agency, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

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

Lance, Soll & Lughard, LLP

Brea, California

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SANTA CLARITA VALLEY WATER AGENCY

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

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Santa Clarita Valley Water Agency (Agency) provides an introduction to the financial statements of the Agency for the period ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

OVERVIEW

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

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

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

The combining statement includes:

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

Financial Highlights

- As of June 30, 2020, the Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$654.42 million (net position). Of this balance, unrestricted net position amounted to \$144.01 million.
- The Agency's total operating revenues amounted to \$90.91 million during the period.
- The Agency's total operating expenses amounted to \$101.24 million during the period.

REQUIRED FINANCIAL STATEMENTS

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

SANTA CLARITA VALLEY WATER AGENCY

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

- The *Statement of Net Position* presents information on all of the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or weakening. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. However, one must consider other nonfinancial factors such as changes in economic or environment conditions, population growth, and new or changed government legislation.
- The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).
- The *Statement of Cash Flows* presents information on cash receipts and payments for the fiscal year. From this statement, the reader can obtain comparative information on the sources and uses of the Agency's cash. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.
- The *Notes to the Financial Statements* provide additional information that is essential to fully understand the data supplied in each of the specific financial statements listed above.

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

Financial Analysis of the Agency

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

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

SANTA CLARITA VALLEY WATER AGENCY

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

Statements of Net Position (condensed)

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

Statement of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the period ended June 30, 2020, the Agency's, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$654.42 million, a \$23.66 million or a 4% increase over the prior year. It is noted that restricted property tax was recorded in current and other assets in FY 2019. The Agency's net position is made-up of three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

By far the largest portion of the Agency's net position (approximately 55% as of June 30, 2020) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. Net investment in capital assets was \$423.20 million as compared to \$384.81 million as of June 30, 2019, a 9.5% increase. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are *not* available for future spending. See Note 10 for further information.

SANTA CLARITA VALLEY WATER AGENCY

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

Statements of Revenues, Expenses, and Changes in Net Position

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

SANTA CLARITA VALLEY WATER AGENCY

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

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

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

The Agency's net position amounted to \$654.42 million as of June 30, 2020, which is comprised of an increase in net position of \$23.66 million from June 30, 2019.

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

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

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

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

Capital Assets and Debt Administration

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

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

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

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

SANTA CLARITA VALLEY WATER AGENCY

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

Long-Term Debt Administration

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

Long-term Debt

At June 30, 2020, the Agency had \$323.35 million in long-term debt of which \$10.98 million is considered a current liability compared to \$352.07 million as of June 30, 2019. The long-term debt position of the Agency is more fully analyzed in Note 9 to the basic financial statements.

Conditions Affecting Current Financial Position

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

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

Requests for Information

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF NET POSITION
JUNE 30, 2020

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF NET POSITION
JUNE 30, 2020

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

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

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1: Reporting Entity and Summary of Significant Accounting Policies

a. Organization and Operations of the Reporting Entity

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

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

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

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

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

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

b. Basis of Accounting and Measurement Focus

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

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

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

c. Financial Reporting

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

d. Cash and Cash Equivalents

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

e. Use of Estimates

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

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

f. Investments and Investment Policy

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

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

g. Fair Value Measurements

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

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

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

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

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

h. Property Taxes and Assessments

The Counties of Los Angeles and Ventura Assessor's Offices assesses all real and personal property within each respective County each year. The Counties of Los Angeles and Ventura Tax Collector's Offices bills and collects the Agency's share of property taxes and/or tax assessments. The Counties of Los Angeles and Ventura Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes and tax assessments collected by the Counties of Los Angeles and Ventura, which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

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

i. Accounts Receivable

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

j. Materials and Supplies Inventory

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

k. Prepaid Expenses

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

l. Capital Assets

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

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

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

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

m. Pensions

For the purposes of measuring the net pension liability and deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS website. GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

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

n. Compensated Absences

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

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

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

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

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

p. Water Sales

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

q. Capital Contributions

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

r. Net Position

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

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

- *Restricted Component of Net Position* – This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted Component of Net Position* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

s. Budgetary Policies

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

Note 2: Cash and Investments

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

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

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

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

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.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

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

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

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

Investments Authorized by Debt Agreements

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

Los Angeles County Pooled Investment Fund

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

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

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

Investment in State Investment Pool

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

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

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

Custodial Credit Risk

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

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

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

Interest Rate Risk

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

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date at June 30, 2020:

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

Concentration of Credit Risk

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

Issuer	Investment Type	Bank
Freddie Mac	Federal agency securities	\$ 15,505,110

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

Credit Risk

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

Credit ratings of investments and cash equivalents as of June 30, 2020, were as follows:

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

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 3: Interfund Receivables and Payables

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

Advances from the Regional Water Division to the Valencia Water Division are to provide funds for the acquisition of Valencia Water Company and amount to \$66,957,929 at June 30, 2020. See pages 54 through 61 of the supplemental information for more detailed information. The advance bears annual interest at 4.46%. The advance plus any accrued interest is due June 30, annually starting in fiscal year 2020.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,733,468	\$ 2,984,127	\$ 4,717,595
2022	1,812,800	2,904,795	4,717,595
2023	1,895,763	2,821,832	4,717,595
2024	1,982,523	2,735,072	4,717,595
2025	2,073,253	2,644,342	4,717,595
2026-2030	11,879,387	11,708,588	23,587,975
2031-2035	14,858,150	8,729,825	23,587,975
2036-2040	18,583,839	5,004,136	23,587,975
2041-2043	12,138,746	2,014,038	14,152,784
Total	66,957,929	<u>\$ 41,546,755</u>	<u>\$ 108,504,684</u>
Less current portion	(1,733,468)		
Total non-current	<u>\$ 65,224,461</u>		

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 4: Deferred Contribution Plan

457 Deferred Compensation Savings Plan

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

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency and are not subject to claims of the Agency's general creditors. Market value of all plan assets held in trust by Lincoln Financial Services at June 30, 2020, was \$19,884,902.

401(a) Defined Benefit Plan

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

Federal law requires defined benefit assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency and are not subject to claims of the Agency's general creditors. Market value of all plan assets held in trust by Lincoln Financial Services at June 30, 2020, was \$974,511.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 5: Compensated Absences

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

Balance July 1, 2019	Earned	Taken	Balance June 30, 2020	Current Portion	Noncurrent Portion
\$ 1,953,237	\$ 1,122,546	\$ (799,702)	\$ 2,276,081	\$ 875,494	\$ 1,400,587

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

Regional Water Division

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

Santa Clarita Water Division

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

Newhall Water Division

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

Valencia Water Division

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 6: Capital Assets

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

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

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

Regional Water Division

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 6: Capital Assets (Continued)

A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Agency's Regional water division, totaled \$19,272,174.

Santa Clarita Water Division

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

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

Major capital asset additions included developer contributions to the water retail enterprise's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Agency's Santa Clarita Water Division, totaled \$4,961,063.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 6: Capital Assets (Continued)

Newhall Water Division

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 6: Capital Assets (Continued)

Major capital asset additions included developer contributions to the division's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Newhall Water Division, totaled \$3,514,861.

Valencia Water Division

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

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

Major capital asset additions in the business-type activities area included developer contributions to the water retail enterprise's transmission and distribution system and various other projects. A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects. Depreciation expenses under the Valencia Water Division, totaled \$4,453,616.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 6: Capital Assets (Continued)

Construction-In-Process

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

Regional Water Division

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

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

Santa Clarita Water Division

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

Note 7: Defined Benefit Pension Plan

Plan Description

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 7: Defined Benefit Pension Plan (Continued)

Benefits provided

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

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

The following plan groups are as follows:

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

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

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous Pool	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	Monthly for life	
Retirement age	50-55	52-62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	10.868%	7.072%

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 7: Defined Benefit Pension Plan (Continued)

Contributions

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

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan were as follows:

	2020
Contributions - Employer	<u>\$ 2,182,797</u>

Net Pension Liability

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

	2020
Proportionate share of net pension liability	<u>\$ 15,007,891</u>

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2019 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 (the valuation date), rolled forward to June 30, 2019, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2019, was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.13844%
Increase in proportion	<u>0.00802%</u>
Proportion - June 30, 2019	<u>0.14646%</u>

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2020

Note 7: Defined Benefit Pension Plan (Continued)

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2020, the Agency reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,561,639	\$ -
Differences between actual and expected experience	1,042,361	80,762
Differences in actual contribution and proportionate share of contribution	-	482,513
Changes in assumptions	715,646	253,690
Net differences between projected and actual earnings on plan investments	-	262,384
Adjustment due to differences in proportions of net pension liability	1,036,624	-
Total	<u>\$ 5,356,270</u>	<u>\$ 1,079,349</u>

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

At June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2021	\$ 1,386,123
2022	54,931
2023	221,206
2024	53,022

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 7: Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement NO. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.15 Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefits	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50 thereafter

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

Change of Assumptions

For the measurement date June 30, 2019, there were no changes of assumptions.

Discount rate

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 7: Defined Benefit Pension Plan (Continued)

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

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

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

As of June 30, 2020, the target allocation, and the long-term expected real rate of return by asset class were as follows:

Asset Class	Assumed Asset Allocation¹	Real Return Years 1-10²	Real Return Year 11+³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.0%		

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 7: Defined Benefit Pension Plan (Continued)

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

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

As of June 30, 2020, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15
Agency's Net Pension Liability	\$ 24,875,667	15,007,891	6,862,739

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 59 and 60 for the Required Supplementary Schedules.

Note 8: Other Post-Employment Benefits

Plan Description

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

Benefits Provided

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

All employees who retire from the Agency who are eligible to continue coverage in retirement will receive a medical benefit not less than the required PEMCHA minimum employer contribution (MEC). MEC benefits continue to a covered surviving spouse as well, if eligible for survivor benefits under the retirement program. The MEC is \$136 per month in 2019 and \$139 per month in 2020.

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 8: Other Post-Employment Benefits (Continued)

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

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

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

Employee Covered By Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

	2020
Participating active employees	194
Retiree employees	51
Total plan membership	<u>245</u>

Discount Rate

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

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 8: Other Post-Employment Benefits (Continued)

Deferred OPEB Outflows (Inflows) of Resources

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

At June 30, 2020, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 6,533,284	\$ -
Differences between actual and expected experience	2,882	-
Changes in assumptions	628,522	1,836,083
Net differences between projected and actual earnings on investments	-	124,353
Total	<u>\$ 7,164,688</u>	<u>\$ 1,960,436</u>

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

At June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 8: Other Post-Employment Benefits (Continued)

Actuarial Assumptions

The Agency's total OPEB liability in the June 30, 2018 actuarial valuation, which was measured at June 30, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal year Ending	June 30, 2020
Measurement Date	June 30, 2019 -- last day of the prior fiscal year end
Valuation Date	June 30, 2018
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market Value of Assets
Long Term Return on Assets	7.0% net of plan investment expenses
Discount Rates	7.0% as of June, 30 2018 and June 30, 2019
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years and to develop the amortization payment portion of the ADCs
General Inflation Rate	2.75% per year.

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 8: Other Post-Employment Benefits (Continued)

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

As of June 30, 2020, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate -1% 6.00%	Current Discount Rate 7.00%	Discount Rate +1% 8.00%
Net OPEB Liability	\$ 8,836,952	5,071,224	2,023,323

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

As of June 30, 2020, the following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates - 1%	Current Healthcare Cost Trend Rate	Healthcare Cost Trend Rates +1%
Net OPEB Liability	\$ 1,536,974	5,071,224	9,891,133

Changes in the Net OPEB Liability

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt

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

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

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

Regional Water Division

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt (Continued)

Santa Clarita Water Division

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

Newhall Water Division

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

1999 Series A Revenue Certificates of Participation

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

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt (Continued)

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

Below is a schedule of future annual principal to be issued that will be added to the capital appreciation certificate's current outstanding principal balance of \$75,167,504.

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

2008 Series A Revenue Refunding Certificates of Participation

In May 2008, CLWA refunded all of the 2004B certificates; the swap agreement remained in effect until August 2014 for the 2008A certificates (2008 Series A). Interest on the certificates is calculated by the remarketing agent on Tuesday of each week during the Weekly Interest Rate Period. Principal matures August 1 of each year through August 1, 2020. Certificates are in denominations of \$100,000 and bear interest from the date of issue to their maturity. The interest rate on the refunding certificates is determined. On May 5, 2020, the Agency paid off the remaining balance of \$6,050,000. The balance on the 2008 Series A Revenue Refunding Certificates of Participation as of June, 30, 2020 is \$0.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt (Continued)

2010 Series A Revenue Refunding Certificates of Participation

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,260,000	\$ 2,014,506	\$ 5,274,506
2022	3,405,000	1,860,681	5,265,681
2023	3,560,000	1,691,556	5,251,556
2024	3,740,000	1,510,306	5,250,306
2025	3,925,000	1,339,556	5,264,556
2026-2030	22,360,000	3,858,028	26,218,028
2031	5,090,000	127,250	5,217,250
Total	45,340,000	<u>\$ 12,401,883</u>	<u>\$ 57,741,883</u>
Add: bond premium	1,041,158		
Less current portion	(3,260,000)		
Total non-current	<u>\$ 43,121,158</u>		

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

2014 Series A Revenue Refunding Bonds

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt (Continued)

In June 2014, CLWA issued \$16,750,000 of revenue bonds to provide funds to prepay \$20,495,000 of CLWA's outstanding 2004 A Revenue Certificates of Participation. The aggregate difference between the refunding debt and the refunded debt was \$2,055,250. This amount was being netted against the new debt to be amortized over the life of the refunding debt. CLWA completed the refunding to reduce CLWA's total debt service payments over the next 6 years by achieving a \$2,147,813 savings, or a 10.48% net present value savings. The bonds are payable solely from installment payments to be made by CLWA. Interest on the bonds are payable semi-annually on February 1 and August 1. Principal matures on August 1 of each year through August 1, 2020. Bonds are in denominations of \$5,000 and bear interest from the date of issue to their maturity dates at rates ranging from 2.00% to 5.00% per annum. On April 15, 2020, the Agency paid off the remaining balance of \$3,070,000. The balance on the 2014 Series A Revenue Refunding Bonds as of June 30, 2020 is \$0.

