SCV WATER

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

Prepared by:
Finance Department
Santa Clarita, California

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SANTA CLARITA VALLEY WATER AGENCY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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SANTA CLARITA VALLEY WATER AGENCY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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Introductory Section

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December 12, 2022

Honorable Board of Directors
Santa Clarita Valley Water Agency

I am pleased to present the Santa Clarita Valley Water Agency's (Agency) Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2022.

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

The Agency's financial statements have been audited by Lance, Soll and Lunghard, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Agency's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

REPORTING ENTITY

The Agency's Service Area

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

Local Economy and Demographics

The Agency's service area, encompassing the City of Santa Clarita, is considered a premier community for raising families and building businesses. The area is known for its attractive residential neighborhoods, low crime rate and excellent schools. The City's 2022 estimated population is reported at 222,237 (221,572 in FY 2021) and is the third-largest City in Los Angeles County, and the population in the Agency's service area (greater Santa Clarita Valley) is estimated at 298,731.

According to the Santa Clarita Valley Economic Development Corporation, the number of businesses reporting employment in California has increased by 9% since the beginning of the pandemic. Most of that increase occurred between 2021 and 2022. As a result, 9,000 jobs have been restored or created in the Santa Clarita Valley throughout the year. The state estimated the City's unemployment averaged 7.3% in 2021 and most recent reports (July 2022) have the estimate at 4.2%. It is projected that gains in employment will continue to be seen in the leisure and recreation sector as well as a gradual of widening of the labor market in professional and health care jobs. About 90 percent of pandemic-induced job loss is now restored, with the largest worker reinstatements occurring in retail trade, healthcare professional and technical services, amusement, food services and recreation sectors. In 2023, the forecast still has the local economy creating 3,400 jobs. By 2024, less than 2,000 new jobs are forecast. The unemployment rate will loosen up in 2023 but is still expected to largely represent a fully employed labor market.

The population of the City increased by 0.3% from the prior year and the per capita income was estimated at $39,897, which means an increase of 48.6% compared to 2000 when it was $26,841. The current median household income in Santa Clarita Valley is $121,400 with a poverty rate of 4.2%. Compared to the median household income of $66,717 in 2000 this represents an increase of 82%.

The Santa Clarita Valley has the potential to become one of the fastest growing regions in the state, in view of the FivePoint Valencia project which is now underway. The project is among the largest 5 residential projects in California, planned to produce 21,500 connections and accommodate 65,000 new residents. According to the Santa Clarita Valley Economic Development Corporation (SCVEDC), the main question is how the demand for new homes will be impacted by the current levels of mortgage rates. Demand is undoubtedly being impacted right now, and a downturn is anticipated for the rest of 2022 and into 2023. The third issue is how the impending recession would further affect housing demand, household incomes, and employment. These worries are being constantly watched in order to make the necessary adjustments to the prediction for the remainder of this year and the first half of 2023. The existing home sales rose to their highest level since the spring of 2006. In October 2022, the median sale price of a home in Santa Clarita was $730K, up 14% since 2021. The average sale price per square foot in Santa Clarita is $415, up 11.6% since 2021. The SCVEDC forecast calls for approximately 4,200 new housing starts in the greater Santa Clarita Valley between 2023 and 2027. Last year, prior to the doubling of interest rates and threat of impending recession, the forecast called for 7,100 units.

The Agency's Authority

The Santa Clarita Valley Water Agency was created January 1, 2018, by an act of the State Legislature (SB 634) through the merger of the three water agencies in the Santa Clarita Valley and serves the area customer through more than 73,200 retail water connections.

As provided in the SB 634, the Agency was formed to unify and modernize water resource management within the Santa Clarita Valley through the efficient, sustainable, and affordable provision, sale, management, and delivery of surface water, groundwater, and recycled water for municipal, industrial, domestic, and other purposes at retail and wholesale within the territory of the Agency and to do so in a manner that promotes the sustainable stewardship of natural resources in the Santa Clarita Valley.

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

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

Governance

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

The Agency currently employs a staff of 233 (222 full-time, 10 part-time and 1 limited duration) under the direction of the Board-appointed General Manager. No Agency employees are represented by a labor union. The General Manager reports directly to the Board of Directors, and through an Assistant General Manager, Chief Operating Officer, Chief Financial and Administrative Officer and a Chief Engineer, oversees day-to-day operations. Other lines of reporting are shown on the organizational flow chart.

Water Services

The Agency owns and operates water conveyance pipelines and two surface water treatment facilities to supply water delivered through the State Water Project to its retail customers and to one wholesale customer, LA County Waterworks District No. 36. The California Aqueduct releases water to the Agency at the Castaic Lake Reservoir. In addition to the water conveyance pipelines and water treatment facilities, the Agency also owns, operates, and maintains over 928 miles of distribution and transmission mains, 99 above ground welded steel reservoirs, 66 booster pump stations, and 40 active (29 in service) groundwater wells. Design and construction of new PFAS treatment facilities to bring contaminated groundwater wells back in service are in development. The Agency also operates a number of groundwater treatment facilities which remove perchlorate contamination caused by past activity with the Whitaker Bermite facility. In FY 2022, the Agency produced a total of 66,468-acre feet (af) with approximately 25,318 af being produced from the Agency's groundwater production.

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

The Agency operates two water filtration and treatment plants. The filtration plants treat State Water Project water for domestic uses. The two plants have a capacity to treat 122 mgd that can be expanded to have an ultimate capacity of 176 mgd. The Agency sold approximately 62,882 af in FY 2022 through more than 73,000 service connections. Of the total water sales ($79,321,746), 66% comes from residential, 20% from dedicated irrigation, 7% from commercial, and 5% institutional and industrial customers. The remainder is made up of construction water and fire service revenue accounts.

ECONOMIC CONDITIONS & OUTLOOK

The Agency is largely located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles, although approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The 2020 gross product of Los Angeles County is estimated at $880 billion (LA County EDC).

After two years of COVID, California's economy is in a remarkably strong position. The economic trajectory has been unlike any in the modern area: a dramatic, historic negative shock followed by a relatively rapid recovery—even if month by month changes have been somewhat uneven. At an aggregate level, the economy is close to pre-pandemic conditions, but it has been reshaped in some respects, and long-standing challenges persist. While macro patterns point to a strong recovery, there are some differences across demographic groups and regions. For instance, although the tightening labor market puts workers in a strong position, rising prices are eating into wage increases, putting more pressure on lower income families.

California's unemployment rate decreased to a new record low in the month of July 2022 to 3.9 percent as the state's employers added 84,800 nonfarm payroll jobs to the economy, according to data released by the California Employment Development Department (EDD) from two surveys.

Looking ahead to 2023, There is greater optimism over the long-term economic prognosis for the country as the recovery that is currently beginning is moving more quickly than anticipated. This came as a result of the economy's comparatively strong recovery in 2021, which was mostly driven by a historically huge consumer spending binge. 2022 has been the year of job restoration due to the area labor market's rebound.

For most of the coronavirus recession and subsequent recovery, the Los Angeles County housing market was on a different trajectory than the California market. From a high of home sales and prices in 2021, home price appreciation is forecast to slow significantly in 2022. According to the SCVEDC, sales will continue to be impacted for the remainder of the year as mortgage rates remain above 5.0 percent. Sales will also remain muted in 2023. The brunt of the sale decline occurs in 2022 when sales fall 21 percent from the 2021 sales rate. In 2023, sales are forecast to decline another 6 percent before recovering in tandem with mortgage rates in 2024. The median selling value of existing homes is not yet forecast to decline. In inflation adjusted dollars, values do fall 2 percent. Mortgage rates remain high into 2023 and begin to reverse in the second half of 2023 and through 2024.

GROWTH - Based on current development activity, the Agency currently expects moderate growth within its Service Area in the current and next few Fiscal Years (1.36% annually). The Agency's capital improvement program is based on projected water demands at final build-out of the Agency's service area. Although it is uncertain when specific development(s) will occur, for purposes of planning, the Agency has assumed all of these developments will occur over the next 35 years.

The total forecasted water demand is estimated to increase from 59,000 acre-feet in 2022 to 93,900 acre-feet in 2050, representing an average annual increase ranging from 1 to 3%. These projections were compared with population projections prepared by the City and County. The timing of future development is dependent on a number of factors, including but not limited to litigation, general economic conditions, including the recovery of the COVID-19 pandemic, and real estate market conditions.