2015 Series A Revenue Refunding Bonds

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

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt (Continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,345,000	\$ 2,676,650	\$ 5,021,650
2022	2,440,000	2,568,750	5,008,750
2023	2,560,000	2,443,750	5,003,750
2024	2,685,000	2,312,625	4,997,625
2025	2,820,000	2,175,000	4,995,000
2026-2030	16,365,000	8,556,875	24,921,875
2031-2035	20,900,000	3,920,750	24,820,750
2036	4,825,000	120,625	4,945,625
Total	54,940,000	\$ 24,775,025	\$ 79,715,025
Add: bond premium	7,650,908		
Less current portion	(2,345,000)		
Total non-current	\$ 60,245,908		

2016 Series A Revenue Refunding Bonds

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

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt (Continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,520,000	\$ 996,400	\$ 2,516,400
2022	1,600,000	918,400	2,518,400
2023	1,685,000	836,275	2,521,275
2024	1,765,000	750,025	2,515,025
2025	1,860,000	659,400	2,519,400
2025-2029	10,610,000	1,944,250	12,554,250
2030-2031	2,440,000	61,000	2,501,000
Total	21,480,000	\$ 6,165,750	\$ 27,645,750
Add: bond premium	3,586,329		
Less current portion	(1,520,000)		
Total non-current	\$ 23,546,329		

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 535,000	\$ 1,432,225	\$ 1,967,225
2022	560,000	1,404,850	1,964,850
2023	590,000	1,376,100	1,966,100
2024	620,000	1,345,850	1,965,850
2025	650,000	1,314,100	1,964,100
2026-2030	3,730,000	6,095,950	9,825,950
2031-2035	4,765,000	5,054,375	9,819,375
2036-2040	6,130,000	3,699,250	9,829,250
2041-2045	7,870,000	1,958,000	9,828,000
2046-2047	3,740,000	189,250	3,929,250
Total	29,190,000	\$ 23,869,950	\$ 53,059,950
Add: bond premium	5,357,563		
Less current portion	(535,000)		
Total non-current	\$ 34,012,563		

2018 Series A Revenue Refunding Bonds

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt (Continued)

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

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

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

2017 Series A Revenue Refunding Bonds

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 9: Long-Term Debt (Continued)

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

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

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

Year	Principal	Interest	Total
2021	\$ 3,315,000	\$ 2,059,875	\$ 5,374,875
2022	3,615,000	1,886,625	5,501,625
2023	3,925,000	1,698,125	5,623,125
2024	4,255,000	1,493,625	5,748,625
2025	4,610,000	1,272,000	5,882,000
2026-2030	17,645,000	2,898,100	20,543,100
2031-2035	3,095,000	1,041,325	4,136,325
2036-2040	3,665,000	449,994	4,114,994
2041	805,000	13,081	818,081
Total	44,930,000	\$ 12,812,750	\$57,742,750
Add: bond premium	8,270,904		
Less current portion	(3,315,000)		
Total non-current	\$ 49,885,904		

Note 9: Long-Term Debt (Continued)

Events of Default on Agency Bonds

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

Municipal Leasing Associates, Inc. (2007)

On October 18, 2007, Newhall County Water District (currently part of the Agency as Newhall Water Division) entered into an Installment Sale Agreement (Agreement) with the Municipal Leasing Associates, Inc. (MLA). MLA provided \$5,500,000 for the purpose of financing the cost of the District's project. The Agreement was amended on October 26, 2012. The original 4.5% installment note was payable over twenty years in semi-annual installments of principal and interest of \$209,976. The amended agreement is payable in semi-annual installments of \$226,905 of principal and interest at 3% payable in April and October each year and matures October 2024. On June 4, 2020, the Agency paid off the remaining balance of the note. As of June 30, 2020, the balance on the Municipal Leasing Associates, Inc. (2007) is \$0.

Municipal Leasing Associates, Inc. (2009)

On April 1, 2009, Newhall County Water District (currently part of the Agency as Newhall Water Division) entered into an Installment Sale Agreement (Agreement) with the Municipal Leasing Associates, Inc. (MLA). MLA provided \$2,000,000 for the purpose of financing costs related to the construction of the new administrative facility. The Agreement was amended on June 8, 2016. The original 4.65% installment note was payable over twenty years in semi-annual installments of principal and interest of \$77,342. The amended agreement is payable in semi-annual installments of \$74,320 of principal and interest at 2.4% payable in June and December each year and matures June 2021. On June 4, 2020, the Agency paid off the remaining balance of the note. As of June 30, 2020, the balance on the Municipal Leasing Associates, Inc. (2009) is \$0.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2020

Note 10: Net Position

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 11: Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. As of June 30, 2020, the Agency limits and deductibles for liability, property, and workers compensation programs of the ACWA/JPIA are as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$59 million for general, auto, and public officials' liability, which increases the limits on the insurance coverage noted above.
- Property loss is paid at the replacement cost for buildings, fixed equipment, and personal property on file, if replaced within two years after the loss, otherwise paid on actual cash value basis, subject to a \$5,000 deductible per loss; and actual cash value for mobile equipment, subject to a \$1,000 deductible per loss, and licensed vehicles, subject to a \$500 deductible per loss. ACWA/JPIA purchased excess coverage for a combined total of \$100 million per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law, and Employer's Liability Coverage up to \$4 million. The Agency is self-insured up to \$2 million and excess loss insurance has been purchased. In addition to the above, the Agency also has the following insurance coverage.
- Crime coverage up to \$1,000,000 per loss includes public employee dishonesty, including Public Officials who are required by law to give bonds for the faithful performance of their service, forgery or alteration and computer fraud, subject to a \$1,000 deductible.
- Cyber liability coverage up to \$2,000,000 per occurrence with an aggregate of \$5,000,000 includes defense costs and damages for security, privacy, and media liability; fees and expenses incurred from cyber extortion; as well as costs to restore network business interruption and digital asset protection, subject to a \$50,000 deductible.

There were no reductions in insurance coverage in the year ended June 30, 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2020.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that have effective dates that may impact future financial presentations.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

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

Governmental Accounting Standards Board Statement No. 87

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

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Note 13: Commitments and Contingencies

Department of Water Resources (DWR) Water Contract Commitment

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

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

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 13: Commitments and Contingencies (Continued)

At June 30, 2020, the Agency's remaining estimated commitment for these charges is as follows:

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

<u>Calendar year ending December 31</u>	<u>Amount</u>
2020	\$ 27,465,054
2021	28,329,211
2022	28,752,611
2023	28,752,096
2024	28,939,293
2025-2029	143,651,947
2030-2034	141,405,499
2035	29,540,076
Total	<u>\$ 456,835,787</u>

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

Litigation

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

Grant Awards

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

Construction Contracts

The Agency has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities, and distribution systems, and other Agency activities. The financing of such contracts is being provided primarily from the Agency's replacement reserves and advances for construction. The Agency has committed to approximately \$30,591,274 of open construction contracts as of June 30, 2020.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

Note 13: Commitments and Contingencies (Continued)

The contracts outstanding include:

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

COVID-19 National Health Emergency

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

Note 14: Restatement of Net Position

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

Note 15: Subsequent Event

Issuance of Debt

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

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

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

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

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

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. In 2018, demographic assumptions and inflation rates were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2019, There were no changes in the discount rate.

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

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

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

Notes to Schedule of Plan Contributions:

Valuation Date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method
Amortization method

Entry Age Normal Cost Method

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

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

Asset valuation method
Inflation
Payroll Growth
Projected Salary Increases
Investment Rate of Return

Direct rate smoothing
2.63%
2.88%
Varies by Entry Age and Service
7.00% (net of pension plan investment and administrative expenses, includes inflation)

Retirement Age

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

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

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⁾

Measurement Date	2020	2019	2018
	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability			
Service cost	\$ 1,355,774	\$ 991,161	\$ 312,585
Interest on the total OPEB liability	1,589,657	1,432,518	742,964
Actual and expected experience difference	-	-	4,214
Changes in assumptions	-	841,942	(2,687,699)
Changes in benefit terms	-	-	637,826
Benefit payments	(625,439)	(571,142)	(273,181)
Net change in total OPEB liability	2,319,992	2,694,479	(1,263,291)
Total OPEB liability - beginning	21,666,329	18,971,850	20,235,141
Total OPEB liability - ending (a)	23,986,321	21,666,329	18,971,850
Plan Fiduciary Net Position			
Contribution - employer	2,377,824	1,900,160	1,298,476
Net investment income	1,059,140	1,088,901	938,262
Benefit payments	(625,439)	(571,142)	(273,181)
Administrative expense	(3,567)	(7,502)	(3,116)
Other expenses	-	(18,101)	-
Net change in plan fiduciary net position	2,807,958	2,392,316	1,960,441
Plan fiduciary net position - beginning	16,107,139	13,714,823	11,754,382
Plan fiduciary net position - ending (b)	\$ 18,915,097	\$ 16,107,139	\$ 13,714,823
Net OPEB Liability - ending (a) - (b)	\$ 5,071,224	\$ 5,559,190	\$ 5,257,027
Plan fiduciary net position as a percentage of the total OPEB liability	78.9%	74.3%	72.3%
Covered-employee payroll	\$ 15,957,307	\$ 5,990,450	\$ 7,273,299
Net OPEB liability as a percentage of covered-employee payroll	31.8%	92.8%	72.3%

Notes to Schedule:

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

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

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

Notes to Schedule of Plan Contributions:

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2020 were from the June 30, 2018 actuarial valuation.

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal, Level Percentage of Payroll
Amortization Method:	Level percent of pay
Amortization Period:	27 years
Asset Valuation Method:	Market value of assets
Discount Rate:	7.00%
General Inflation:	2.75%
Medical Trend:	7.5% in 2019 to 5% in steps of 0.5%.
Mortality:	CalPERS 2014 experience study
Mortality Improvement:	Mortality Improvement Scale 2017 for post-retirement mortality
All Other Assumptions	Same as those used to determine the total OPEB liability

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

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

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

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

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SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

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

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

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

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

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the following deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies: 2020-001.



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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS **Accumulated Depreciation**

Reference Number: 2020-001

Condition:

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

Criteria:

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

Cause of Condition:

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

Effect or Potential Effect of Condition:

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

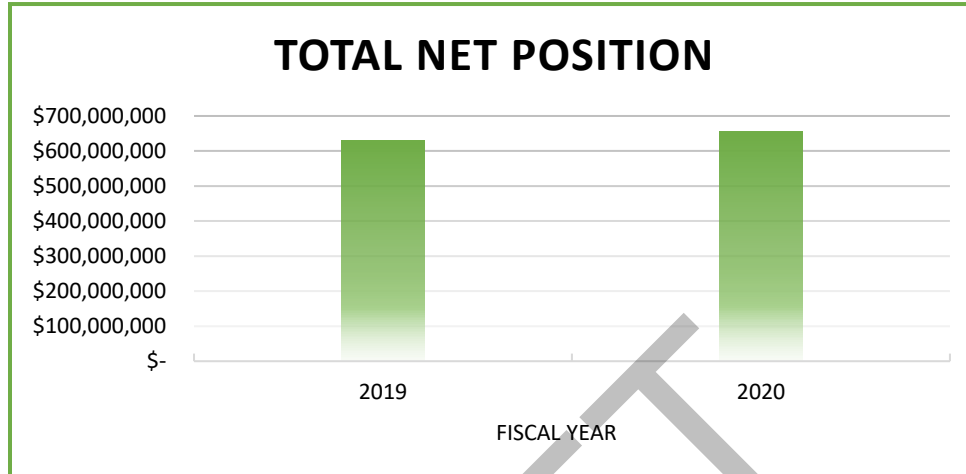
Recommendation:

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

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

**Santa Clarita Valley Water Agency
Net Position**

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



Source: SCV Water Agency

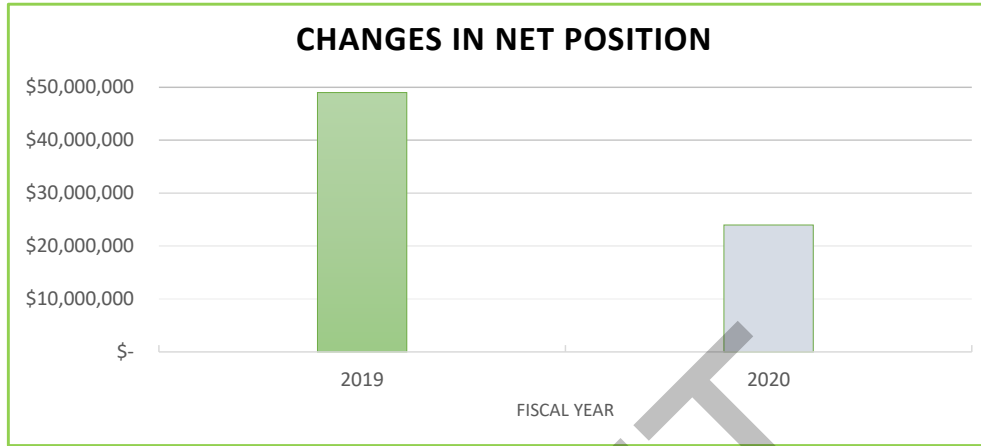
Note: Only 2 years of available data. SCV Water creation January 1, 2018.

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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

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¹Excludes restricted State Water Contract property taxes

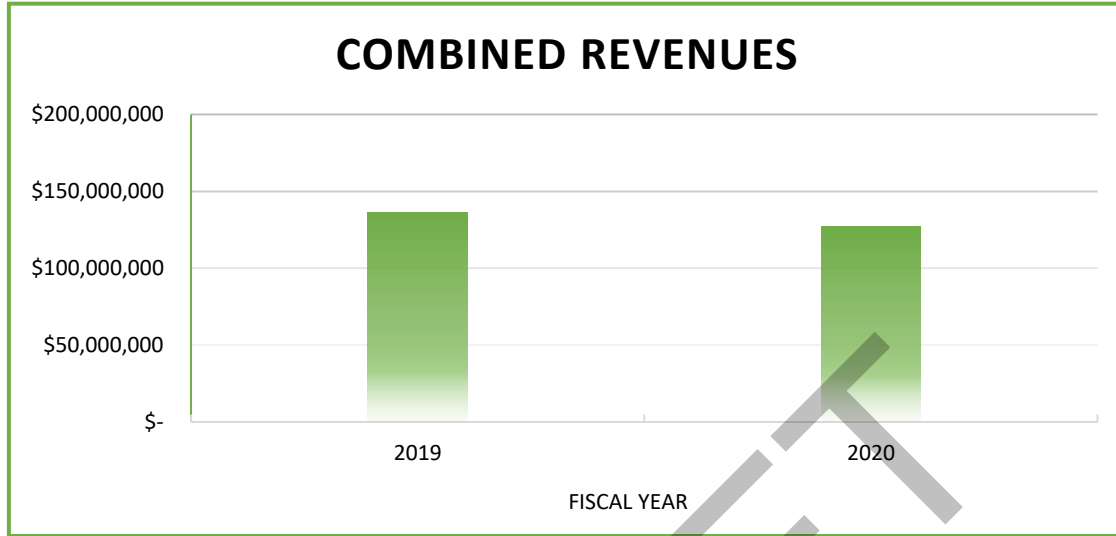
Source: SCV Water Agency

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

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**Santa Clarita Valley Water Agency
Revenues**

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



*Excludes restricted State Water Project property taxes

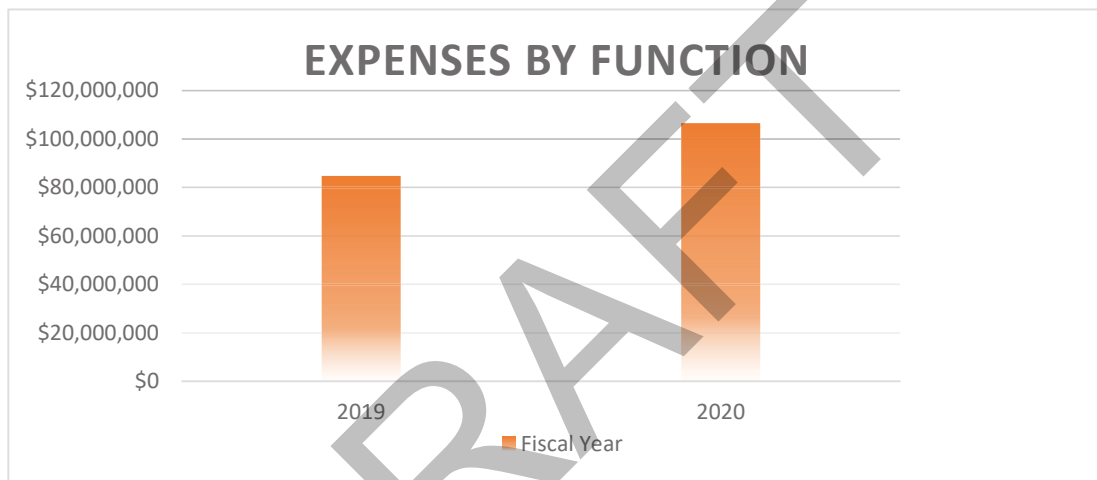
Source: SCV Water Agency

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

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**Santa Clarita Valley Water Agency
Expenses by Function**

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



Source: SCV Water Agency

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

**Santa Clarita Valley Water Agency
Direct Rates**

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

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

Source: SCV Water Agency

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

**Santa Clarita Valley Water Agency
Principal Revenue Payers**

Fiscal Year 2019-20

	Customer Name	Annual Revenues	% of Water Sales
1	Six Flags, Mail Stop #5	\$ 484,292.79	0.59%
2	Toro Enterprises	352,028.73	0.43%
3	CF Arcis X Holdings LLC	261,202.25	0.32%
4	Stonegate Castaic HOA	194,882.92	0.24%
5	FivePoint	187,027.92	0.23%
6	Newhall Land	163,701.93	0.20%
7	Phoenix ESG #181	157,811.66	0.19%
8	FivePoint	151,426.27	0.19%
9	The Village	135,750.94	0.17%
10	Santa Clarita Community College District	134,201.19	0.16%
	Total (10 Largest)	2,222,326.60	2.72%
	Others	80,171,401.40	97.28%
	Grand Total	82,393,728.00	100.00%

Fiscal Year 2018-19

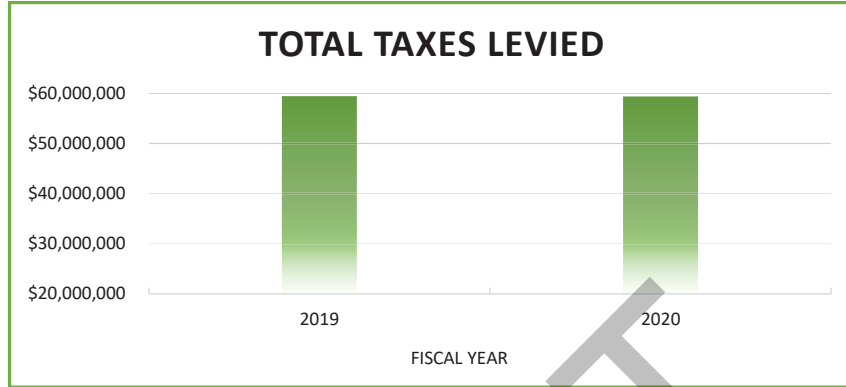
	Customer Name	Annual Revenues	% of Water Sales
1	Six Flags, Mail Stop #5	\$ 538,664.43	0.65%
2	FivePoint	530,992.38	0.64%
3	Newhall Land	419,911.47	0.51%
4	CF Arcis X Holdings LLC	282,981.42	0.34%
5	FivePoint	254,577.51	0.31%
6	Stonegate Castaic HOA	207,052.80	0.25%
7	The Village	150,425.16	0.18%
8	Santa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

Source: SCV Water Agency

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

Santa Clarita Valley Water Agency Property Taxes Levies and Collections

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



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

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

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**Santa Clarita Valley Water Agency
Assessed Valuation of Taxable Property**

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

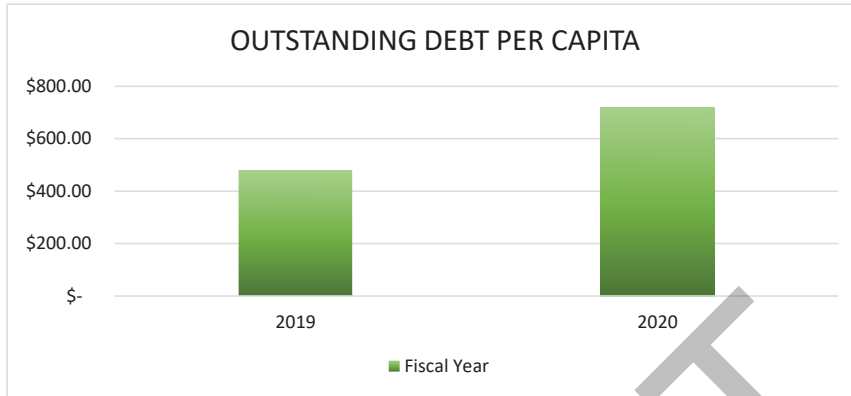
Source: County of Los Angeles and Ventura County, Auditor-Controller/Tax Division

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

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Santa Clarita Valley Water Agency Outstanding Debt

<u>Fiscal Year</u>	<u>Population</u>	<u>Certificates of Participation</u>	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Total Debt</u>	<u>Per Capita</u>	<u>As a Share of Personal Income¹</u>
2019	292,281	\$ 132,453,983	\$ 217,040,224	\$ 2,573,780	\$ 352,067,987	\$ 480.19	0.59%
2020	294,048	117,384,867	201,800,611	-	319,185,478	\$ 717.80	0.85%



Source: SCV Water Agency

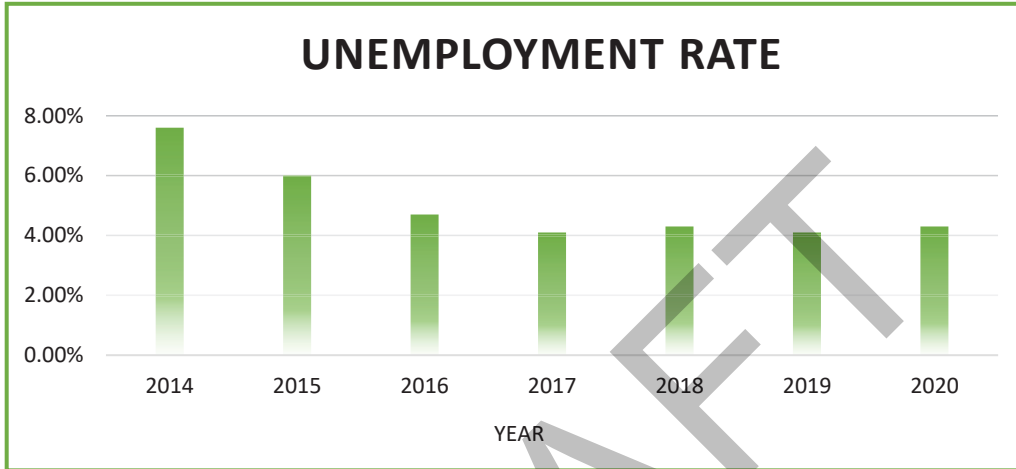
¹See Demographics Statistics for per capita personal income

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

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**Santa Clarita Valley Water Agency
Demographic and Economic Statistics**

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



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

**Santa Clarita Valley Water Agency
Principal Employers**

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

Source: Santa Clarita Valley Economic Development Corporation

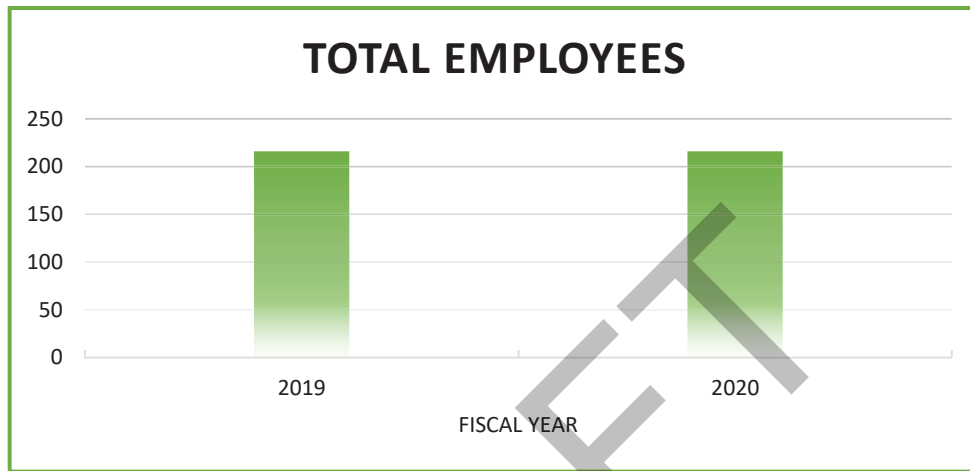
Note: Only one year of available data.

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**Santa Clarita Valley Water Agency
Operating and Capacity Indicators**

Agency Employees

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



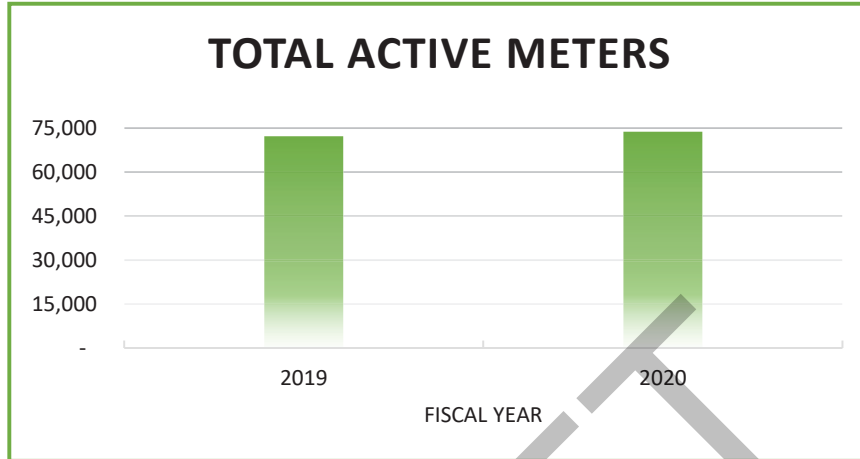
Source: SCV Water Agency

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

DRAFT

**Santa Clarita Valley Water Agency
Operating and Capacity Indicators
Active Meters By Size**

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



Source: SCV Water Agency

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

DRAFT

**Santa Clarita Valley Water Agency
Operating and Capacity Indicators**

Operating and Capital Indicators

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

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

²In FY 2020, 20 wells are offline due to PFAS contamination, pending treatment completion

Source: SCV Water Agency

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

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Cost of Service & Rate Design Presentation

Finance & Administration Committee Meeting

12/21/2020

ITEM NO. 3



Agenda

- Project Calendar Overview
- Cost of Service Summary
- Introduction to Rate Design work
- Customer Impact Review
- Communication Plan
- Questions and Answers

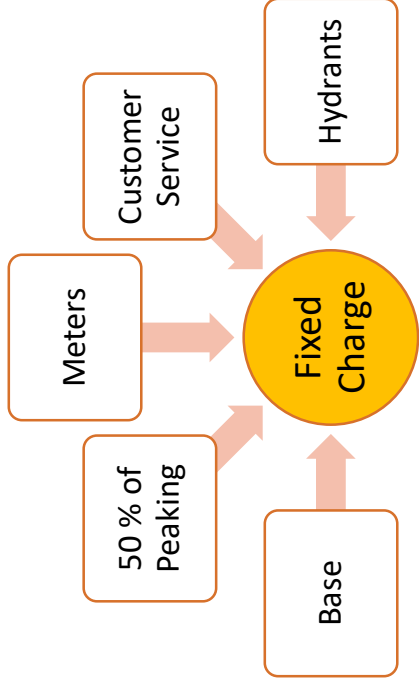


Project Calendar

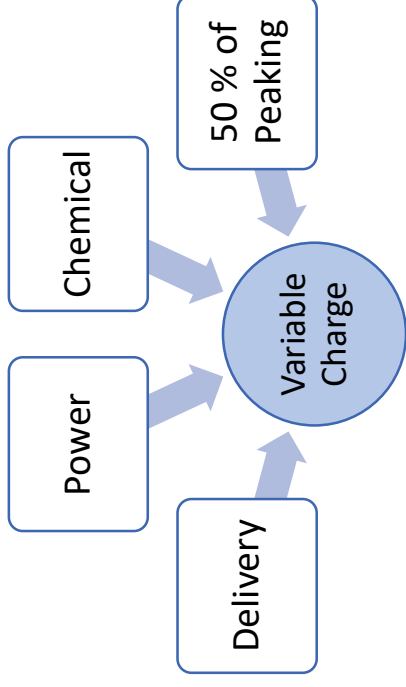
	F&A Committee	Board	Other
Rate Design & Customer Impact 1.0	12/21/2020	X	
Rate Design & Customer Impact 2.0	1/11/2021	2/2/2021	
Proposition 218 Notice Approval	3/1/2020	3/16/2020	
Proposition 218 Mailed			3/31/2020
Board Rates Workshop		4/6/2021	
Ratepayer Advocate Report Published			4/16/2021
Outreach Rates Presentation 1			4/6-5/11
Outreach Rates Presentation 2			4/6-5/11
Outreach Rates Presentation 3			4/6-5/11
Public Hearing		5/18/2021	
Rates Effective			7/1/2021

Cost Allocation to Fixed vs. Variable Charge Components

- Test Year: FY 2025-26



- Costs associated with Meters, Peaking, Base, and Hydrants are divided by equivalent meter counts
- Costs associated with Customer Service are divided by number of bills



- All variable costs are divided by the total usage

Cost of Service Analysis Highlights



- What will it cost to continue to provide quality water service throughout Santa Clara Valley over the next five years?
 - What are the major cost drivers?
 - Are costs in general rising?
- How will revenue grow to meet the rise in costs?
 - Sales forecast
 - Service area growth
 - Generating additional revenue
- Maintaining financial resiliency



Operating & Maintenance Cost Drivers

Description	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Total O&M Expenses	\$79,739,226	\$82,954,509	\$85,494,414	\$88,858,882	\$91,105,085
PFAS	\$3,756,167	\$3,891,596	\$4,032,027	\$4,219,230	\$4,415,125
O&M excluding PFAS	\$75,983,059	\$79,062,913	\$81,462,387	\$84,639,652	\$86,689,960
PFAS % of O&M Expenses	4.71%	4.69%	4.72%	4.75%	4.85%



Factors Influencing Revenues

Sales Forecast in ccf						
Annual Growth	0.29%	0.30%	0.30%	1.30%	1.30%	1.30%
FY 2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
ccf	25,797,211	25,872,750	25,949,271	26,026,787	26,365,135	27,055,084
Meter Growth						
	1.40%	1.40%	1.41%	1.42%	1.42%	1.43%
FY 2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Meters	73,767	74,798	75,848	76,919	78,008	80,248

Raise revenue through a rate case

		5.0%	5.0%	5.0%	5.0%	5.0%
	FY 2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Water Sales - Existing	\$ 74,288,710	\$ 74,695,463	\$ 75,111,690	\$ 75,538,110	\$ 76,507,520	\$ 77,494,302
Year 1 - 5 %		\$ 3,734,773	\$ 3,755,585	\$ 3,776,905	\$ 3,825,376	\$ 3,874,715
Year 2 - 5 %			\$ 3,943,364	\$ 3,965,751	\$ 4,016,645	\$ 4,068,451
Year 3 - 5 %				\$ 4,164,038	\$ 4,217,477	\$ 4,271,873
Year 4 - 5 %					\$ 4,428,351	\$ 4,485,467
Year 5 - 5 %						\$ 4,709,740



Projected Financial results of 5% revenue growth

	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Proposed Revenue Growth	5.00%	5.00%	5.00%	5.00%	5.00%
Operating Revenues	\$ 95,186,528	\$ 99,804,951	\$ 104,681,793	\$ 110,479,041	\$ 116,639,544
Non-Operating Revenues	28,719,693	25,079,329	20,340,200	21,232,992	22,028,136
Operating Revenues	\$ 123,906,221	\$ 124,884,280	\$ 125,021,993	\$ 131,712,033	\$ 138,667,680
O&M Expenses	\$ (79,739,226)	\$ (82,954,509)	\$ (85,494,414)	\$ (88,858,882)	\$ (91,105,085)
Debt Service (non Legacy Debt)	\$ (8,780,376)	\$ (8,189,430)	\$ (9,884,387)	\$ (9,841,624)	\$ (11,283,908)
Legacy Debt	\$ (11,193,412)	\$ (11,314,719)	\$ (12,079,497)	\$ (12,210,643)	\$ (12,340,625)
Capital Pay-Go	\$ 24,193,206	\$ 22,425,621	\$ 17,563,695	\$ 20,800,885	\$ 23,938,063

Build to desired annual pay-go of \$25,000,000 per year
 Maintain adequate cash reserves to maintain a credit rating of AA-
 Recover new recurring operational cost of PFAS



Rate Transition

The major task of this rate case is to transition the existing 3 retail customer rate plans into a single rate plan for all customers.