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

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

The Agency quickly responds to changing guidelines and regulations from the State Water Resources Control Board – Division of Drinking Water. Under the current response levels, last lowered in February 2020, 14 of the 40 active agency wells have been removed from service. This accounts for approximately 45 percent of the Agency's groundwater supply. In FY 2021, groundwater accounted for 24% of the total water used in the SCV Water service area. The Agency has taken immediate steps to address PFAS in our groundwater, including proactive quarterly sampling of water from all of our wells to ensure they are in line with state and federal standards. The water-resistant properties of PFAS make them difficult to remove from water; however, there are proven treatment options.

Our first PFAS water treatment facility opened in fall 2020, with the second operational in November 2022. It is an investment in our long-term water supply and will restore use of a substantial portion of our groundwater that has been impacted due to PFAS chemicals and will provide enough water to serve 5,000 families for a year. Additional projects are in the planning phases and are set to go online late in 2023. The Agency has estimated the cost of this work in FY 2021/22 to be $11,535,000 and $10,850,000 in FY 2022/23. The Agency has also initiated litigation to pursue recovery of economic damages from PFAS manufacturers and is pursuing potential sources of grants and low interest loans for groundwater cleanup projects.

INFLATION - The country's ongoing worry is inflation. We are all aware that consumer prices are rising more quickly than they have in the past since the early 1980s. The economy has been inundated with cash as a result of significant fiscal policy expenditure in 2021, more Congressional spending this year, and significantly rising salaries for a labor force that is fully employed.

Rates of inflation are increasing rapidly in many developed economies and construction projects are feeling the effects — not only are essential materials and skilled labor significantly more expensive, but supply chain pressures and shortages are making it harder to secure needed construction materials. Lumber, steel, and many other materials critical for construction projects have experienced skyrocketing increases in pricing. While the root of the problem was supply chain disruptions due to the COVID-19 pandemic, new challenges — including geopolitical risks — continue to put pressures on pricing and an increase in government-led infrastructure activity is further increasing demand for construction materials. Labor shortages and increasing wage costs have been affecting the construction industry for a number of years. Given the broader economic pressures that exist, this challenge is unlikely to be resolved in the near future.

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

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

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

Surface Water and Groundwater – Understanding the interconnection between surface water, groundwater and environmental resources will be vital to the Agency developing local groundwater resources. Aquifer monitoring and testing, along with integrated modeling, will afford SCV Water the capability to update the current operating plan which is based on work done in 2003.

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

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

Factors beyond the control of the Agency could cause limits to our existing water sources due to changes in Statewide weather patterns caused by climate changes and other factors. The Santa Clarita Valley was not adversely affected during the Statewide drought from 1987 through 1992 nor the recent drought from 2012 to 2017 because the combination of State Water Project deliveries and banked water deliveries to the Agency and locally supplied groundwater were sufficient to meet demand. However, there can be no assurance that currently available water supplies would be sufficient to meet demand under current and future conditions in the event of long-term climate changes that could alter snowpack levels or precipitation patterns. The Agency aggressively seeks water banking programs, exchanges and transfers to help mitigate the fluctuations in water demand caused by external factors.

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

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

BUDGET SUMMARY

The FY 2021/22 & FY 2022/23 Biennial Budget reflects planned activities to achieve the Agency's mission and implement the strategic plan goals and objectives as developed by the Board of Directors. The Biennial Budget document combines the financial presentations for the Agency and represents the spending plan for the fiscal years beginning July 1, 2021, and July 1, 2022 with the revenues and resources available to fund the plan. The Biennial Budget reflects our commitment to providing an affordable, reliable supply of high-quality water to our customers. It also serves as a financial plan and operations guide for the period.

The Agency continues to evaluate the way we do business and engage our employees to help find innovative and effective ways of serving our customers. The Agency has had the opportunity to learn some valuable lessons since the merger on January 1, 2018. The Board of Directors and staff continue to evaluate and implement those innovative strategies and have worked hard to implement creative solutions to serve our employees and customers. The Biennial Budget reflects a continuation and expansion of strategies by maintaining critical expenditures and streamlining operations, while continuing to provide high service-level standards.

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

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

Operating Budget - Every department has worked to analyze processes, systems, and structures to identify opportunities and implement plans to reduce costs. Many plans have made the Agency more adaptable, effective, and responsive to customer needs.

<u>Revenue</u> - The total revenues of $127 million are comprised of $86.9 million in water sales, $27.9 million in one-percent property tax revenues, $9.8 million in grants and reimbursements, $2.4 million in miscellaneous revenues. This is less than a 1% or $143,000 decrease over the adopted Budget of FY 2020/21. Although this is the first year of the five-year retail water sales rate study, the first year of the study (FY 2021/22) is revenue neutral. The Agency is expecting growth of approximately 1.36% or 1,013 equivalent retail service connections but has also accounted for a reduction in sales to meet conservation requirements.

<u>Expenses</u> - Total operating expenditures for FY 2021/22 are budgeted at $122 million and are comprised of General Fund/Operating Budget expenditures of $84.4 million, debt service payments (net of facility capacity fee fund transfer) of $18.9 million and pay-go capital improvement program (CIP) expenditures (funded by operating budget) of $18.7 million. Overall, there was a 10.8% ($16 million) increase in operating expenditures over the adopted FY 2020/21 budget. The most significant increases are due to $5.3 million in debt service payments; $1 million in source of supply for additional water purchases due to low state water allocation; and $2.7 million in PFAS treatment operations and maintenance.

Capital Improvement Plan (CIP) - The proposed CIP "pay-go" (pay-as-you-go) in FY 2021/22 is projected at $47.2 million and the revised FY 2022/23 is projected at $75.8 million. The pay-go CIP plan is funded by retail water rates, a portion of the one-percent property taxes and transfers from the capital reserve. Significant increases are primarily due to the construction of dry year replacements wells, pipeline replacements, technology service improvements, customer service utility billing software upgrade, water resiliency master plan and upgrades to the water conservation garden at the Rio Vista Water Treatment Plant.

Looking forward, the Agency is expecting to increase its service connections by 1,047 in FY 2022/23 and 1,068 in FY 2023/24, just over 1% growth. In FY 2020/21, the Agency adopted its first water rate study with an effective date of July 1, 2021. The objectives of the study were to unify retail water rates in the Santa Clarita Valley where the three previously separate retail water purveyors had different rates; build into retail water rates the new and substantial cost of PFAS extraction from the water supply; provide reasonable levels of funding for pay-as-you-go ("Pay-go") capital projects and planned financing costs of future debt funded capital projects during the rate plan period; while creating equitable and affordable rates for all customers in the service area that proportionately allocate costs of providing water to each parcel based on the parcel's cost of service. In addition to these rate changes for potable water, recycled water rates have been updated as well to reflect the cost of service for this product. With the adoption of the rate study, the water rates were normalized across the Agency's retail divisions and customers.

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

FINANCIAL POLICIES

The Agency has formally adopted the following financial policies:

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

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

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

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

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

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

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

ACCOUNTING SYSTEM

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

BUDGETING CONTROLS

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

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

INTERNAL ACCOUNTING CONTROLS

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

STRATEGIC PLAN

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

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

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

PENSION PLANS

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

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27234 Bouquet Canyon Road, Santa Clarita, CA 91350

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OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Agency with the Distinguished Budget Presentation Award for the Agency's Operating and Capital Budget for its Biennial Budget for Fiscal Year beginning July 1, 2020. The Agency has received the award for two consecutive years.

The Agency also received the Excellence in Financial Reporting award for its Annual Comprehensive Financial Report for fiscal year ending June 30. 2021 from GFOA. This was the second year the Agency presented its report to GFOA.