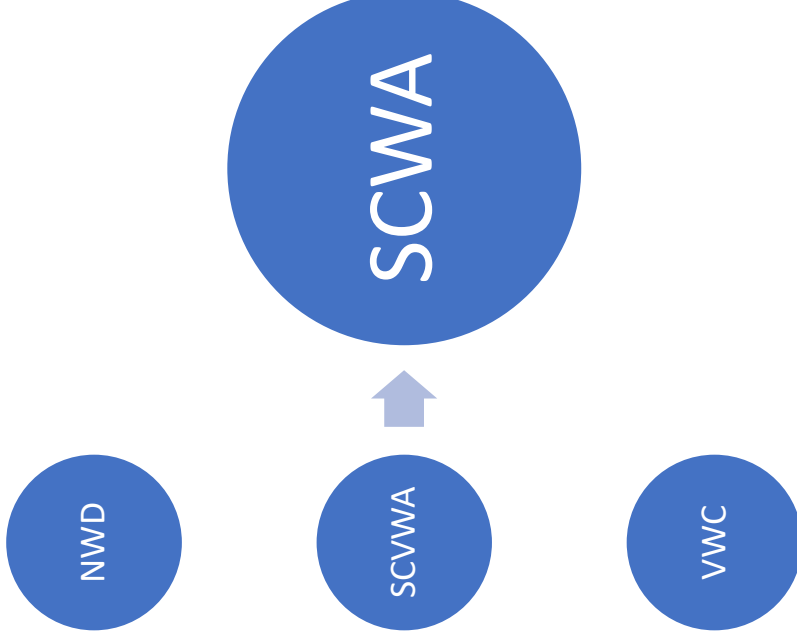
Rate Plan Development: The situation

Currently, each of the three retail divisions have their own unique rate tables.

Existing rates were developed pre-merger.

There has been no rate action taken by the SCVWA to date.

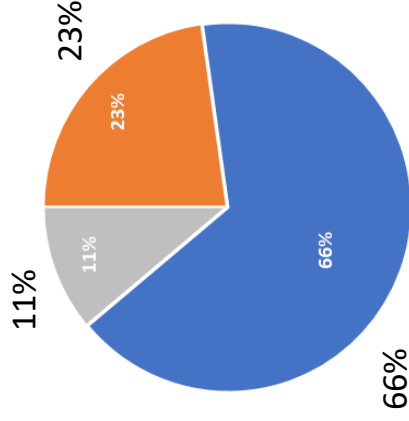
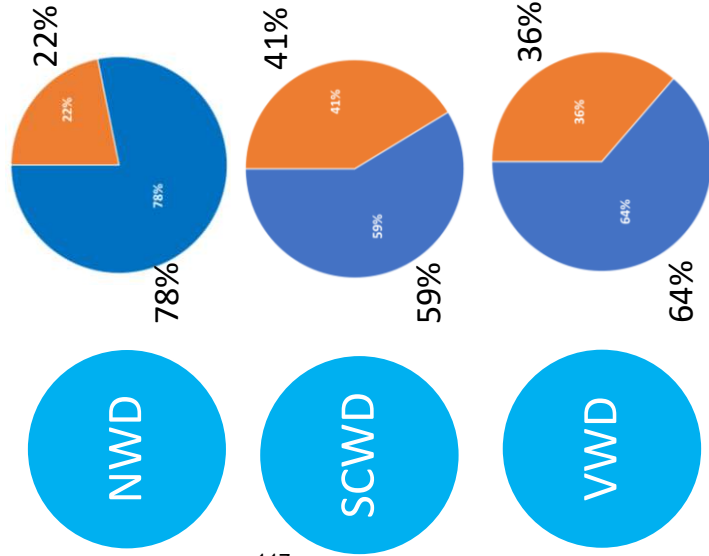
The last rate action at any of the divisions was at VWC where the VWC Board implemented a three-year rate plan that ran through FY2019.



The goals of SCVWA's first rate case has the following objectives:

1. Transition the three retail rates to a single rate over a 5-year period.
2. The single rate table at the end of the transition period will adequately fund the needs of the SCVWA.
3. Use the 5-year transition period to minimize customer impact.
4. Enable an increase in rate revenues to recover the new and recurring costs of PFAS

Rate Plan Development: The situation



Revenue Type



Fixed Charge



Variable Charge



Legacy Debt

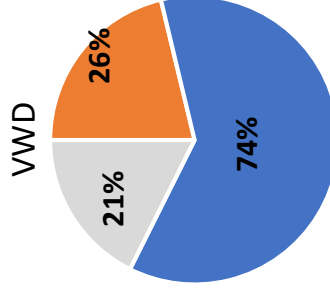
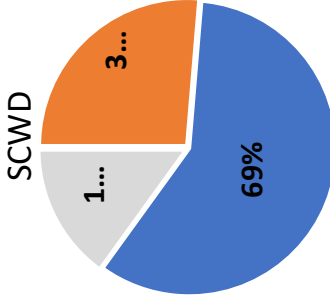
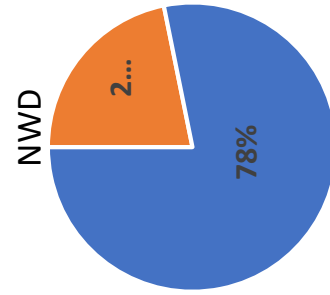


Existing rates with the call out of Legacy Debt

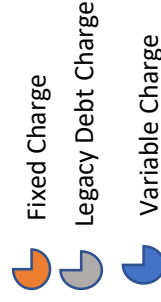
3/4" Current Rates				
	NWD	SCWD	VWD	
Variable Charge	\$2.85	\$1.99	\$1.89	
Fixed Charge	\$16.14	\$32.28	\$25.22	

3/4" Current Rates				
	NWD	SCWD	VWD	
Variable Charge	\$2.85	\$1.99	\$1.89	
Fixed Charge	\$16.14	\$22.08	\$14.19	
Legacy Debt	\$0.00	\$10.20	\$11.03	

Note: Variable Charge is per unit of water used (ccf)

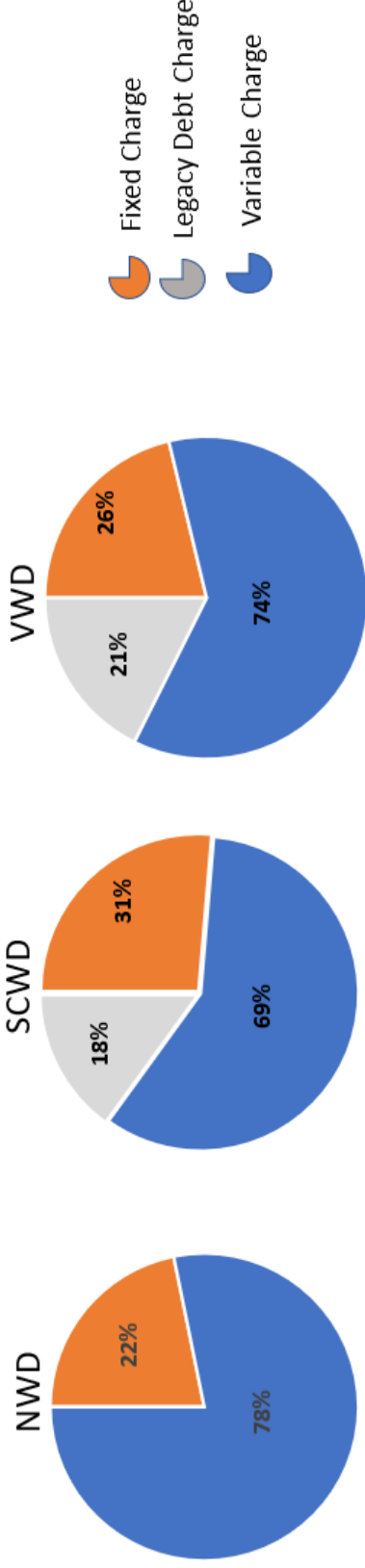


Note: NWD had no Legacy debt as of 6/30/2020





Legacy Debt



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Legacy Debt is debt entered into by the retail agencies prior to the merger. Legacy debt service is an obligation of the former retail agencies that are now division's in SCV Water.

VWD Legacy Debt

Valencia 2018A bonds. Issued to pay off two senior secured notes with Modern Woodmen that were secured by all of VWD's assets. Principal balance on 6/30/20 was \$26.7 million.

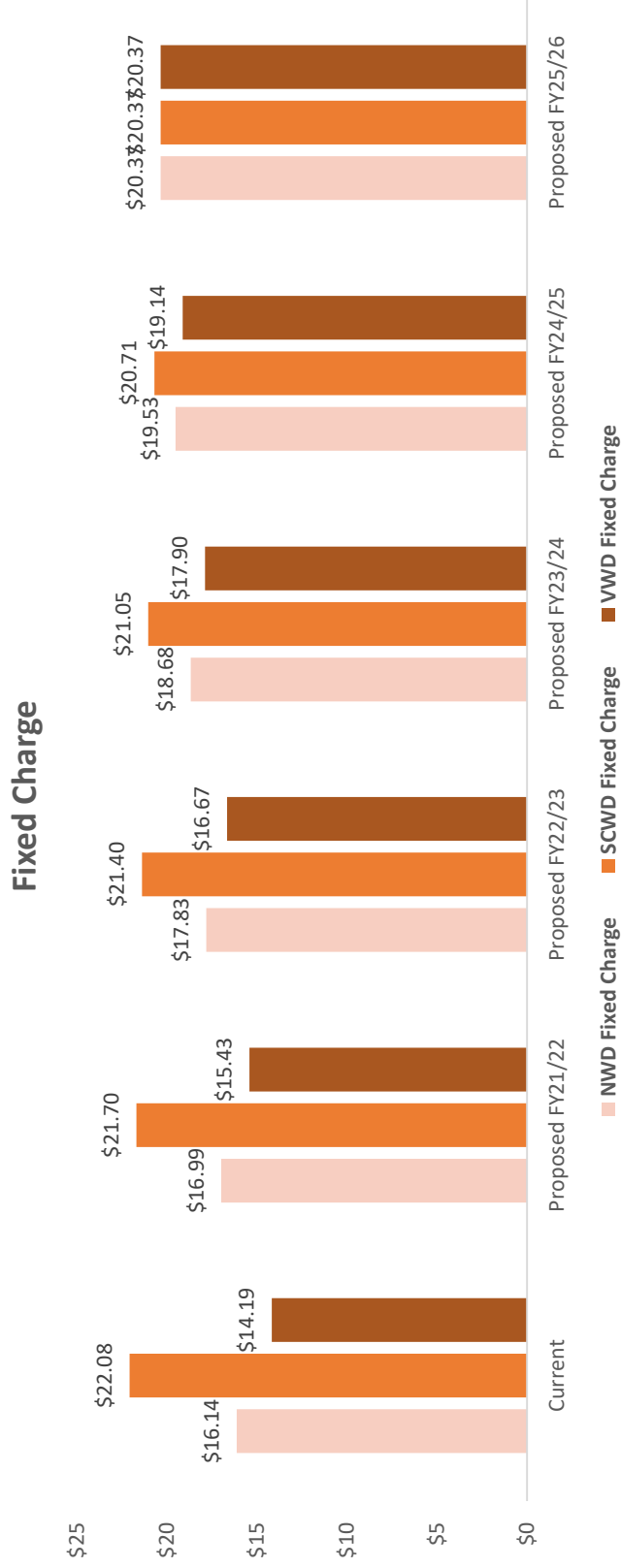
VWD Acquisition loan. In 2018 an intercompany loan was established to reimburse the regional division for the purchase of Valencia Water Company stock. Principal balance on 6/30/20 was \$66.7 million.

SCWD Legacy Debt

Originally two financings; the first for acquisition of its Administration building and water infrastructure, the second to reimburse regional division for acquisition costs. Both were refinanced into one debt in 2017 (*2017A bond issue*) and most recently refinanced in the *FY2020 refinancing project.* Principal balance on 6/30/20 was \$48.5 million.

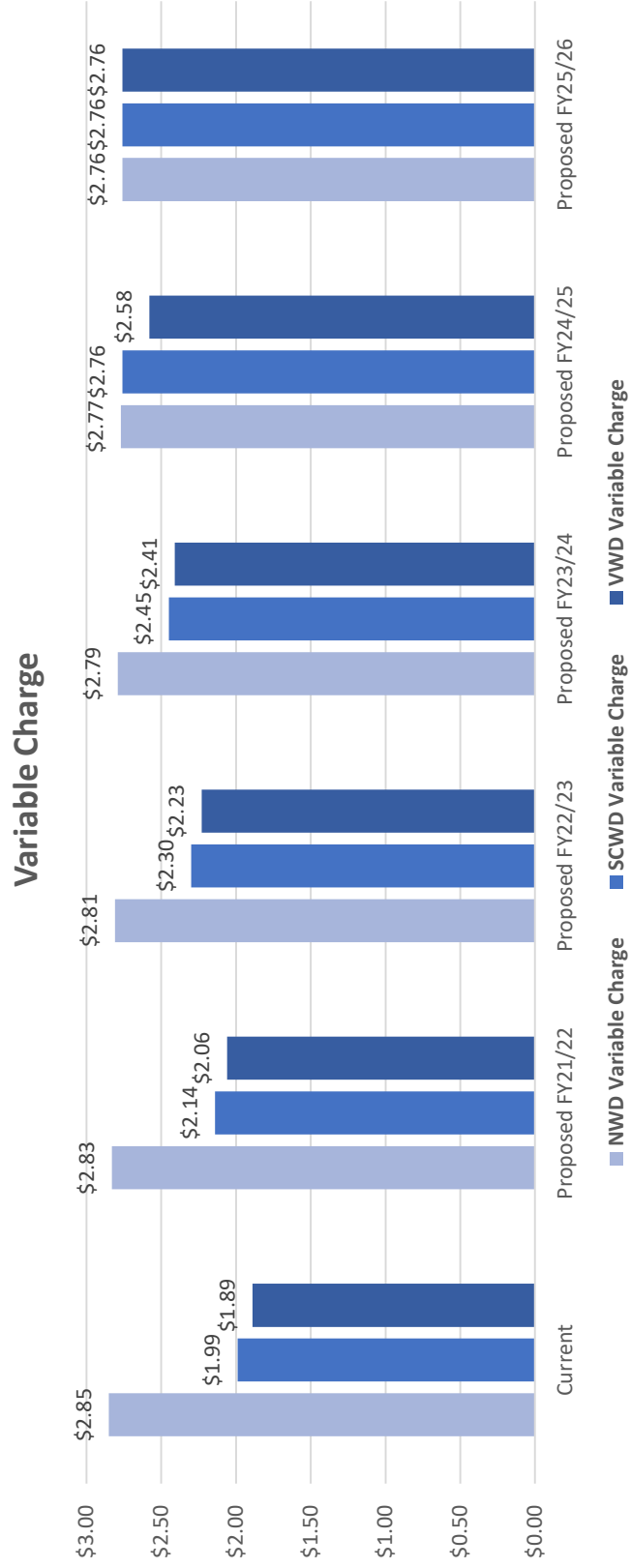


Fixed Charge Transition 3/4" meter connection



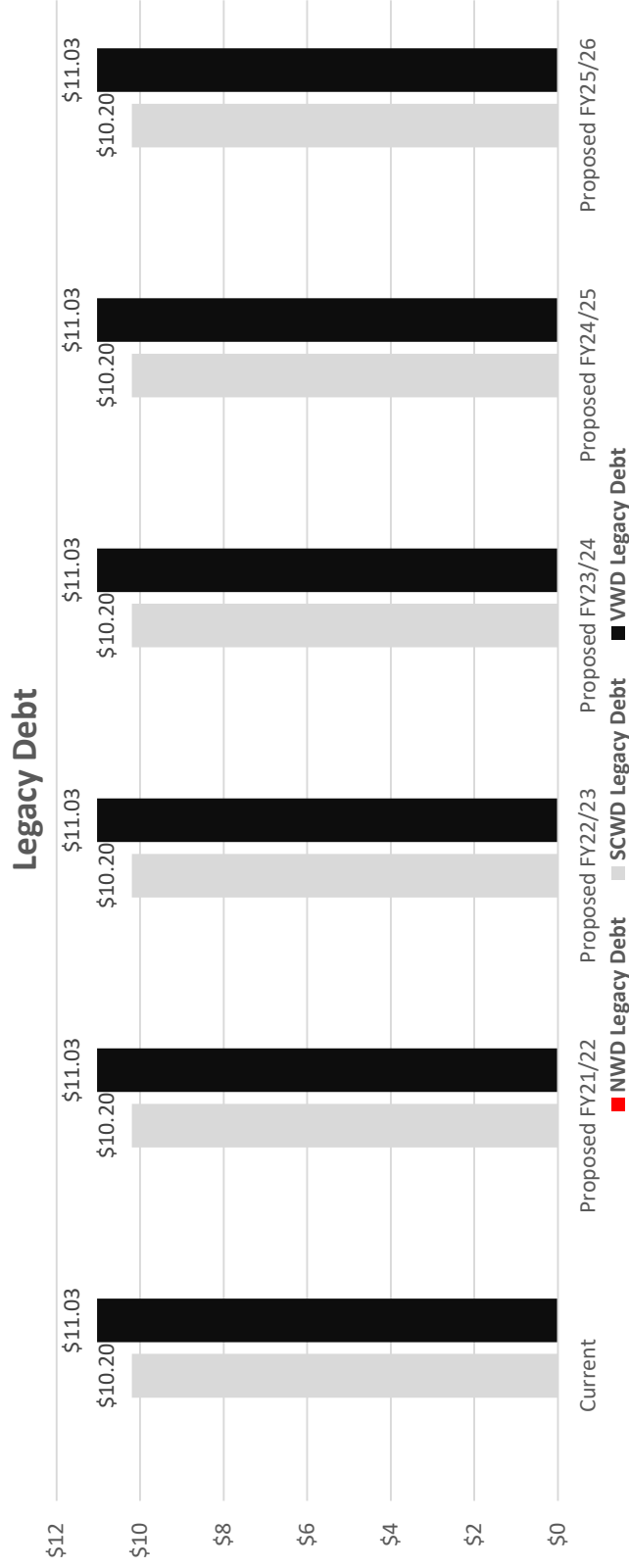


Variable charge transition (per unit)





Legacy Debt annual amounts by Division: 3/4” meter connection





Existing rates will transition to a single, common rate at the end of the rate plan

3/4" Current Rates				
	NWD	SCWD	VWD	
Variable Charge	\$2.85	\$1.99	\$1.89	
Fixed Charge	\$16.14	\$22.08	\$14.19	
Legacy Debt	\$0.00	\$10.20	\$11.03	

3/4" Proposed Rates FY25/26				
	NWD	SCWD	VWD	
Variable Charge	\$2.76	\$2.76	\$2.76	
Fixed Charge	\$20.37	\$20.37	\$20.37	
Legacy Debt	\$0.00	\$10.20	\$11.03	

Note: Variable Charge is per unit of water used (ccf)



How much water do our customers use?

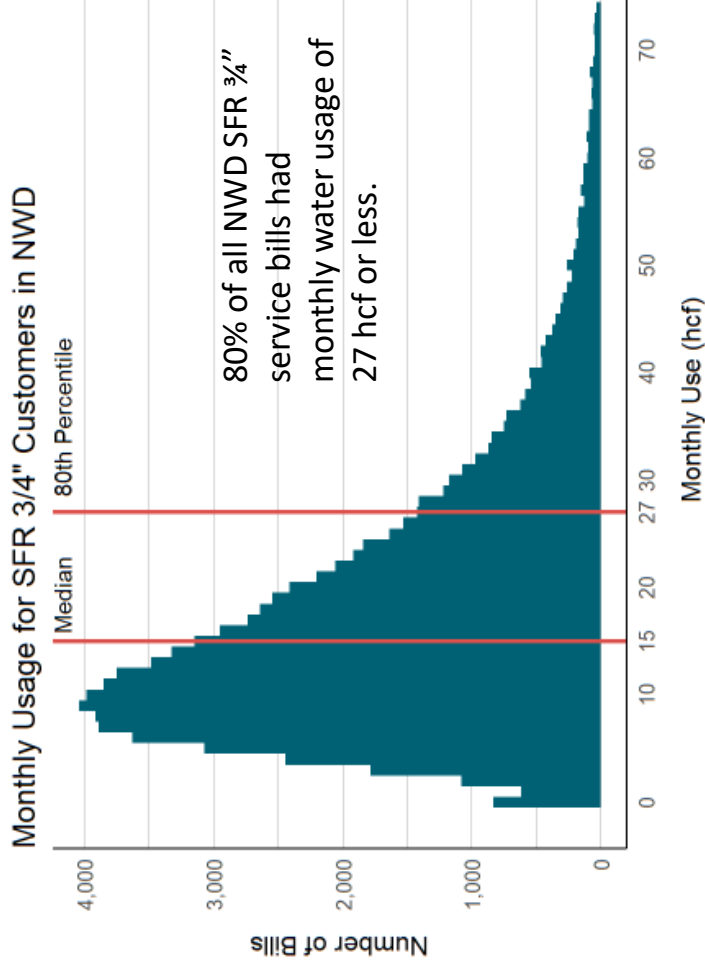
A review of customer usage to understand scale of customers impacted by the rate plan.



NWD: SFR 3/4" service consumption

Table 1: NWD SFR 3/4" Usage Distribution

Group	Percentage
<= 5 hcf	10.9%
6 - 10 hcf	21.6%
11 - 15 hcf	19.5%
16 - 20 hcf	14.8%
21 - 25 hcf	10.7%
26 - 30 hcf	7.5%
31 - 35 hcf	5.0%
> 35 hcf	10.0%





Year 1 Bill Impact – SFR ¾” Median Usage Newhall Water Division

NWD Current Monthly Bill	
Fix Charge	
3/4" Meter	\$ 16.14
Monthly Usage	15 ccf
Variable Charge	\$ 2.85
Legacy Debt	\$ -
Total Water Bill	\$ 58.95

NWD FY21/22 Monthly Bill	
Fix Charge	
3/4" Meter	\$ 16.99
Monthly Usage	15 ccf
Variable Charge	\$ 2.83
Legacy Debt	\$ -
Total Water Bill	\$ 59.44



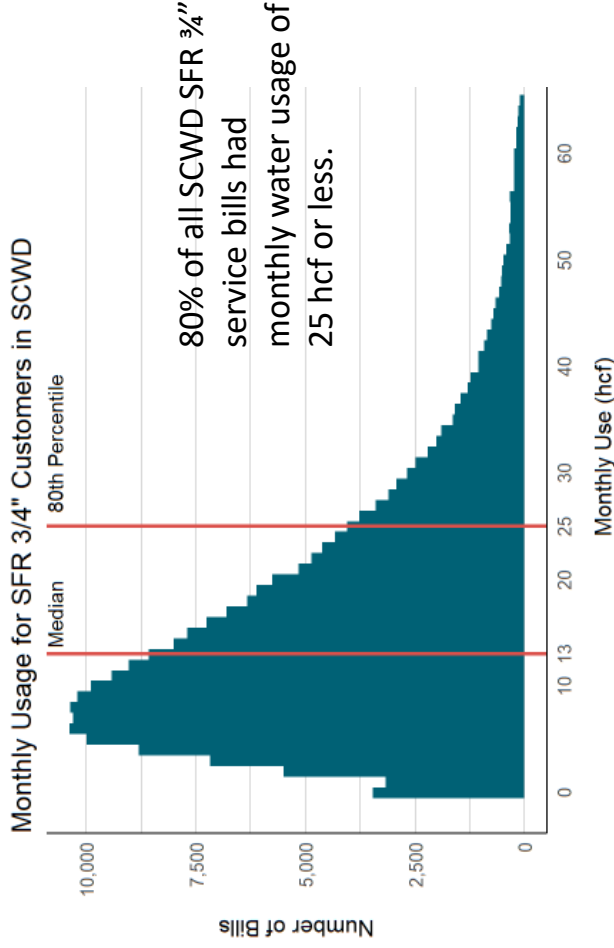
\$0.49 Increase (0.83%)

SCWD: SFR 3/4" service consumption



Table 3: SCWD SFR 3/4" Usage Distribution

Group	Percentage
<= 5 hcf	16.5%
6 - 10 hcf	22.2%
11 - 15 hcf	18.5%
16 - 20 hcf	14.0%
21 - 25 hcf	10.0%
26 - 30 hcf	6.9%
31 - 35 hcf	4.4%
> 35 hcf	7.5%





Year 1 Bill Impact – SFR ¾” Median Usage

Santa Clarita Water Division

SCWD Current Monthly Bill	
Fix Charge	
3/4" Meter	\$ 32.28
Monthly Usage	13 ccf
Variable Charge	\$ 1.99
Legacy Debt	\$ -
Total Water Bill	\$ 58.15

SCWD FY21/22 Monthly Bill	
Fix Charge	
3/4" Meter	\$ 21.74
Monthly Usage	13 ccf
Variable Charge	\$ 2.14
Legacy Debt	\$ 10.20
Total Water Bill	\$ 59.76



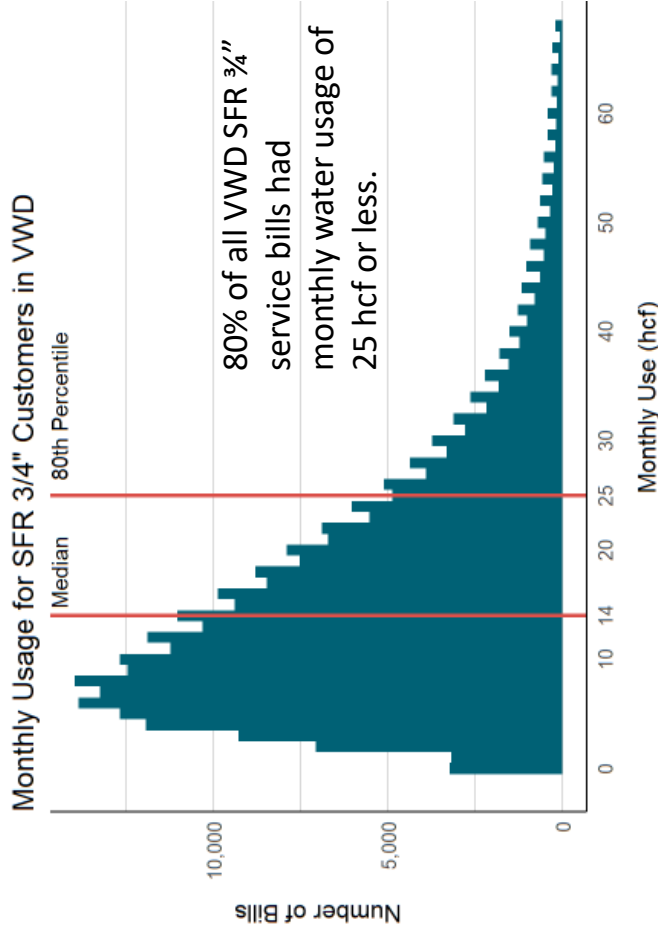
\$1.61 Increase (2.77%)

VWD: SFR 3/4" service consumption



Table 2: VWD SFR 3/4" Usage Distribution

Group	Percentage
<= 5 hcf	16.0%
6 - 10 hcf	22.4%
11 - 15 hcf	18.2%
16 - 20 hcf	14.4%
21 - 25 hcf	10.2%
26 - 30 hcf	6.9%
31 - 35 hcf	4.2%
> 35 hcf	7.5%





Year 1 Bill Impact – SFR ¾” Median Usage

Valencia Water Division

VWD Current Monthly Bill	
Fix Charge	
3/4" Meter	\$ 25.22
Monthly Usage	14 ccf
Variable Charge	\$ 1.89
Legacy Debt	\$ -
Total Water Bill	\$ 51.61

VWD FY21/22 Monthly Bill	
Fix Charge	
3/4" Meter	\$ 15.43
Monthly Usage	14 ccf
Variable Charge	\$ 2.06
Legacy Debt	\$ 11.03
Total Water Bill	\$ 55.30



\$3.69 Increase (7.15%)



Usage of all customers

How would the “average use” customer be impacted?