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

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

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

Respectfully submitted,

Matthew G. Stone
General Manager

27234 Bouquet Canyon Road, Santa Clarita, CA 91350

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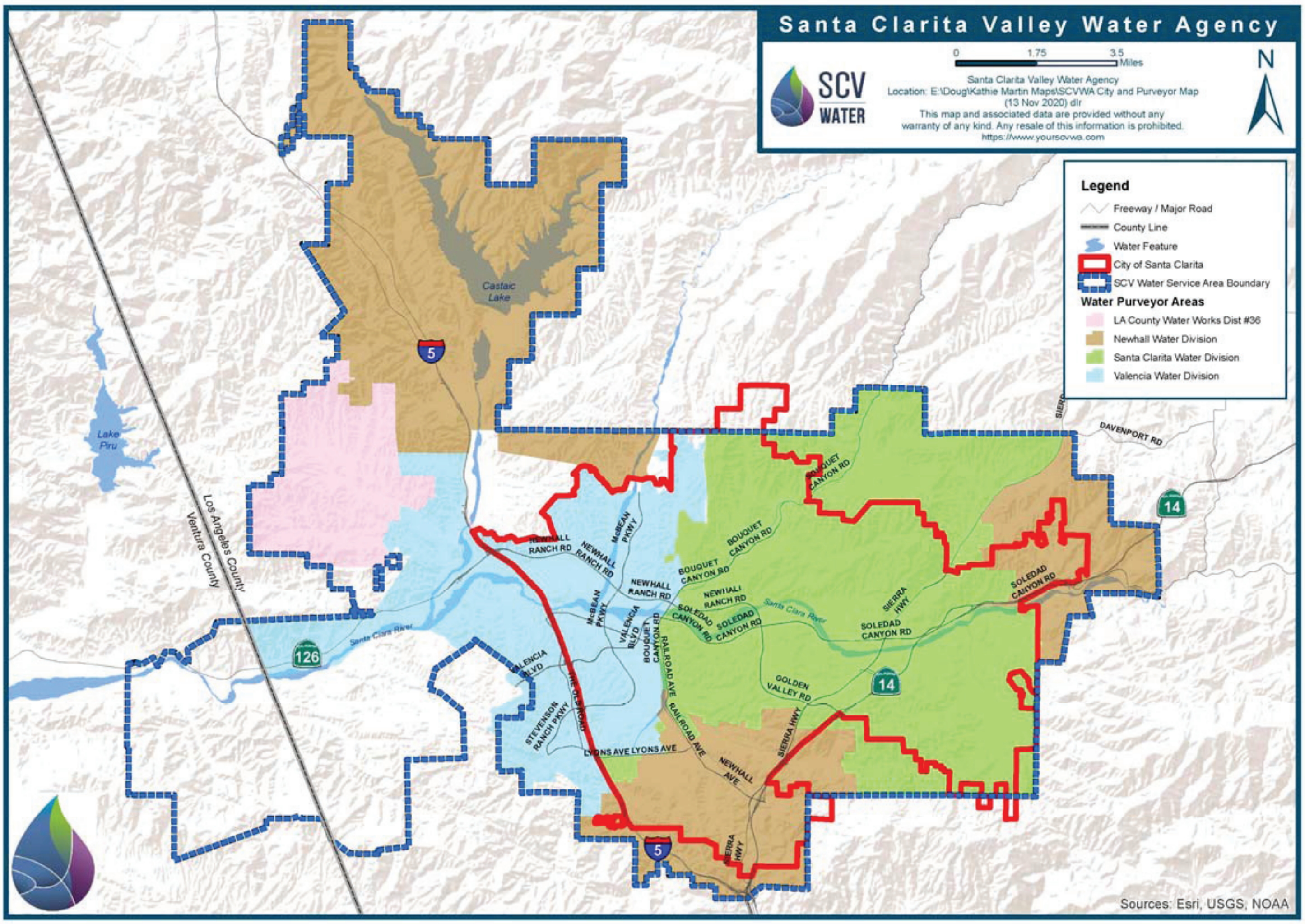
SANTA CLARITA VALLEY WATER AGENCY
Service Area Map

SCV Water Service Area, Purveyor and City Boundaries



AGENCY OFFICIALS

Board of Directors

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President

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Beth Braunstein
Director

Ed Colley
Director

Willian Cooper
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Jeff Ford
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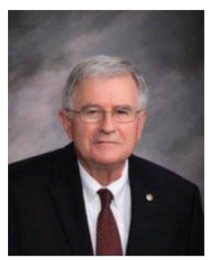
R.J. Kelly
Director



Kenneth J. Petersen
P.E. Director

Lynne Plambeck
Director

Agency Financial Management

Matthew G. Stone - General Manager

Stephen L. Cole - Assistant General Manager

Rochelle Patterson - Chief Financial and Administrative Officer

27234 Bouquet Canyon Road, Santa Clarita, CA 91350
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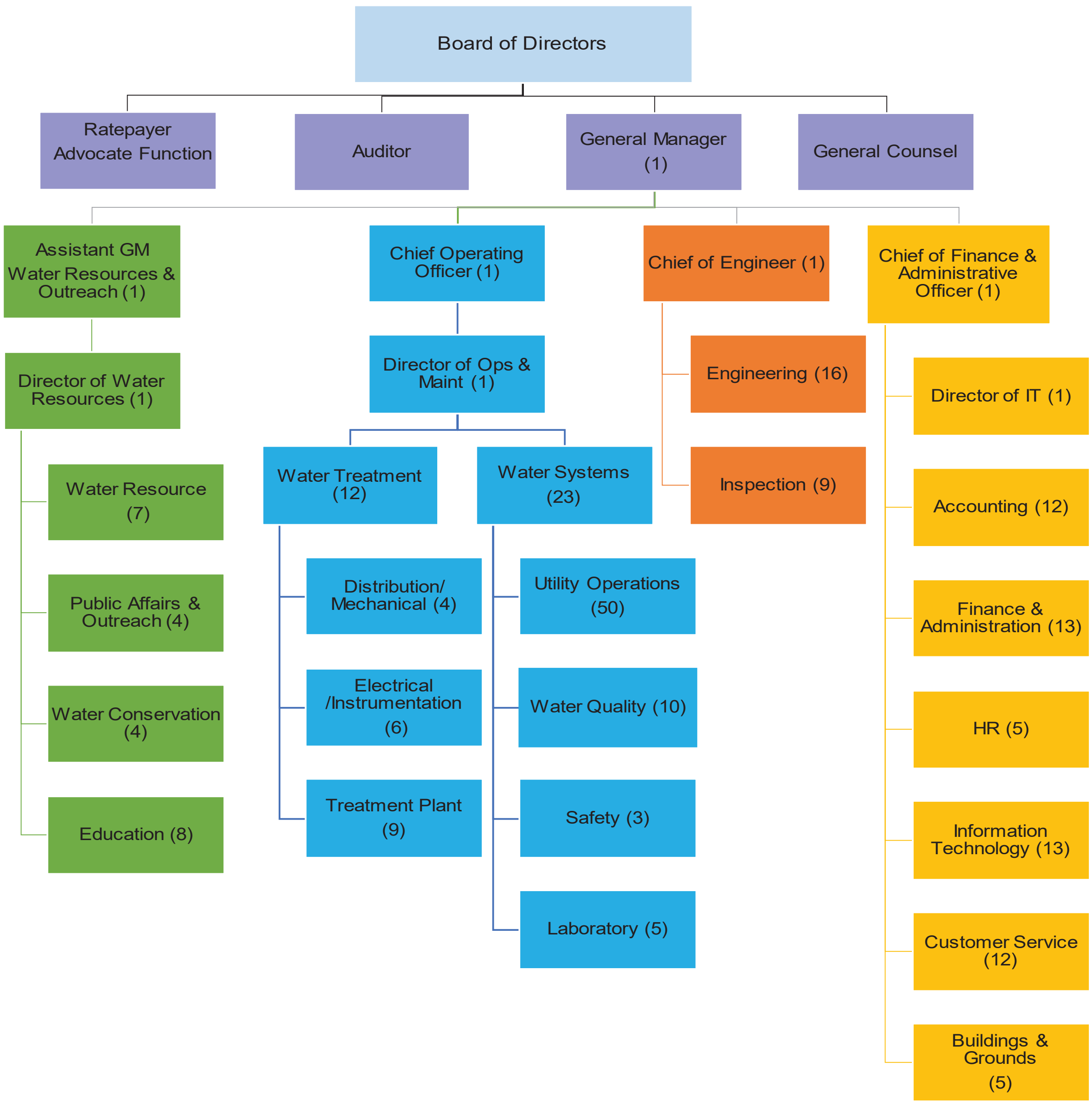
ORGANIZATIONAL STRUCTURE



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

Government Finance Officers Association

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Santa Clarita Valley Water Agency
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Santa Clarita Valley Water Agency (the Agency) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2022, 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.

Basis for Opinion

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

Emphasis of Matter

Change in Accounting Principle

As described in the notes to the financial statements, in the fiscal year ended June 30, 2022, the Agency adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards we:

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

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

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

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

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

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

Other Reporting Responsibilities

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining fund financial statements (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 12, 2022

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This section of the Santa Clarita Valley Water Agency's (Agency) annual comprehensive financial report presents our analysis of the Agency's financial performance and activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here with the basic financial statements and related notes, which follow this section.

OVERVIEW

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

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

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

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

Financial Highlights

- As of June 30, 2022, the Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $714.65 million (net position). Of this balance, unrestricted net position amounted to $87.53 million.
- The Agency's total operating revenues amounted to $87.54 million during the period.
- The Agency's total operating expenses amounted to $112.93 million (including depreciation) during the period.

REQUIRED FINANCIAL STATEMENTS

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

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

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

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

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

As of July 1, 2021, the previous Divisions have now been consolidated into one Agency financial statement. The Agency's records are maintained on an enterprise basis, or full accrual basis. It is the intent of the Board of Directors that the costs of providing water service to the customers of the Agency are financed primarily through user charges. See the detailed historical information about the Agency in Note 1 to the basic financial statements.

Financial Analysis of the Agency

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

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

Statements of Net Position (condensed)

	2022	2021	Variance
Assets			
Current and Other Assets	$ 189,682,218	$ 214,908,155	$ (25,225,937)
Restricted Assets	132,000,652	126,245,565	5,755,087
Lease Receivable	5,899,369	-	5,899,369
Net OPEB Asset	3,373,859	-	3,373,859
Capital Assets, Net	777,101,760	766,983,482	10,118,278
Total Assets	**1,108,057,858**	**1,108,137,202**	(79,344)
Deferred Outflows of Resources			
Deferred Pension Outflows	5,250,014	5,471,686	(221,672)
Deferred OPEB Outflows	2,721,233	3,603,848	(882,615)
Loss on Defeasance of Debt	8,465,260	9,019,282	(554,022)
Total Deferred Outflows of Resources	**16,436,507**	**18,094,816**	(1,658,309)
Liabilities			
Current Liabilities	49,779,957	49,343,615	436,342
Restricted Liabilities	5,894,877	6,306,833	(411,956)
Noncurrent Liabilities	336,097,642	370,695,038	(34,597,396)
Total Liabilities	**391,772,476**	**426,345,486**	(34,573,010)
Deferred Inflows of Resources			
Deferred Pension Inflows	6,750,652	548,087	6,202,565
Deferred OPEB Inflows	4,773,004	1,495,436	3,277,568
Deferred Lease Inflows	6,553,224	-	6,553,224
Total Deferred Inflows of Resources	**18,076,880**	**2,043,523**	16,033,357
Net Position			
Net Investment in Capital Assets	512,694,591	463,815,825	48,878,766
Restricted	114,418,427	114,429,838	(11,411)
Unrestricted	87,531,991	119,597,346	(32,065,355)
Total Net Position	**$ 714,645,009**	**$ 697,843,009**	$ 16,802,000

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, 2022, the Agency's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $660.81 million, a $16.39 million or a 2.54% increase over the prior year. The Agency's net position is made up of three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

By far the largest portion of the Agency's net position (approximately 72% as of June 30, 2022) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related, outstanding debt used to acquire those capital assets. Net investment in capital assets increased to $512.69 million as compared to $463.82 million for the year ended June 30, 2021, a $48.89 million or a 10.5% increase. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are *not* available for future spending. See Note 10 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

	2022	2021	Variance
Operating Revenues:			
Water Consumption Sales and Services	$ 79,321,746	$ 89,094,520	$ (9,772,774)
Other Charges and Services	8,221,293	18,199,112	(9,977,819)
Total Operating Revenues	**87,543,039**	**107,293,632**	**(19,750,593)**
Operating Expenses:			
Source of Supply	8,834,320	503,600	8,330,720
Pumping	12,777,423	9,304,445	3,472,978
Transmission and Distribution	12,345,349	10,900,673	1,444,676
Water Treatment	12,057,264	8,435,826	3,621,438
Administration and General	16,844,402	19,544,792	(2,700,390)
Depreciation Expense	38,763,550	32,824,057	5,939,493
Maintenance	-	2,399,046	(2,399,046)
Engineering	4,114,430	3,575,292	539,138
Water Quality	-	1,241,951	(1,241,951)
Water Resources	5,871,991	10,691,530	(4,819,539)
Management	3,991,186	2,468,783	1,522,403
Customer Care	2,827,118	1,765,648	1,061,470
Non-Departmental[1]	(5,494,516)	-	(5,494,516)
Total Operating Expenses	**112,932,517**	**103,655,643**	**9,276,874**
Operating Income (Loss)	(25,389,478)	3,637,989	29,027,467
Nonoperating Revenues (Expenses):			
Taxes	65,355,663	65,084,327	271,336
Intergovernmental	3,963,468	-	3,963,468
Interest Revenue	(5,315,989)	346,579	(5,662,568)
Interest Expense	(14,550,338)	(9,158,363)	(5,391,975)
Other Revenue (Expense)	9,229,258	3,422,524	5,806,734
State Water Contract	(26,443,518)	(23,597,239)	(2,846,279)
Gain (loss) on Disposal of Capital Assets	-	(98,058)	98,058
Total Nonoperating Revenues (Expenses)	**32,238,544**	**35,999,770**	**(3,761,226)**
Income (Loss) Before Capital Contributions	6,849,066	39,637,759	(32,788,693)
Capital Contributions	9,544,610	3,789,061	5,755,549
Change in Net Position	16,393,676	43,426,820	(27,033,144)
Net Position:			
Beginning of Year, as previously reported	697,843,009	654,416,189	43,426,820
Restatements	408,324	-	408,324
Beginning of Fiscal Year, as restated	698,251,333	654,416,189	43,835,144
End of Fiscal Year	**$ 714,645,009**	**$ 697,843,009**	$ 16,802,000

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

The Agency's total revenues amounted to $170.32 million for the fiscal year ended June 30, 2022, and $176.15 for the fiscal year ended June 30, 2021. Fiscal year 2022 operating revenues amounted to $87.54 million and are comprised of water consumption sales and services of $79.32 million, and other charges and services of $8.22 million. This compares to operating revenues of $107.29 million for the fiscal year ended June 30, 2021. There were two significant changes that affected operating revenues. Water Consumption Sales and Services were lower compared to the prior year, primarily due to conservation efforts. The Agency sold 1% (618 acre-feet) less water in the fiscal year ended June 30, 2022, than was sold in the fiscal year ended June 30, 2021, resulting in lower water consumption revenue. Additionally, facility capacity and connection fees are now grouped with Nonoperating Revenues for the fiscal year ended June 30, 2022.

Nonoperating revenues amounted to $73.23 million for the fiscal year ended June 30, 2022, as compared to $68.85 million for the fiscal year ended June 30, 2021. The current year nonoperating revenues are comprised of $65.36 million in property taxes, $3.96 in intergovernmental revenues, $5.32 million loss in interest earnings and $9.23 million in other revenue. The large decrease in interest revenue is due to the unrealized "paper" losses on investment holdings as of the fiscal year ended June 30, 2022. The agency holds investments until maturity and therefore receives full value at maturity. Facility Capacity & Connection fees are grouped with Non-Operating Revenues in the fiscal year ended June 30, 2022. They were included in Operating Revenues in the fiscal year ended June 30, 2021.

The Agency's total expenses (including depreciation expense) amounted to $153.93 million for the fiscal year ended June 30, 2022, as compared to $136.51 million for the fiscal year ended June 30, 2021. Operating expenses for the fiscal year ended June 30, 2022, amounted to $112.93 million. Some Operating Departments were reorganized and combined for increased efficiencies. Operating expenses are comprised of Management expense of $3.99 million, Depreciation expense of $38.76 million, Source of Supply of $8.83 million, Finance, Administration, and Technology expense of $16.84 million, Pumping, Wells, and Storage expense of $12.78 million, Water Quality, Treatment, and Maintenance of $12.06 million, Water Resources of $5.78 million, Transmission and Distribution of $12.35 million, Engineering expense of $4.11 million, and Customer Care expenses of $2.83 million. There were no significant changes to operating expenses, except in the Transmission and Distribution department. The Agency experienced a couple of mainline leaks requiring sizable repairs and the added cost of resin media for the newly constructed PFAS (Polyfluoroalkyl Substances) treatment facilities. The Source of Supply department is now tracking major water purchases, other than the State Water Project. These were previously included in the Water Resources Department.