NWD Bill Impact

Meter Size	# of Customers	Median Monthly Usage	Monthly Billing	7/1/2021		7/1/2022		7/1/2023		7/1/2024		7/1/2025		5 Year Total	
				\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change
3/4-in	8,266	19	\$69.53	\$0.55	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$2.46	
1-in	867	36	\$129.79	-\$2.34	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	-\$0.18	
1 1/2-in	148	113	\$376.76	-\$9.86	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	-\$9.74	
2-in	449	163	\$549.88	-\$18.35	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	-\$17.24	
3-in	1	15	\$202.75	-\$34.07	\$6.07	\$6.07	\$6.07	\$6.07	\$6.07	\$6.07	\$6.07	\$6.07	\$6.07	-\$9.78	
4-in	18	372	\$1,330.23	-\$65.40	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07	\$3.07	-\$53.12	
6-in	10	521	\$2,022.14	-\$131.84	\$10.34	\$10.34	\$10.34	\$10.34	\$10.34	\$10.34	\$10.34	\$10.34	\$10.34	-\$90.48	
8-in	11	915	\$3,467.42	-\$215.07	\$14.79	\$14.79	\$14.79	\$14.79	\$14.79	\$14.79	\$14.79	\$14.79	\$14.79	-\$155.91	
10-in	3	520	\$2,720.53	-\$298.94	\$36.89	\$36.89	\$36.89	\$36.89	\$36.89	\$36.89	\$36.89	\$36.89	\$36.89	-\$151.37	



SCWD Bill Impact

Meter Size	#of Customers	Median Monthly Usage	Monthly Billing	7/1/2021		7/1/2022		7/1/2023		7/1/2024		7/1/2025		5 Year Total	
				\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change	\$ Change
5/8-in	5,458	16	\$54.73	\$3.47	\$2.23	\$2.23	\$2.23	\$2.23	\$2.23	\$2.23	\$2.23	\$2.23	\$2.23	\$12.41	\$12.41
3/4-in	20,033	18	\$68.69	\$2.46	\$2.46	\$2.46	\$2.46	\$2.46	\$2.46	\$2.46	\$2.46	\$2.46	\$2.46	\$12.30	\$12.30
1-in	5,514	30	\$106.28	\$7.69	\$4.12	\$4.12	\$4.12	\$4.12	\$4.12	\$4.12	\$4.12	\$4.12	\$4.12	\$24.17	\$24.17
1 1/2-in	783	81	\$247.90	\$18.99	\$11.54	\$11.54	\$11.54	\$11.54	\$11.54	\$11.54	\$11.54	\$11.54	\$11.54	\$65.17	\$65.17
2-in	1,278	164	\$460.80	\$35.90	\$23.76	\$23.76	\$23.76	\$23.76	\$23.76	\$23.76	\$23.76	\$23.76	\$23.76	\$130.93	\$130.93
3-in	52	148	\$555.30	\$27.22	\$20.10	\$20.10	\$20.10	\$20.10	\$20.10	\$20.10	\$20.10	\$20.10	\$20.10	\$107.61	\$107.61
4-in	107	268	\$937.04	\$75.40	\$36.82	\$36.82	\$36.82	\$36.82	\$36.82	\$36.82	\$36.82	\$36.82	\$36.82	\$222.66	\$222.66
6-in	27	654	\$2,103.05	\$169.33	\$91.83	\$91.83	\$91.83	\$91.83	\$91.83	\$91.83	\$91.83	\$91.83	\$91.83	\$536.64	\$536.64
8-in	9	1212	\$3,689.47	\$296.44	\$172.24	\$172.24	\$172.24	\$172.24	\$172.24	\$172.24	\$172.24	\$172.24	\$172.24	\$985.39	\$985.39



COMMUNICATIONS TIMELINE

● KEY MESSAGES/MESSAGE
DECK - NOW

● PUBLIC HEARING
NOTICE – 3/31

● RATES COMMUNICATION
TRAINING – 4/5

● COMMUNITY MEETING
FACILITATION – 4/26

● RESOURCES DEVELOPED:

- VIDEO
- COLLATERAL
- FAQs
- BILL ESTIMATOR



Discussion



COMMITTEE MEMORANDUM

DATE: December 14, 2020

TO: Finance and Administration Committee

FROM: Rochelle Patterson *[Signature]*
Director of Finance and Administration

SUBJECT: Recommend Approval of a Use of Office Technology Policy for the Employee Manual

SUMMARY AND DISCUSSION

Staff recommends approval of the attached Use of Office Technology policy to be added to SCV Water's Employee Manual. Not only is it best practice for the Agency to adopt a Use of Office Technology policy, but the Agency's auditors have requested that SCV Water formally state the procedures for securing the Agency's systems and software.

The attached proposed policy is a compilation of what existed for the legacy entities Castaic Lake Water Agency (CLWA) and Newhall County Water District (NCWD). General counsel has reviewed the policy and recommended changes are included.

FINANCIAL CONSIDERATIONS

None at this time.

RECOMMENDATION

That the Finance and Administration Committee approve the attached Use of Office Technology Policy for the Agency's Employee Manual.

RP/ed

Attachment

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EMPLOYEE MANUAL	
Title: USE OF OFFICE TECHNOLOGY	
Policy No.: 39.0	Section Nos.: 39.0 – 39.10
Approval Date: January 2021	Effective Date: January 2021
Approved By: Board of Directors	

USE OF OFFICE TECHNOLOGY

The Agency maintains various forms of electronic systems and social media networks to assist in the conduct of the business within the Agency. These systems or networks, including the equipment and the data stored in the systems or networks, are, and remain at all times, the property of the Agency. All messages created, sent, received, or stored in the systems or networks are property of the Agency, and as such may be monitored, recorded, and/or reviewed for quality control and appropriateness of purpose at any time.

The Agency reserves the right to retrieve and review any messages composed, sent or received. Please note that even when a message is deleted or erased, it is still possible to re-create the message. The Agency therefore cannot ensure privacy of any messages to any employee. While voicemail and electronic mail may accommodate the use of passwords for security, confidentiality cannot be guaranteed, and employees are hereby notified that someone other than the intended recipient may review all messages. All passwords must be made known to the Agency in order that all systems or networks are accessible to the Agency when employees are absent.

39.1 Information Technology Requests for Service

Requests for IT service, including the purchase of software and hardware, are to be made using the IT Service Request Link.

39.1.1 Care of Computer Equipment

The primary user of a computer workstation is considered a custodian for the equipment. If the equipment is damaged, lost, stolen, borrowed or is otherwise unavailable for normal business activities, the user must promptly inform the Information Technology Department (IT Department). Computer equipment must not be moved or relocated without the knowledge and approval of the IT Department.

39.1.2 Eating and Drinking

Users should be cautious when eating or drinking near the computer equipment. Food and drink can cause damage to electronic equipment such as keyboards.

39.1.3 Environmental Considerations

To reduce the damage done by electrical power problems, all computer workstations must use surge suppressors. Computer equipment with critical production applications must also have an uninterruptible power system (UPS).

EMPLOYEE MANUAL	
Title: USE OF OFFICE TECHNOLOGY	
Policy No.: 39.0	Section Nos.: 39.0 – 39.10
Approval Date: January 2021	Effective Date: January 2021
Approved By: Board of Directors	

39.1.4 Use of Personal Equipment

Unless expressly authorized by the Agency in writing, employees may not bring into the workplace their own computer, computing equipment, or electronic accessories to install into the Agency's electronic systems. This prohibition includes all personal electronics and accessories, such as speakers, sound cards, mice, keyboards, modems, and monitors. This prohibition also includes temporary, radio, or Bluetooth connections of personal equipment such as cellular phones or speakers, unless allowed pursuant to written approval from the IT Department.

Where authorized (such as pursuant to a Telecommuting Agreement), the Agency makes no representations or guaranties regarding compatibility of personal equipment or accessories with Agency systems. Employee use of personal electronics or accessories on Agency systems are generally prohibited and such use is at the employee's own risk. The Agency is not responsible for damage to personal equipment or accessories caused by employee use or by incompatibility with the Agency system.

39.1.5 Changes to Hardware

Computer equipment supplied by the Agency must not be altered or added to in any way (e.g., upgraded processor, expanded memory, or extra circuit boards) without the prior written authorization from the IT Section. Changes any computer related equipment is to be initiated through the IT Service Request form process.

39.2 Passwords

39.2.1 Choice of Passwords

Passwords are required for Agency computer systems. User-chosen passwords should be difficult to guess. Words in a dictionary, derivatives of user-IDs, and common character sequence such as "123456" should not be employed. Likewise, personal details such as spouse's name, license plate, social security number and birthday must not be used unless accompanied by additional unrelated characters. User-chosen passwords and keys must also not be any part of speech. For example, proper names, geographical locations, common acronyms and slang must not be employed. Passwords may not be shared with friends, family or coworkers. Sharing your user ID or password with other persons is prohibited. If you share your user ID, you will be solely responsible for the actions that other persons may perform. Users may not access a computer account that belongs to another employee.

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The fact that a user chooses his/her own password does not mean that the use of the Agency equipment is private as to that user. Agency may access the computer and its files at any time to verify business use or to retrieve necessary information. Passwords are required to be changed every 90-days.

Failure to provide passwords or access upon Agency request is grounds for discipline, up to and including termination of employment.

39.2.2 Storage of Passwords

Staff must maintain exclusive control of their personal passwords; they must not share them with others. Passwords must not be stored in readable form in batch files, automatic log-in scripts, software macros, terminal function keys, computers without access controls or in other locations where unauthorized persons might discover them.

39.2.3 Termination of Employment

When an employee is terminated, the HR Department will immediately notify the IT Department, which will then take steps to terminate the employee's access so as to maintain security and integrity of Agency systems and equipment.

39.3 System Configuration and Software

39.3.1 Changes to Application Software

The Agency provides standard software for all users, and specialized software for certain operational activities. Users must not install other software packages on computer equipment without obtaining advance written permission from the IT Department. Likewise, staff must not permit automatic software installation routines to be run on Agency computer equipment unless the IT Department has first approved these routines in writing. Unapproved software may be removed by the IT Department without advance notice or compensation.

39.3.2 Changes to Operating System Configurations

On Agency supplied computer hardware, users must not change operating system configurations, upgrade existing operating systems or install new operating systems. If such changes are required, they will be performed by under the direction of the IT Department (in person or with remote system maintenance software).

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39.3.3 Software Installation and Copying

The copying of software or installation of software that is owned by the user onto the Agency’s computer system is not only against policy, it is illegal. Under no circumstances may staff bring software from home and install it on the Agency’s computer system. Staff also may not copy software from the Agency’s computers and take it home. Such activities violate software copyright laws and carry penalties. If software is needed for any reason, contact the IT Department.

39.4 Document Storage

The Agency’s Document Management System (DMS) is to be used for the creation and storage of all Agency documents and files. The work of Agency employees is the property of the Agency and should be stored and filed in a consistent manner. In limited circumstances, documents and files may be stored in the Userdata Folder. In very limited circumstances, documents and files may be stored on a hard drive.

The use of the DMS allows for proper storage and indexing of files, as well as daily backup of information.

DMS folders are created by the IT Department. Employees requesting new folders should use the IT Service Request Form. Because documents in DMS are “searchable” by a variety of items, including actual text, the creation of folders should be kept to a minimum.

39.5 Maintaining Security

39.5.1 Browsing

Deletion, examination, copying, or modification of files and/or data belonging to other users without prior written consent of the IT Department is prohibited.

Staff must not browse through Agency computer systems or networks. For example, curious searching for interesting files and/or programs in the directories of other users is prohibited. Steps taken to legitimately locate information needed to perform one’s job are not considered browsing.

39.5.2 Tools to Compromise Systems Security

Unless specifically authorized in advance in writing by the IT Department, Agency staff must not acquire, possess, trade or use hardware or software tools that could be employed to evaluate or compromise information systems security. Examples of such tools include those, which defeat software copy-protection, discover secret passwords, identify security vulnerabilities or

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decrypt encrypted files. Unless specific permission has been obtained from the IT Department, users are prohibited from using such tools.

39.6 Use of Internet and Email

39.6.1 Personal Use

Use of Agency computing resources for personal purposes are permissible so long as the incremental cost of the usage is negligible, and so long as no Agency business activity is preempted by the personal use. Staff must not employ the Internet or other internal information systems in such a way that the productivity of other staff is eroded; examples include chain letters, games, binary attachments, documents in excess of 3 megabytes and broadcast of bulk e-mail (direct mail marketing) and charitable solicitations. Under no circumstances may staff download and/or install any programs, personal software or video games. Staff may not tamper with the computer standardization or software-controlled system policies.

39.6.2 Email Guidelines

You agree and understand that whenever you send electronic mail, your name and user ID are included in each mail message. You are responsible for all electronic mail originating from your user ID. Forgery (or attempted forgery) of electronic mail messages is prohibited. Attempts to read, delete, copy, or modify the electronic mail of other users are prohibited. Attempts at sending harassing, obscene and/or other threatening email to another user are prohibited.

39.6.3 Using the Internet

The following are **unacceptable** examples and uses for accessing the Internet:

- Employees will not use profanity, obscenity, or other language, which may be offensive when communicating with others.
- Employees may not use the internet for personal gain or objectives, including but not limited to financial gain, commercial purposes, or political purposes.
- Employees are not to use their access to gain unauthorized access or misuse any other systems on the Internet.
- Employees are not to jeopardize network services by distributing computer viruses or worms.
- Employees are to avoid any actions that cause interference to the network or the work of others on the network (i.e., mass chain letters).

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- Employees are not to access pornographic or similar websites.
- Employees are not to access gambling or similar websites

The following are **recommended** uses or practices for accessing the Internet:

- Due to a lack of regulation and security in the Internet environment, employees should not give out personal information like home address, telephone numbers, and credit card numbers.
- Passwords should be kept private and should be changed frequently.

39.7 Accessing Email from a Remote Computer

Users may access the Agency’s Outlook email system for their own Agency email from one of the following websites: <https://mail.scvwa.org> or <https://office.com>. Do not access this website from Agency’s computers – this may cause the network to crash.

39.8 Mobile Phones

Some Agency employees are issued mobile phones for Agency use. On occasion, mobile phone calls for emergencies may be necessary, such as; illness or injury to family members, changed family plans, or for similar reasons. Employees are cautioned, however, to advise those who might call them on their mobile phone of these conditions. Excessive mobile phone use for personal or non-Agency use may result in an employee’s mobile phone being removed. This policy shall apply to both phone calls and text messages.

Effective January 3, 2012, the Federal Motor Carrier Safety Administration (FMCSA) regulations prohibit Commercial Drivers from talking on a hand-held mobile phone while driving, or while stopped at traffic lights, stop signs, and traffic delays.

While hands-free use of mobile phones may be permitted when safe to do so, it is the responsibility of the employee to request and use a hands-free device for their mobile phone. Under no circumstances shall an employee send or review text messages or emails while driving.

Further, this section on mobile phone use is subject to review and revision by the Agency at any time, with or without prior notice.

39.9 No Expectation of Privacy

The Agency maintains and utilizes, as part of its operations, a computer system, voicemail, e-mail and other systems. These systems are provided to assist employees in the conduct of Agency business. All computers and the data stored on them, as well as all voicemail and the data stored on it, and all records of internet access, are and remain at all times, the property of Agency. As such, all voicemail, email, SMS or text messages, photographs, or other messages composed created, sent, and received are, and remain, the

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property of the Agency. Employees maintain an obligation to provide access or assist in obtaining access to any assigned device containing such data or files. Refusal or failure to provide access or assist in obtaining access when requested is grounds for discipline, up to and including termination or employment. **No employee has any expectation of privacy regarding such messages or records.**

Agency reserves the right to retrieve and read any message or record composed, created, sent or received on the voicemail, e-mail, internet or other systems at any time, with or without advance notice to the employee.

39.10 Penalty for Violation of this Policy

Violation of this policy is grounds for discipline, up to and including termination. Employees violating this policy are acting outside the course and scope of their employment and may be personally liable for such violations.