Nonoperating expenses amounted to $40.99 million for the year ended June 30, 2022, as compared to $32.85 million for the fiscal year ended June 30, 2021. The current year nonoperating expenses are comprised of $26.44 million in State Water Contract expenses and interest expense of $14.55 million. The State Water Project is not generating the historical levels of hydropower. Therefore, pumping and power costs increased. Debt service on the 1999A Certificates of Participation began in the fiscal year ended June 30, 2022. This increased interest expense.

Capital Assets and Debt Administration

The Agency's capital assets as of June 30, 2022, totaled $777.10 million (net of accumulated depreciation) as compared to $766.98 million as of June 30, 2021, a 1.3% increase.

Capital Assets

	2022	2021	Variance
Capital Assets, not being depreciated			
Non-depreciable Assets	$ 143,972,178	$ 117,251,563	$ 26,720,615
Capital Assets, net - being depreciated			
Depreciable Assets	1,200,775,537	1,178,654,416	22,121,121
Accumulated Depreciation and Amortization	(567,645,955)	(528,922,497)	(38,723,458)
Subtotal	633,129,582	649,731,919	(16,602,337)
Total Capital Assets, net	**$ 777,101,760**	**$ 766,983,482**	**$ 10,118,278**

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

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

Long-Term Debt Administration

	2022	2021	Variance
Certificates of Participation	$ 73,494,884	$ 79,575,190	$ (6,080,306)
Revenue Bonds	272,309,903	288,777,752	(16,467,849)
Total Long-Term Debt	**$ 345,804,787**	**$ 368,352,942**	**$ (22,548,155)**

Long-term Debt

The Agency had $345.80 million in long-term debt, as of June 30, 2022, of which $19.09 million is considered a current liability. This compares to a $19.02 million current portion as of June 30, 2021. The long-term debt position of the Agency is fully analyzed in Note 9 of the basic financial statements.

Conditions Affecting Current Financial Position

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

Each major CIP project that becomes operational adds new complexity and costs to the Agency's overall system. Water treatment for trace amounts of PFAS, as required by State regulation, will involve considerable capital. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. The current CIP includes several water quality and pipeline projects that will not have significant operating costs. However, the ongoing development of the recycled water program will have significant operating costs that should be identified as part of the planning process.

Requests for Information

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF NET POSITION
JUNE 30, 2022

	2022
Assets:	
Current:	
Cash and cash equivalents	$ 49,678,387
Investments	119,564,036
Receivables:	
Accounts - water sales	12,432,595
Property tax	1,691,439
Accrued interest	180,120
Accounts - other	2,418,352
Lease	662,146
Prepaid costs	256,146
Due from other governments	162,829
Materials and supplies inventory	2,636,168
Restricted:	
Cash and cash equivalents	1,058,982
Investments	116,640,082
Cash with fiscal agent	11,810,671
Receivables:	
Property tax	1,641,269
Accrued interest	129,273
Accounts - other	720,375
Total Current Assets	**321,682,870**
Noncurrent:	
Lease receivable	5,899,369
Net OPEB asset	3,373,859
Capital assets - not being depreciated	143,972,178
Capital assets - net of accumulated depreciation/amortization	633,129,582
Total Noncurrent Assets	**786,374,988**
Total Assets	**1,108,057,858**
Deferred Outflows of Resources:	
Deferred pension outflows	5,250,014
Deferred OPEB outflows	2,721,233
Loss on defeasance of debt	8,465,260
Total Deferred Outflows of Resources	**16,436,507**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF NET POSITION
JUNE 30, 2022

	2022
Liabilities:	
Current:	
Accounts payable	10,048,140
Accounts payable - restricted	5,894,877
Accrued liabilities	1,506,639
Accrued interest	6,326,030
Unearned revenues	131,810
Deposits payable	817,006
Due to other governments	19,447
Lease payable	126,809
Advances for construction	11,074,347
Accrued compensated absences	636,000
Certificates of participation	2,833,729
Revenue bonds	16,260,000
Total Current Liabilities	**55,674,834**
Noncurrent:	
Lease payable	110,016
Net pension liability	7,367,113
Accrued compensated absences	1,909,455
Certificates of participation	70,661,155
Revenue bonds	256,049,903
Total Noncurrent Liabilities	**336,097,642**
Total Liabilities	**391,772,476**
Deferred Inflows of Resources:	
Deferred pension inflows	6,750,652
Deferred OPEB inflows	4,773,004
Deferred lease inflows	6,553,224
Total Deferred Inflows of Resources	**18,076,880**
Net Position:	
Net investment in capital assets	512,694,591
Restricted for:	
Capital projects	16,402,818
State water contract	88,320,251
Capacity fees	9,695,358
Unrestricted	87,531,991
Total Net Position	**$ 714,645,009**

See Notes to Financial Statements.

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2022

	2022
Operating Revenues:	
Water consumption sales and services	$ 79,321,746
Other charges and services	8,221,293
Total Operating Revenues	**87,543,039**
Operating Expenses:	
Management	3,991,186
Finance, Adminstration and Technology	16,844,402
Customer Care	2,827,118
Engineering Services	4,114,430
Water Quality, Treatment, and Maintenance	12,057,264
Pumping, Wells and Storage	12,777,423
Transmission and Distribution	12,345,349
Water Resources and Public Outreach	5,871,991
Source of Supply	8,834,320
Non-Departmental	(5,494,516)
Depreciation/amortization expense	38,763,550
Total Operating Expenses	**112,932,517**
Operating Income (Loss)	(25,389,478)
Nonoperating Revenues (Expenses):	
Taxes - Unrestricted	29,786,510
Taxes - Restricted	35,569,153
Intergovernmental	3,963,468
Investment earnings	(5,315,989)
Interest expense	(14,550,338)
Other revenue	9,229,258
State Water Contract	(26,443,518)
Total Nonoperating Revenues (Expenses)	**32,238,544**
Income (Loss) Before Capital Contributions	6,849,066
Capital Contributions	9,544,610
Changes in Net Position	16,393,676
Net Position:	
Beginning of Year, as previously reported	697,843,009
Restatements	408,324
Beginning of Fiscal Year, as restated	698,251,333
End of Fiscal Year	**$ 714,645,009**

See Notes to Financial Statements.

STATEMENT OF CASH FLOWS
JUNE 30, 2022

		2022
Cash Flows from Operating Activities:		
Cash received from customers and users	$	88,118,580
Cash paid to suppliers for goods and services		(56,325,212)
Cash paid to employees for services		(26,120,883)
Net Cash Provided (Used) by Operating Activities		**5,672,485**
Cash Flows from Non-Capital Financing Activities:		
Cash transfers out		(30,060,273)
Cash transfers in		30,060,273
Proceeds from property taxes		65,054,038
Payments for state water contract		(26,443,518)
Proceeds from grants		3,800,639
Proceeds from non-operating revenues		9,229,258
Contributed revenue		80,000
Net Cash Provided (Used) by Non-Capital Financing Activities		**51,720,417**
Cash Flows from Capital and Related Financing Activities:		
Principal received on lease receivable		760,988
Capital contributions		11,951,401
Acquisition and construction of capital assets		(48,517,579)
Principal paid on capital debt		(19,024,282)
Interest paid on capital debt		(14,253,888)
Principal paid on lease liability		(126,903)
Net Cash Provided (Used) by Capital and Related Financing Activities		**(69,210,263)**
Cash Flows from Investing Activities:		
Interest earnings		(5,464,854)
Net Cash Provided (Used) by Investing Activities		**(5,464,854)**
Net Increase (Decrease) in Cash and Cash Equivalents		**(17,282,215)**
Cash and Cash Equivalents at Beginning of Year		316,034,373
Cash and Cash Equivalents at End of Year	**$**	**298,752,158**
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Net Position:		
Current:		
Cash and cash equivalents	$	49,678,387
Investments		119,564,036
Restricted:		
Cash and cash equivalents		1,058,982
Investments		116,640,082
Cash with fiscal agent		11,810,671
	$	**298,752,158**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