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ITEM NO.
5

Monthly Financial Report

OCTOBER 2020

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Statements of Revenues and Expenses

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SCV Water - Retail
Statement of Revenues and Expenses
For the 4th Period Ending 10.31.20

(in \$000)

	Current Period			Year-to-Date			
	(A) Actual	(B) Budget	(C) Variance	(D) Actual	(E) Budget	(F) Variance	(G) Percent
	Operating Revenues						
(1)	\$8,354	\$8,214	\$140	\$34,653	\$35,318	(\$665)	(2%) (1)
(2)	54	202	(148)	292	872	(580)	(67%) (2)
(3)	<u>\$8,408</u>	<u>\$8,416</u>	<u>(\$8)</u>	<u>\$34,945</u>	<u>\$36,190</u>	<u>(\$1,245)</u>	<u>(3%) (3)</u>
(4)	2,525	2,835	(310)	10,881	12,111	(1,230)	(10%) (4)
(5)	865	892	(27)	3,310	3,517	(207)	(6%) (5)
(6)	223	286	(63)	846	986	(140)	(14%) (6)
(7)	1,073	885	188	3,411	2,745	666	24% (7)
(8)	281	268	13	869	907	(38)	(4%) (8)
(9)	75	153	(78)	246	462	(216)	(47%) (9)
(10)	<u>1,167</u>	<u>803</u>	<u>364</u>	<u>2,895</u>	<u>2,830</u>	<u>65</u>	<u>2% (10)</u>
(11)	<u>6,209</u>	<u>6,122</u>	<u>87</u>	<u>\$22,457</u>	<u>\$23,558</u>	<u>(\$1,100)</u>	<u>(5%) (11)</u>
(12)	<u>\$2,199</u>	<u>\$2,294</u>	<u>(\$95)</u>	<u>\$12,488</u>	<u>\$12,632</u>	<u>(\$145)</u>	<u>(1%) (12)</u>
	Nonoperating Revenue and Expenses						
(13)	87	136	(49)	344	272	72	26% (13)
(14)	(378)	(330)	(48)	(7,671)	(6,691)	(980)	15% (14)
(15)	(1,101)	(9,142)	8,041	(3,163)	(15,222)	12,059	(79%) (15)
(16)	<u>(1,392)</u>	<u>(9,336)</u>	<u>7,944</u>	<u>(10,490)</u>	<u>(21,641)</u>	<u>11,151</u>	<u>(52%) (16)</u>
(17)	<u>\$807</u>	<u>(\$7,042)</u>	<u>\$7,849</u>	<u>\$1,998</u>	<u>(\$9,009)</u>	<u>\$11,006</u>	<u>(122%) (17)</u>
	Total Change in Net Position						

Large Disbursement Check Registers

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SCV Water - Regional Division

Ten Largest Disbursements

From: Oct 1, 2020 to Oct 31, 2020

No.	Vendor Name	Check Number	Check Date	Description	Amount
	DEPARTMENT OF WATER RESOURCES	44366	10/08/2020	AUG 2020 VARIABLE	874,459.00
1	DEPARTMENT OF WATER RESOURCES				874,459.00
	ACWA/JPIA	44336	10/08/2020	SCVWA LIABILITY	764,119.40
2	ACWA/JPIA				764,119.40
	PUROLITE CORPORATION	44769	10/30/2020	PFAS RESIN CHANGE	547,204.60
3	PUROLITE CORPORATION				547,204.60
	NOSSAMAN LLP	44639	10/22/2020	PFAS AUG 2020	1,581.00
				PERCHLORATE AUG 20-NWD	84,612.69
				PERCHLORATE AUG 20-SCWD	84,612.69
				PERCHLORATE AUG 20-VWD	84,612.69
				PERCHLORATE AUG 20	84,612.69
				PERCH INSURANCE AUG 2020	3,794.90
4	NOSSAMAN LLP				343,826.66
	SOUTHERN CALIFORNIA EDISON	44435	10/08/2020	BOUQUET PM 8/19-9/18	15.58
				CAMP PLENTY TURNOUT	26.89
				DL(SOLAR) 7/29-8/27	990.32
				EARL SCHMIDT FILTRATION PLANT PUMP STATION 7/30-8/28	18,315.32
				EARL SCHMIDT INTAKE PUMP STATION SERVICE 7/30-8/28	797.63
				HONBY PM 7/30-8/28	14.75
				HONBY PS 7/30-8/28	47.07
				LAKE HUGHES PM	20.67
				LOWER MESA PM 7/30-8/28	33.31
				N-2 TURNOUT 7/30-8/28	127.33
				NEWHALL RANCH RD PM	13.17
				RECH20 METER 7/29-8/27	6,678.89
				RECH20 RESERVOIR 7/30-8/28	30.01
				RV(SOLAR) 7/1-8/27	31,812.30
				RV(SOLAR) 7/29-8/27	-2,917.68
				RIO VISTA INTAKE PUMP STATION SERVICE 7/29-8/27	105,353.96
				RIO VISTA WATER TREATMENT PLANT GATE 7/30-8/28	101.23
				SAUGUS1WELL 7/10-8/10	-972.55
				SAUGUS1WELL 8/10-9/9	10,204.72
				SAUGUS2WELL 7/30-8/28	-972.55
				SAUGUS2WLL 7/30-8/28	10,623.70
				SC LOW VOLTAGE PM	11.83
				SC11 TURNOUT 7/30-8/28	29.16
				SC7 TURNOUT 8/13-9/14	57.81
				SC PUMP STATION 7/30-8/28	130,918.41
				SC RESERVOIR 7/30-8/28	186.77
				SUMMIT CIRCLE 7/27-8/25	20.97
				V-8 MCBEAN 7/30-8/28	14.90
5	SOUTHERN CALIFORNIA EDISON				311,583.92

SCV Water - Regional Division

Ten Largest Disbursements

From: Oct 1, 2020 to Oct 31, 2020

	PACIFIC HYDROTECH CORPORATION	44299	10/02/2020	PFAS GROUNDWATER TREATMENT, N WELLS AND Q2 WELLS PROJECT - PROGRESS PAYMENT #5N THRU 7/31/20	300,770.00
6	PACIFIC HYDROTECH CORPORATION				300,770.00
	PACIFIC HYDROTECH CORPORATION	44643	10/22/2020	PFAS GROUNDWATER TREATMENT, N WELLS AND Q2 WELLS PROJECT - PROGRESS PAYMENT # 7N THRU 9/20/20	251,699.91
7	PACIFIC HYDROTECH CORPORATION				251,699.91
	CEDRO CONSTRUCTION INC.	44482	10/16/2020	PROGRESS PAYMENT #5 THRU 8/31/20 - WEST RANCH RECYCLED WATER MAIN EXTENSION	257,390.74
				PROGRESS PAYMENT #5 - WEST RANCH RECYCLED WATER MAIN EXTENSION - RETENTION TRUST	-12,869.54
8	CEDRO CONSTRUCTION INC.				244,521.20
	ACWA/JPIA	44226	10/02/2020	SCVWA PROPERTY PROGRAM RENEWAL FY20/21	225,505.57
9	ACWA/JPIA				225,505.57
	NOSSAMAN LLP	44294	10/2/2020	PFAS JULY 2020	1,071.00
				PERCHLORATE JULY 20-NWD	46,357.94
				PERCHLORATE JULY 20-SCWD	46,357.94
				PERCHLORATE JULY 20-VWD	46,357.94
				PERCHLORATE JULY 20	46,357.94
				PERCH INSURANCE JULY 2020	4,777.00
10	NOSSAMAN LLP				191,279.76
Summary					4,054,970.02
Summary-All Checks Issued During Oct 2020					6,701,785.68
Largest Ten Vendor Payments as Compared to Total					61%

SCV Water
 Newhall Water Division
 Ten Largest Disbursements
 From: October 1, 2020 to October 31, 2020

No.	Vendor Name	Check Number	Check Date	Description	Amount
	SCV WATER	114822	10/07/2020	DUE TO/FROM - SHARED PAYROLL AND SERVICES 8/20	382,125.62
				PURCHASED WATER 9/20	205,425.35
				PURCHASED WATER 9/20 - SAUGUS WELL #1 & 2	15,583.90
				FIXED WATER CHARGE 9/20	132,653.94
1	SCV WATER				735,788.81
	SCV WATER	114909	10/30/2020	DUE TO/FROM - SHARED PAYROLL AND SERVICES 9/20	457,284.39
2	SCV WATER				457,284.39
	SCV WATER	114804	10/02/2020	DUE TO/FROM - YEAR END INVOICES	199,584.43
3	SCV WATER				199,584.43
	EDISON	114893	10/30/2020	A/C #2-43-007-5853 10/20	1,110.87
				A/C #2-40-708-3856 10/20	104,440.33
4	EDISON				105,551.20
	ROBERT HARRIS AGENCY	114887	10/27/2020	EARTHQUAKE/FLOOD INSURANCE 10/20- 10/21	65,913.49
5	ROBERT HARRIS AGENCY				65,913.49
	CORE & MAIN LP	114835	10/16/2020	DOUBLE CEMENT LINED 30" - RIDGE ROUTE 300-1079	38,021.14
6	CORE & MAIN LP				38,021.14
	CORE & MAIN LP	114789	10/02/2020	(108) DOUBLE CEMENT LINED PIPE - RIDGE ROUTE 300-1079	19,099.00
				INVENTORY	9,654.49
7	CORE & MAIN LP				28,753.49
	NORTHERN DIGITAL INC.	114905	10/30/2020	WELL/BOOSTER PUMP 1 CONTROL PANEL 300-1112	22,218.80
8	NORTHERN DIGITAL INC.				22,218.80
	HACH COMPANY	114846	10/16/2020	CHLORINE CHEMKEY, ASSY PACK CHEMKEY, MONO-CHLOR	21,642.78
9	HACH COMPANY				21,642.78
	CHARLES P. CROWLEY COMPANY, INC	114834	10/16/2020	POTABLE TANK MIXER WITH POWER CORD 300-1060	19,252.13
10	CHARLES P. CROWLEY COMPANY, INC				19,252.13

Summary - Largest Ten Checks Paid During October 2020 **1,694,010.66**

Summary - All Checks Issued During October 2020 **1,949,665.09**

Largest Ten Vendor Payments as Compared to Total **87%**

SCV WATER
 Santa Clarita Water Division
 Ten Largest Disbursements
 From: October 1, 2020 to October 31, 2020

#	Vendor Name	Check Number	Check Date	Transaction Description	Transaction Amount
	SANTA CLARITA VALLEY WATER AGENCY	95462	10/14/2020	SEPTEMBER 20 FIXED	\$667,967.89
				SEPTEMBER 20 SAUGUS	\$42,500.00
				SEPTEMBER 20 VARIABLE	\$599,554.29
1	SANTA CLARITA VALLEY WATER AGENCY				\$1,310,022.18
	SANTA CLARITA VALLEY WATER AGENCY	95463	10/7/2020	#1 EQUATION INVOICE #22955	\$5,310.00
				#2 LUHDOROFF & SCALMANIN INVOICE#36267	\$187.50
				#3 LUHDOROFF & SCALMANIN INVOICE #336266	\$712.50
				#4 RICHARD SLADE INVOICE#5709	\$524.55
				#5 SUNPOWER M1007-3770311	\$14,859.95
				#6 SUNPOWER M1109-3770332	\$46,565.05
				#7 EMTEC INVOICE#9157341	\$12,681.00
				#8 EQUATION INVOICE #23003	\$5,310.00
				#9 EQUATION INVOICE #23034	\$5,310.00
				AUGUST 20 ACWA JPIA	\$1,050.44
				AUGUST 20 DIRECT BENEFITS	\$67,388.68
				AUGUST 20 DIRECT PAYROLL	\$521,732.48
				AUGUST 20 IGOE/MBI	\$10,187.19
				AUGUST 20 RETIREE MEDICAL	\$2,180.67
				CAR WASH FOR UNIT S3	\$12.00
				FACILITY CAPACITY FEES	(\$19,136.00)
				FACILITY CAPACITY FEES	(\$23,920.00)
				FACILITY CAPACITY FEES	(\$23,920.00)
				FACILITY CAPACITY FEES	(\$16,744.00)
				FACILITY CAPACITY FEES	(\$19,136.00)
				FACILITY CAPACITY FEES	(\$14,352.00)
				ENGINEERING DEPARTMENT KITCHEN SUPPLIES	\$361.90
				ENGINEERING DEPARTMENT KITCHEN SUPPLIES	\$434.05
				L.QUINTERO NOTARY	\$582.99
				LONG PAYROLL 8/13/20 CORRECTION	\$414.01
				OPERATIONS DEPARTMENT BIRTHDAY/ANNIVERSARY	\$622.60
				OPERATIONS DEPARTMENT OFFICE SUPPLY	\$1,157.57
				PAYCHEX INVOICES AUGUST	\$1,178.22
				SEPTEMBER 20 LAB	\$60.00
				SCADA MATERIALS	\$1,429.97
				SEPTEMBER 20 LAB	\$2,460.00
				CANOPY, SUNSCREEN, CABLE	\$1,194.65
				WATER TREATMENT SUPPLIES	\$2.18
				WATER TREATMENT POSTAGE	\$19.35
2	SANTA CLARITA VALLEY WATER AGENCY				\$586,721.50
	FERREIRA CONSTRUCTION CO. INC.	95359	10/02/2020	RECYCLED WATER PIPELINE LOST CANYON	\$291,643.00
				RECYCLED WATER PIPELINE LOST CANYON RETENTION	(\$14,582.15)
3	FERREIRA CONSTRUCTION CO. INC.				\$277,060.85
	SO. CALIFORNIA EDISON CO.	95488	10/21/2020	ACCOUNT 7457 SEPTEMBER 20	\$177,115.56
4	SO. CALIFORNIA EDISON CO.				\$177,115.56
	SANTA CLARITA VALLEY WATER AGENCY	95384	10/02/2020	8/20 ALLOCATION - BUILDING/GROUNDS	\$2,135.00
				8/20 ALLOCATION- DUES/MEMBERSHIPS	\$285.00
				8/20 ALLOCATION- FUEL	\$15,815.00
				8/20 ALLOCATION - INTERNAL RELATIONS	\$61.00
				8/20 ALLOCATION- LIABILITY INSURANCE	\$1,504.00
				8/20 ALLOCATION-OFFICE EQUIPMENT REPAIR	\$1,233.00
				8/20 ALLOCATION - PUBLIC RELATIONS	\$2,083.00
				8/20 ALLOCATION - RECRUITMENT	\$30.00
				8/20ALLOCATION - SAFETY	\$6,243.00
				8/20 ALLOCATION - TECH SERVICE	\$76,941.00
				8/20 ALLOCATION - VEHICLE MAINTENANCE	\$13,729.00
				8/20 ALLOCATION - WATER USE EFFICIENCY	\$5,333.00
5	SANTA CLARITA VALLEY WATER AGENCY				\$125,392.00
	SO. CALIFORNIA EDISON CO.	95386	10/02/2020	ACCOUNT 4652 AUGUST 20	\$81,331.44

SCV WATER
Santa Clarita Water Division
Ten Largest Disbursements
From: October 1, 2020 to October 31, 2020

#	Vendor Name	Check Number	Check Date	Transaction Description	Transaction Amount
6	SO. CALIFORNIA EDISON CO.				\$81,331.44
	SO. CALIFORNIA EDISON CO.	95519	10/28/2020	ACCOUNT 4652 SEPTEMBER 20	\$71,805.21
7	SO. CALIFORNIA EDISON CO.				\$71,805.21
	CIVILTEC ENGINEERING INC.	95350	10/02/2020	2 WATER TANKS FOR SKYLINE RANCH	\$5,462.00
				DEANE PUMP STATION - SHARED EXPENSE W/PARDEE FOR SKYLINE RANCH	\$73.50
				PUMP STATION FOR TRACT 53074	\$2,587.97
				PUMP STATION FOR TRACT 53074	\$5,918.90
				PUMP STATION FOR TRACT 53074	\$2,960.75
				PUMP STATION FOR TRACT 53074 SAND CANYON PLAZA	\$8,426.75
				PUMP STATION FOR TRACT 53074	\$7,365.78
				PUMP STATION FOR SAND CANYON PLAZA	\$16,846.10
				CONSTRUCT NEW TANK FOR TRACT 53074	\$14,867.50
8	CIVILTEC ENGINEERING INC.				\$64,509.25
	MESA ENGINEERING	95454	10/14/2020	INSTALL SERVICES FOR GOLDEN VALLEY ROAD SHERIFF STATION	\$50,323.48
9	MESA ENGINEERING				\$50,323.48
	KENNEDY-JENKS CONSULTANTS	95451	10/14/2020	TRACT 60299 - SKYLINE RANCH PARDEE SKYLINE RANCH	\$3,419.00
				RECYCLED WATER PIPELINE CHERRY	\$43,990.00
10	KENNEDY-JENKS CONSULTANTS				\$47,409.00
Summary - Largest Ten Payments Made During the Month					\$2,791,690.47
Summary - All Vendors Paid During the Month					\$3,362,843.97
Largest Ten Vendor Payments as Compared to Total Monthly Check Register					83%