STATEMENT OF CASH FLOWS
JUNE 30, 2022

		2022
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$	(25,389,478)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:		
Depreciation		38,763,550
(Increase) decrease in accounts receivable		3,437,105
(Increase) decrease in materials and supplies inventory		(490,626)
(Increase) decrease in prepaid expense		517,621
Increase (decrease) in accounts payable		1,415,203
Increase (decrease) in due to other governments		19,447
Increase (decrease) in deposits payable		719,524
Increase (decrease) in unearned revenue		(8,025,657)
Increase (decrease) in accrued liabilities		(969,904)
Increase (decrease) in net OPEB liability and related items		(1,140,176)
Increase (decrease) in net pension liability and related items		(3,008,249)
Increase (decrease) in compensated absences		(175,875)
Total Adjustments		**31,061,963**
Net Cash Provided (Used) by Operating Activities	**$**	**5,672,485**
Non-Cash Investing, Capital, and Financing Activities:		
Amortization of Premiums/Discounts	$	(111,174)
Accreted interest of 1999A Revenue COP		(3,080,855)

SCV WATER

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Note 1: Reporting Entity and Summary of Significant Accounting Policies

a. Organization and Operations of the Reporting Entity

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

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

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

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

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

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

b. Basis of Accounting and Measurement Focus

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

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

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

c. Financial Reporting

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

d. Cash and Cash Equivalents

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

e. Use of Estimates

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

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

f. Investments and Investment Policy

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

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

g. Fair Value Measurements

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

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

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

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

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

h. Property Taxes and Assessments

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

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

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

i. Accounts Receivable

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

j. Materials and Supplies Inventory

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

k. Prepaid Expenses

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

l. Capital Assets

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

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, 2020
- Measurement Date: June 30, 2021
- Measurement Period: July 1, 2020 to June 30, 2021

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

n. Compensated Absences

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

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

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

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

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

p. Water Sales

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

q. Capital Contributions

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

r. Net Position

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

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

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

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

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

s. Budgetary Policies

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

t. Implementation of New Accounting Standard

During the year ended June 30, 2022, the Agency implemented the following new accounting standards issues by the Governmental Accounting Standards Board (GASB):

GASB 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. See additional information in Note 9.

Note 2: Cash and Investments

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

	2022
Cash and cash equivalents	$ 49,678,387
Cash and cash equivalents (restricted)	1,058,982
Cash and cash equivalents with fiscal agent	11,810,671
Investments - current	119,564,036
Investments - current (restricted)	116,640,082
Total cash and investments	$ 298,752,158

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

	2022
Cash on hand	$ 2,725
Deposits with financial institutions	50,734,644
Cash with fiscal agent	11,810,671
Investments	236,204,118
Total cash and investments	$ 298,752,158

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

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

Note 2: Cash and Investments (Continued)

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

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

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

Investments Authorized by Debt Agreements

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

Los Angeles County Pooled Investment Fund

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

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

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- No limit of transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement rounded to the next highest dollar.
- Prior to funds transfer, an authorized person must complete a deposit or withdrawal form and email to LACPIF.
- One business day's advance notice is required for withdrawals of $2 million or greater.

Note 2: Cash and Investments (Continued)

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

Investment in State Investment Pool

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

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

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

Custodial Credit Risk

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

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

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

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, 2022:

Investment Type	Total	Remaining Maturity (In Months) 12 Months or Less	13 to 24 Months	25-60 Months	Fair Value Adjustment
Federal Farm Credit Bank	$ 10,587,506	$ 2,000,560	$ 7,000,000	$ 1,997,700	$ (410,754)
Federal Home Loan Bank	26,668,927	-	10,435,005	17,273,050	(1,039,128)
Fannie Mae	5,514,620	-	-	5,978,520	(463,900)
State and Local Agencies	15,397,511	-	7,397,034	8,751,961	(751,484)
Commercial Bonds	2,987,846	-	3,000,000	-	(12,154)
Local Agency Investment Fund (LAIF)	93,251,622	94,464,534	-	-	(1,212,912)
Los Angeles County Pooled Investment Fund	65,135,303	67,947,818	-	-	(2,812,515)
Certificates of Deposit	4,178,428	1,550,000	1,678,760	1,095,000	(145,332)
Money Market Funds	12,482,355	12,482,355	-	-	-
Total	$ 236,204,118	$ 178,445,267	$ 29,510,799	$ 35,096,231	$ (6,848,179)

Concentration of Credit Risk

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

Issuer	Investment Type	Bank
Federal Home Loan Bank	Federal agency securities	$ 26,668,927

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.

Note 2: Cash and Investments (Continued)

Credit ratings of investments and cash equivalents as of June 30, 2022, were as follows:

Investment Type	Total	Legal Rating	Exempt From Disclosure	AAA	Not Rated
Federal Farm Credit Bank	$ 10,587,506	N/A	$ -	$ 10,587,506	$ -
Federal Home Loan Bank	26,668,927	N/A	-	26,668,927	-
Fannie Mae	5,514,620	N/A	-	5,514,620	-
State and Local Agencies	15,397,511	N/A	-	15,397,511	-
Commercial Bonds	2,987,846	N/A	-	2,987,846	-
Local Agency Investment Fund (LAIF)	93,251,622	N/A	-	-	93,251,622
Los Angeles County Pooled Investment Fund	65,135,303	N/A	-	-	65,135,303
Certificates of Deposit	4,178,428	N/A	4,178,428	-	-
Money Market	12,482,355	N/A	12,482,355	-	-
	$ 236,204,118		$ 16,660,783	$ 61,156,410	$ 158,386,925

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2022, are as follows:

		Fair Value Measurement Using		
Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Federal Agencies	$ 42,771,053	$ -	$ 42,771,053	$ -
Certificates of Deposit	4,178,428	-	4,178,428	-
Commercial Bonds	2,987,846	-	2,987,846	-
State and local agencies	15,397,511	15,397,511	-	-
Total Investments with Observable Inputs	65,334,838	$ 15,397,511	$ 49,937,327	$ -
Local Agency Investment Fund (LAIF)	93,251,622			
Los Angeles County Pooled Investment Fund (LACPIF)	65,135,303			
Money Market Funds	12,482,355			
Total Investments Measured at Fair Value	$ 236,204,118			

Note 3: 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, 2022, was $23,318,672.

Note 3: Deferred Contribution Plan (Continued)

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, 2022, was $1,134,166.

Note 4: Compensated Absences

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

Balance July 1, 2021	Earned	Taken	Balance June 30, 2022	Current Portion	Noncurrent Portion
$ 2,721,330	$ 2,502,467	$ 2,678,342	$ 2,545,455	$ 636,000	$ 1,909,455

Note 5: Capital Assets

Changes in capital assets for the year ended June 30, 2022, were as follows:

	Balance June 30, 2021	Adjustments/ Transfers	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable assets:					
Land and land rights	$ 40,438,436	$ -	$ -	$ -	$ 40,438,436
Construction in-process	76,813,132	-	48,517,579	(21,796,969)	103,533,742
Total non-depreciable assets	117,251,568	-	48,517,579	(21,796,969)	143,972,178
Depreciable assets:					
Contractual state water project rights	158,894,353	-	4,045,060	-	162,939,413
Contractual water rights-other agencies	130,791,884	-	5,709,262	-	136,501,146
Treatment Plant	365,340,023	-	586,529	-	365,926,552
Water mains	234,110,426	-	183,321	-	234,293,747
Reservoirs and tanks	87,040,721	-	1,526,465	-	88,567,186
Boosters	37,864,181	-	1,300,697	(10,388)	39,154,490
Reclaimed water	5,255,820	-	-	-	5,255,820
Control System	427,467	-	6,869,522	-	7,296,989
Castic turnout	398,243	-	-	-	398,243
Services and meters	62,385,133	-	428,468	-	62,813,601
Maintenance Facility	188,310	-	-	-	188,310
Large tools and equipment	12,140,219	-	362,467	-	12,502,686
Furniture and fixtures	7,811,362	-	-	-	7,811,362
Vehicles	4,108,761	-	339,381	(29,597)	4,418,545
Office equipment	2,389,620	-	-	-	2,389,620
Solar projects	15,564,462	-	16,843	-	15,581,305
Building	1,434,284	-	-	-	1,434,284
Hydrants	22,512,906	-	-	-	22,512,906
Well	14,679,542	-	164,056	-	14,843,598
Sewer Plant	1,374,981	-	252,589	-	1,627,570
Structure & improvements	-	-	5,876	-	5,876
Office structures & improvements	13,363,273	-	6,433	-	13,369,706
Right-to-use leased equipment	-	364,139 *	-	-	364,139
Intangible	578,443	-	-	-	578,443
Total depreciable assets	1,178,654,414	364,139	21,796,969	(39,985)	1,200,775,537
Accumulated depreciation and amortization:					
Contractual state water project rights	(87,120,790)	-	(8,458,446)	-	(95,579,236)
Contractual water rights-other agencies	(41,417,510)	-	(6,557,330)	-	(47,974,840)
Treatment Plant	(152,652,908)	-	(7,997,923)	-	(160,650,831)
Water mains	(96,038,807)	-	(4,561,373)	-	(100,600,180)
Reservoirs and tanks	(43,412,246)	-	(2,173,180)	-	(45,585,426)
Boosters	(28,391,019)	-	(1,412,013)	10,388	(29,792,644)
Reclaimed water	(2,607,758)	-	(147,295)	-	(2,755,053)
Control System	-	-	(324,064)	-	(324,064)
Castic turnout	(326,563)	-	(7,965)	-	(334,528)
Services and meters	(36,398,029)	-	(2,365,208)	-	(38,763,237)
Maintenance Facility	(188,310)	-	-	-	(188,310)
Large tools and equipment	(8,534,976)	-	(1,153,197)	-	(9,688,173)
Furniture and fixtures	(6,202,681)	-	(532,882)	-	(6,735,563)
Vehicles	(2,631,234)	-	(306,694)	29,597	(2,908,331)
Office equipment	(1,592,511)	-	(219,076)	-	(1,811,587)
Solar projects	-	-	(976,726)	-	(976,726)
Building	(353,566)	-	(31,715)	-	(385,281)
Hydrants	(15,306,548)	-	(599,687)	-	(15,906,235)
Well	-	-	(446,395)	-	(446,395)
Sewer Plant	(550,678)	-	(28,562)	-	(579,240)
Structure & improvements	-	-	(392)	-	(392)
Office structures & improvements	(4,799,288)	-	(348,726)	-	(5,148,014)
Right-to-use leased equipment	-	-	(98,454)	-	(98,454)
Intangible	(395,703)	-	(17,512)	-	(413,215)
Total accumulated depreciation and amortization	(528,921,125)	-	(38,764,815)	39,985	(567,645,955)
Total depreciable assets, net	649,733,289	364,139	(16,967,846)	-	633,129,582
Total capital assets, net	$ 766,984,857	$ 364,139	$ 31,549,733	$ (21,796,969)	$ 777,101,760

* Activity is due to GASB 87 implementation. See Note 9 for additional information.

Note 5: Capital Assets (Continued)

A significant portion of these additions were constructed by the Agency and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects.

Construction-In-Process

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

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

	2022
Developer Funded	$ 28,477,906
Pay-Go	
PFAS Wells	6,703,202
Replacement Wells	4,318,768
WaterSmart AMI Meters	1,930,078
Recycled Water Projects	1,973,063
Meter Replacements	2,092,761
Earl Schmidt Emergency Generator	1,057,837
Pipeline Improvements	2,993,672
Source of Supply Programs	712,848
Well Improvements	1,600,969
Tank Improvements	2,015,355
Customer Service Software Upgrade	993,195
Urban Water Management Plan	665,500
Booster Improvements	797,453
SCADA Agencywide	605,523
Other Projects , $500K	4,597,500
Debt Funded	
Magic Mountain Pkwy Proejcts	21,378,397
Recycled Water Projects	16,447,949
Earl Schmidt Sludge Collection	1,360,140
Castaic Conduit	1,163,939
Sites Reservoir - Storage	1,007,122
Other Projects < $500K	640,565
Total	$ 103,533,742

Note 6: Defined Benefit Pension Plan

Plan Description

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

Note 6: 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, 2022, are summarized as follows:

	Miscellaneous Pool	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	Monthly for life	
Retirement age	50-55	52-62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.25%
Required employer contritbution rates	11.600%	7.730%

Note 6: 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, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

	2022
Contributions - Employer	$ 2,975,440

Net Pension Liability

As of June 30, 2022, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2022
Proportionate share of net pension liability	$ 7,367,113

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, 2021, (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 (the valuation date), rolled forward to June 30, 2021, 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, 2021, was as follows:

	Miscellaneous
Proportion - June 30, 2020	0.15440%
Decrease in proportion	-0.01818%
Proportion - June 30, 2021	0.13622%

Note 6: Defined Benefit Pension Plan (Continued)

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2022, the Agency reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,284,432	$ -
Differences between actual and expected experience	826,143	-
Differences in actual contribution and proportionate share of contribution	-	319,552
Changes in assumptions	-	6,431,100
Net differences between projected and actual earnings on plan investments	-	-
Adjustment due to differences in proportions of net pension liability	1,139,439	-
Total	$ 5,250,014	$ 6,750,652

As of June 30, 2022, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $3,284,432 and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

At June 30, 2022, 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
2023	$ (743,116)
2024	(960,394)
2025	(1,304,335)
2026	(1,777,225)

Note 6: Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities were determined by actuarial valuation reports as of June 30, 2020, which were rolled forward to June 30, 2021, using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies 2.50% thereafter

* The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Change of Assumptions

For the measurement date June 30, 2021, there were no changes of assumptions.

Discount rate

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

Note 6: 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, 2022, the target allocation, and the long-term expected real rate of return by asset class were as follows:

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

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

Note 6: 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, 2022, 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	$ 18,956,038	7,367,113	(2,213,286)

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 58 and 59 for the Required Supplementary Schedules.

Note 7: 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 $143 per month in 2021 and $149 per month in 2022.

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

Note 7: 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, 2022, the following employees were covered by the benefit terms:

	2022
Particpating active employees	202
Retiree employees	61
Total plan membership	263

Discount Rate

The discount rate to measure the total OPEB liability was 7.05%, 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.

Deferred OPEB Outflows (Inflows) of Resources

For the year ended June 30, 2022, the Agency recognized OPEB expense of $521,547.

At June 30, 2022, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,616,933	$ -
Differences between actual and expected experience	106,908	-
Changes in assumptions	997,392	1,154,789
Net differences between projected and actual earnings on investments	-	3,618,215
Total	$ 2,721,233	$ 4,773,004

Note 7: Other Post-Employment Benefits (Continued)

As of June 30, 2022, the Agency reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of $1,616,933, which will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2023.

At June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Period Ending June 30	Net Deferred Outflows/Inflows of Resources
2023	$ (1,024,956)
2024	(967,180)
2025	(993,094)
2026	(970,630)
2027	100,057
Thereafter	187,099

Actuarial Assumptions

The Agency's total OPEB liability in the June 30, 2020, actuarial valuation, which was measured at June 30, 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal year Ending	June 30, 2022
Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market Value of Assets
Long Term Return on Assets	7.05% as of June 30, 2021, and June 30, 2020
Discount Rates	7.05% as of June 30, 2021, and June 30, 2020
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years and to develop the amortization payment portion of the ADCs
General Inflation Rate	2.5% per year.