SCV Water -Valencia Water Division
Ten Largest Check Disbursements
From Oct 1, 2020 - October 31, 2020

No.	Vendor Name	Check #	Check Date	Description	Total
1	SCV WATER	222579	10/7/2020	LAB CHARGES 9/20 DUE TO FROM VALENCIA 8/20 VARIABLE WATER SEPT 2020 FIXED WATER CHARGES 9/20 RECYCLED WATER 082420-092120	5,630.00 470,940.63 498,898.22 500,676.97 41,304.30
	SCV WATER				1,517,450.12
2	SCV WATER	222553	10/2/2020	EXPENSE ALLOCATIONS - AUG20 QTRLY PMT-ACQ INTERFUND LOAN	98,784.00 1,179,398.75
	SCV WATER				1,278,182.75
3	SCV WATER	222660	10/30/2020	DUE TO FROM VALENCIA 9/20 EXPENSE ALLOCATIONS - 9/20	457,193.88 30,878.00
	SCV WATER				488,071.88
4	EDISON CO	222540	10/2/2020	PURCHASED POWER A/C#2-40-708-4979 9/20	261,072.60
	EDISON CO				261,072.60
5	EDISON CO	222651	10/30/2020	PURCHASED POWER A/C#2-40-708-4979 10/20	198,481.28
	EDISON CO				198,481.28
6	FILIPPIN ENGINEERING	222652	10/30/2020	CONSTRUCTION SRVCS 7/20 JOB 6742 MISSION VLG TRACT CONSTRUCTION SRVCS 8/20 JOB 6759 MISSION VLG PHASE CONSTRUCTION SRVCS 9/20 JOB 6759 MISSION VLG PHASE 1 AREA CONSTRUCTION SERVICES JOB 6760 MISSION VLG PHASE I AREA CONSTRUCTION SRVCS JOB 6760 MISSION VLG PHASE I AREA CONSTRUCTION SRVCS JOB 6761 MISSION VLG PHASE I AREA CONSTRUCTION SERVICES JOB 6761 MISSION VLG PHASE I AREA CONSTRUCTION SRVCS JOB 6762 MISSION VLG PHASE I AREA CONSTRUCTION SRVCS JOB 6760 MISSION VLG PHASE I AREA CONSTRUCTION SERVICES JOB 6760 MISSION VLG PHASE I AREA	13,050.00 12,545.05 6,409.20 16,508.10 2,448.27 14,158.98 4,704.00 7,931.37 5,081.62 17,468.80
	FILIPPIN ENGINEERING				100,305.39
7	CORE & MAIN LP	222563	10/7/2020	(2) CLOW HYDRANT 6-HOLE (10) BMV IPSXMN, (10) BMV FIPXMN LL (20) 3/4 ADPT MIPXITIPS, (20) COUPLINGS (2) HYMAX FLIP COUPLING (4) ANG BMV, (5) 1" BALL METER, (2) 2" BALL METER (3) CF HYDRANT MTR STD (1) COVER ASSEMBLY, (1) SAWIVEL GASKET, (1) TEST METER COV ASSEMBLY, SAWIVEL GASKET, TEST METER LABOR (1) 8" CLA-VAL ANGLE CL150 (3) 3CF HYDRANT METER (2) 8-HOLE HYDRANT (20) SS HOSE CLAMP (500) RUBBER METER WASHERS (144) 5 GAL. DRUM CAPTOR CALCIUM THIOSULFATE 300-8147	3,314.17 2,010.75 1,051.20 2,433.40 1,990.10 2,274.33 272.06 272.03 6,333.67 2,274.33 3,314.17 21.90 49.27 11,421.60
	CORE & MAIN LP				37,032.98
8	STYLO GROUP	222664	10/30/2020	BILLABLE HOURS JOB 6741 MV ALL PHASES PLAN REVIEW BILLABLE HOURS JOB 6714 WESTSIDE COMM RECYCL BILLABLE HOURS JOB 6717 WESTSIDE POTABLE MASTER BILLABLE HOURS JOB 7111 MV TWO 4MG TANKS BILLABLE HOURS JOB 6727 MV PHASE I TR61105-01A BILLABLE HOURS JOB 6728 MV PHASE I TR61105-01C BILLABLE HOURS JOB 6644 PETERSEN TANK-PW & RW BILLABLE HOURS JOB 6742 MV TR1105 PHASE I INSP BILLABLE HOURS JOB 6716 MV DEMINERALIZATION BILLABLE HOURS JOB 6762 MV PHASE I AREA F17 INFRA BILLABLE HOURS JOB 6760 MV PHASE I AREA F7C INFRA BILLABLE HOURS JOB 6761 MV PHASE I AREA F11 INFRAS BILLABLE HOURS JOB 6759 MV PHASE I AREA F5B INFRA BILLABLE HOURS JOB 6782 LENNAR BLDR AREA F5A-INSPECT'N BILLABLE HOURS JOB 6780 MV BLDR AREA A5B BILLABLE HOURS JOB 6781 LENNAR BLDR AREA A6-INSPECT'N BILLABLE HOURS JOB 6779 LENNAR BLDR AREA A5A BILLABLE HOURS JOB 6783 LENNAR BLDR AREA F13-INSPECT'N BILLABLE HOURS JOB 6784 LENNAR BLDR AREA F14-INSPECT'N BILLABLE HOURS JOB 6760 MV PHASE I AREA F7C INFRA	4,875.00 1,356.25 525.00 612.50 1,100.00 118.75 875.00 2,881.25 200.00 1,806.25 1,256.25 837.50 787.50 2,268.75 1,800.00 1,200.00 1,950.00 2,068.75 2,393.75 3,043.75
	STYLO GROUP				31,956.25
9	LOS ANGELES COUNTY TAX COLLECTOR	222653	10/30/2020	SUPP TAX AIN 8920 851 833 17 010 (YR 17-18) ADJUSTED TAX AIN 8920 851 833 17 010 (YR 20-21)	7,293.83 17,372.90
	LOS ANGELES COUNTY TAX COLLECTOR				24,666.73
10	SCV WATER - SANTA CLARITA WATER DIVISION	222608	10/16/2020	AUG 2020 CHGS CREDIT/HOME DEPOT CHARGES	24,223.06 (237.86)
	SCV WATER - SANTA CLARITA WATER DIVISION				23,985.20

Summary - Largest Ten Checks Paid During October 2020 **3,961,205.18**

Summary - All Checks Issued in October 2020 **4,283,772.26**

Largest Ten Vendor Payments as Compared to Total **92%**

Director Stipends

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Director Reimbursements

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CA Govt. Code Section 53065.5

List of Reimbursement for "Individual Charges" = \$100 or more

Annual Disclosure for Fiscal Year 20/21 **AP Transactions Updated as of: 10/31/2020**

DIRECTORS P-Card (VISA) Transactions Updated as of: 10/31/20 - **Oct P-Card transactions affect Nov cash.

Date of Reimbursement	Recipient of Reimbursement	Reason for Reimbursement	Amount of Reimburseme
10/31/20	Atkins, B.J.	P-CARD (VISA) - Beats - 3 Headsets	251.84
10/31/20	Gladbach, Edward	P-CARD (VISA) - ACWA Connecting Regions - Zooming through CA - 10/20-11/10/20 - Registration	100.00
			351.84

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**Finance and Administration Committee
Planning Calendar
FY 2020/21**

	Item	Author	PowerPoint Presentation (Y/N/Length)	July 7 Board	July 20 Comm	Aug 4 Board	Aug 17 Comm	Sept 1 Board	Sept 15 Board	Sept 21 Comm	Oct 6 Board	Oct 19 Comm	Nov 3 Board	Nov 16 Comm	Dec 1 Board	Dec 15 Board	Dec 21 Comm	Jan 5 Board	Jan 11 SPECIAL Comm	Feb 2 Board	Feb 16 Board	Mar 2 Board	Mar 16 Board	Mar 15 Comm	April 6 Board	April 19 Comm	May 4 Board	May 17 Comm	May 18 Board	June 1 Board	June 21 Comm
1	Recommend Approval of Resolutions Settling Santa Clarita Valley Water Agency Tax Rate for FY 2020/21 and Requesting Levy of Tax by Los Angeles County and Ventura County. (consent)	RP	None	C																											
2	Recommend Approval of Resolution Authorizing July 2020 Water Supply Contract Payment (consent)	RP	None	C																											
3	Recommend Approval of a Temporary Telecommuting Policy (consent)	RP	None	C																											
4	Recommend Approval of Resolutions Establishing Banking Authority	RP	None	C																											
5	Recommend Receiving and Filing of April 2020 Monthly Financial Report (consent)	RP	None	C																											
6	Recommend Approval of Resolutions Authorizing (1) the Execution of a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority (CFMA), and (2) Participation in the CFMA's Bond Opportunities for Land Development (BOLD) Program and Other Related Actions in Establishing a CFD for the Spring Canyon Development - on pause until after election	EC	Yes - 10 min	C	C																										
7	Photovoltaic (PV) Assets (Solar Panels) Portfolio Assessment	MD	Yes - 10 min	C																											
8	Recommend Approval of a Resolution Authorizing FY 2020/21 Water Supply Contract Payments (consent)	RP	None	C	C																										
9	Recommend Receiving and Filing of May 2020 Monthly Financial Report (consent)	RP	None	C	C			C																							
10	Discuss Retail Cost-of-Service	EC	Yes - 10 min					C																							
11	Review Strategic Plan Performance Metrics	EC	Yes - 10 min					C																							
12	Recommend Receiving and Filing of June 2020 Monthly Financial Report (consent)	RP	None					C																							
13	Cost of Service Study & Rate Transition Project a. Proposition 218 Mailer b. Financial Aspects under development	EC	Yes - 10 min							C	P - only a																				
14	Recommend Approval of the Retail Debt Threshold Calculation	RP	None							C	P																				
15	Recommend Receiving and Filing of July 2020 Monthly Financial Report (consent)	RP	None							C	P																				
16	Recommend Approval of Changes to the Agency's Classification Plan and Salary Ranges	RP	None																												

**ITEM NO.
6**

**Finance and Administration Committee
Planning Calendar
FY 2020/21**

Item	Author	PowerPoint Presentation (Y/N/Length)	July 7 Board	July 20 Comm	Aug 4 Board	Aug 17 Comm	Sept 1 Board	Sept 15 Board	Sept 21 Comm	Oct 6 Board	Oct 19 Comm	Nov 3 Board	Nov 16 Comm	Dec 1 Board	Dec 15 Board	Dec 21 Comm	Jan 5 Board	Jan 11 SPECIAL Comm	Feb 2 Board	Feb 16 Board	Mar 1 SPECIAL Comm	Mar 2 Board	Mar 16 Board	Mar 15 Comm	April 6 Board	April 19 Comm	May 4 Board	May 17 Comm	May 18 Board	June 1 Board	June 21 Comm		
17	Review Plan for Consolidation of Customer Service Centers	RP									C																						
18	Recommend Receiving and Filing of August 2020 Monthly Financial Report (consent)	RP									C																						
19	Recommend Approval of Resolutions Authorizing (1) the Execution of a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority (CFMA), and (2) Participation in the CFMA's Bond Opportunities for Land Development (BOLD) Program and Other Related Actions in Establishing a CFD for the Spring Canyon Development - on pause until after election	EC		C											P																		
20	Recommend Approval of Changes to the Agency's Classification Plan and Salary Ranges	RP											C																				
21	Recommend Approval of Revised Reserve Policy	EC											C																				
22	Recommend Approval of Revised Asset Capitalization Policy	RP											C																				
23	Recommend Approval of Revised Employment Status and Work Policy	RP											C																				
24	Recommend Approval of a Resolution Approving a Letter of Authorization and Contract Modification with Systems & Software, Inc. (S&S) for enQuest v6 Client Information System (CIS) Upgrade	RP											C																				
25	Recommend Receiving and Filing of September 2020 Monthly Financial Report (consent)	RP											C																				
26	Recommend Receiving and Filing of SCV Water June 30, 2020 Financial Statement (consent)	RP																															
27	Discuss Cost of Service and Rate Design	EC																															
28	Recommend Approval of a Use of Technology Policy	RP																															
29	Recommend Receiving and Filing of October 2020 Monthly Financial Report (consent)	RP																															
30	Review Strategic Plan Performance Metrics	EC																															
31	Discuss Rate Design and Customer Impact	EC																															
32	Recommend Approval of Repurposing Positions	RP																															

**Finance and Administration Committee
Planning Calendar
FY 2020/21**

Item	Author	PowerPoint Presentation (Y/N/Length)	July 7 Board	July 20 Comm	Aug 4 Board	Aug 17 Comm	Sept 1 Board	Sept 15 Board	Sept 21 Comm	Oct 6 Board	Oct 19 Comm	Nov 3 Board	Nov 16 Comm	Dec 1 Board	Dec 15 Board	Dec 21 Comm	Jan 5 Board	Jan 11 SPECIAL Comm	Feb 2 Board	Feb 16 Board	Mar 1 SPECIAL Comm	Mar 2 Board	Mar 16 Board	Mar 15 Comm	April 6 Board	April 19 Comm	May 4 Board	May 17 Comm	May 18 Board	June 1 Board	June 21 Comm
34	Technology Update	CP																													
35	Recommend Approval of a Revised Investment Policy - (Annually adopted via reso) (consent)	RP																													
36	Recommend Approval of a Proposition 218 Notice	EC																													
37	Recommend Receiving and Filing of November 2020 Monthly Financial Report (consent)	RP																													
38	Discuss New Rates	EC																													
39	Review Annual List of Professional Services Contracts (consent)	RP																													
40	Review FY 2021/22 Budget Status	RP																													
41	Technology Update	CP																													
42	Recommend Receiving and Filing of December 2020 Monthly Financial Report (consent)	RP																													
43	Recommend Receiving and Filing of January 2021 Monthly Financial Report (consent)	RP																													
44	Review FY 2021/22 Budget Status	RP																													
45	Recommend Approval of a Proposed Employee Salary Adjustment for FY 2021/22	RP																													
46	Recommend Receiving and Filing of February 2021 Monthly Financial Report (consent)	RP																													
47	Public Hearing	EC																													
48	Recommend Approval of a Resolution Re-Adopting the FY 2021/22 and FY 2022/23 Budget	RP																													
49	Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2020/21 (consent)	RP																													
50	Approve a Resolution Adopting the Appropriation Limit for FY 2021/22 (consent)	RP																													
51	Discuss Retail Cost-of-Service	EC																													
52	Recommend Receiving and Filing of March 2021 Monthly Financial Report (consent)	EC																													