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

Note 7: Other Post-Employment Benefits (Continued)

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

As of June 30, 2022, the following presents the net OPEB asset of the Agency, as well as what the Agency's net OPEB asset 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% 6.05%	Current Discount Rate 7.05%	Discount Rate +1% 8.05%
Net OPEB Asset	$ 1,376,156	(3,373,859)	(7,222,642)

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

As of June 30, 2022, the following presents the net OPEB asset of the Agency, as well as what the Agency's net OPEB asset 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 Asset	$ (7,793,758)	(3,373,859)	2,212,391

Changes in the Net OPEB Liability/Asset

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

	Increase (Decrease)		
	Totel OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2021	$ 27,306,293	$ 25,379,793	$ 1,926,500
Changes during the year:			
Service Cost	1,390,285	-	1,390,285
Interest Cost	1,994,589	-	1,994,589
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer		1,709,080	(1,709,080)
Net investment income	-	6,985,780	(6,985,780)
Benefit payments	(809,080)	(809,080)	-
Administrative fee	-	(9,627)	9,627
Net changes	2,575,794	7,876,153	(5,300,359)
Balance at June 30, 2022	$ 29,882,087	$ 33,255,946	$ (3,373,859)

Note 8: Long-Term Debt

Changes in the Agency's long-term debt for the year ended June 30, 2022, were as follows:

	Balance June 30, 2021	Additions	Payments /Retirements	Balance June 30, 2022	Current Portion	Long-Term Portion
Certificates of Participation						
1999 Series A Revenue COPS - Principal	$ 23,409,187	$ -	$ 2,999,970	$ 20,409,217	$ 2,833,729	$ 17,575,488
1999 Series A Revenue COPS - Accreted interest	56,166,003	-	3,080,336	53,085,667	-	53,085,667
Total Certificates of Participation	79,575,190	-	6,080,306	73,494,884	2,833,729	70,661,155
Revenue Bonds						
2018 Series A Revenue Bonds	26,735,000	-	-	26,735,000	-	26,735,000
Discount on issuance - 2018 Series A	(327,752)	-	(12,341)	(315,411)	-	(315,411)
2020 Series A Revenue Bonds	78,440,000	-	-	78,440,000	2,400,000	76,040,000
Premium on issuance - 2020 Series A	13,200,504	-	455,190	12,745,314	-	12,745,314
2020 Series B Revenue Bonds	170,730,000	-	16,025,000	154,705,000	13,860,000	140,845,000
Total Revenue Bonds	288,777,752	-	16,467,849	272,309,903	16,260,000	256,049,903
Total Regional Water Division Activities	$ 368,352,942	$ -	$ 22,548,155	$ 345,804,787	$ 19,093,729	$ 326,711,058

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).

The par amount of the certificates is comprised of $23,408,498 (original amount) capital appreciation certificates. Interest on the capital appreciation certificates is compounded semi-annually on February 1 and August 1 and is payable at maturity. The interest compounded annually is added to the accreted interest outstanding. The yield to maturity for the capital appreciation certificates ranges from 5.76% to 5.8%. Principal on the capital appreciation certificates matures annually on August 1 from 2021 through 2030. All the certificates are subject to extraordinary prepayment as a whole or in part on any date in order of maturity if the Agency makes prepaid installment payments from insurance proceeds or condemnation awards. Payments of principal and interest began during the fiscal year ended June 30, 2022.

Note 8: Long-Term Debt (Continued)

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

Year	Principal	Interest*	Total
2023	2,833,729	7,611,271	10,445,000
2024	2,677,262	7,767,738	10,445,000
2025	2,517,245	7,927,755	10,445,000
2026	2,377,804	8,067,196	10,445,000
2027	2,240,244	8,204,756	10,445,000
2028-2031	7,762,933	34,017,067	41,780,000
Total	$ 20,409,217	$ 73,595,783	$ 94,005,000

*Interest accreted to date as of June 30, 2022 is $53,085,667.

2018 Series A Revenue Refunding Bonds

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

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

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

Year	Principal	Interest	Total
2023	$ -	$ 976,975	$ 976,975
2024	650,000	968,038	1,618,038
2025	665,000	949,541	1,614,541
2026	685,000	929,706	1,614,706
2027	705,000	908,856	1,613,856
2028-2032	3,890,000	4,182,769	8,072,769
2033-2037	4,640,000	3,435,122	8,075,122
2038-2042	5,600,000	2,474,819	8,074,819
2043-2047	6,790,000	1,280,688	8,070,688
2048-2051	3,110,000	121,675	3,231,675
Total	26,735,000	$ 16,228,189	$ 42,963,189
Less: disount on issuance	(315,411)		
Total non-current	$ 26,419,589		

Note 8: Long-Term Debt (Continued)

2020 Series A Revenue Refunding Bonds

In July 2020, the Authority issued $78,440,000 of revenue bonds to finance the acquisition of certain capital improvements water system and provide a portion of the funds to refund the outstanding Castaic Lake Water Agency Refunding Revenue Certificates of Participation, Series 2010A. Upper Santa Clara Valley JPA has pledged all revenues derived from the ownership and operation of its water system. These revenues paid for the operation and maintenance of the water system, and after the application of contingency reserves, the remaining funds were used for installment payments on the certificates.

The Series 2020 A Bonds are structured as serial bonds with maturities ranging from 2022 through 2040 and two term bonds maturing on 2045 and 2050, respectively. Yields for the serial bonds range from 0.120% to 1.370% (yields to call for maturities 2022 through 2040), with the term bonds yielding 1.560% and 1.640% (yields to call). The ultimate structure produced an original issue premium of $13,655,694 to be amortized over the life of the debt service.

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

Year	Principal	Interest	Total
2023	$ 2,400,000	$ 3,394,200	$ 5,794,200
2024	2,050,000	3,282,950	5,332,950
2025	2,215,000	3,176,325	5,391,325
2026	-	3,120,950	3,120,950
2027	-	3,120,950	3,120,950
2028-2032	-	15,604,750	15,604,750
2033-2037	15,165,000	14,090,625	29,255,625
2038-2042	13,430,000	10,298,500	23,728,500
2043-2047	20,345,000	6,667,100	27,012,100
2048-2051	22,835,000	2,001,700	24,836,700
Total	78,440,000	$ 64,758,050	$ 143,198,050
Add: bond premium	12,745,314		
Less current portion	(2,400,000)		
Total non-current	$ 88,785,314		

2020 Series B Revenue Refunding Bonds

In July 2020, the Authority issued $172,635,000 of revenue bonds to provide a portion of the funds to advance refund the outstanding Upper Santa Clara JPA Revenue Bonds, Series 2015A, 2016A and 2017A. Upper Santa Clara Valley JPA has pledged all revenues derived from the ownership and operation of its water system. These revenues paid for the operation and maintenance of the water system, and after the application of contingency reserves, the remaining funds were used for installment payments on the certificates.

The Series 2020 B Bonds are structured as serial bonds with maturities ranging from 2021 through 2033 and term bonds maturing on 2040. Yields for the serial bonds range from 0.405% to 2.083% (yields to call for maturities 2021 through 2033), with the term bonds yielding 2.621% (yield to call).

Note 8: Long-Term Debt (Continued)

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

Year	Principal	Interest	Total
2023	$ 13,860,000	$ 1,941,745	$ 15,801,745
2024	14,515,000	1,856,012	16,371,012
2025	14,715,000	1,745,814	16,460,814
2026	17,230,000	1,599,938	18,829,938
2027	17,575,000	1,411,655	18,986,655
2028-2032	62,440,000	3,810,326	66,250,326
2033-2037	11,260,000	770,540	12,030,540
2038-2041	3,110,000	165,254	3,275,254
Total	154,705,000	$ 13,301,284	$ 168,006,284
Less current portion	(13,860,000)		
Total non-current	$ 140,845,000		

Events of Default on Agency Bonds

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

Note 9: Leases

a. Lease receivable

On 07/01/2021, the Agency entered a 69-month lease as Lessor for the use of Pinetree 3 - 29600 Mammoth Lane. An initial lease receivable was recorded in the amount of $281,050. As of 06/30/2022, the value of the lease receivable is $235,248. The lessee is required to make monthly fixed payments of $3,742. The lease has an interest rate of 1.2170%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $232,593, and the Agency recognized lease revenue of $48,457 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 191-month lease as Lessor for the use of Honby Tank - 20500 Keaton St. An initial lease receivable was recorded in the amount of $956,324. As of 06/30/2022, the value of the lease receivable is $908,663. The lessee is required to make monthly fixed payments of $5,407. The lease has an interest rate of 2.0680%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $896,387, and the Agency recognized lease revenue of $59,937 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

Note 9: Leases (Continued)

On 07/01/2021, the Agency entered a 70-month lease as Lessor for the use of Phoenix Tower - Catala Ave. An initial lease receivable was recorded in the amount of $278,342. As of 06/30/2022, the value of the lease receivable is $196,938. The lessee is required to make monthly fixed payments of $3,748. The lease has an interest rate of 1.2170%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $230,626, and the Agency recognized lease revenue of $47,716 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 63-month lease as Lessor for the use of Newhall Tank 2 - 23554 Dockweiler Dr. An initial lease receivable was recorded in the amount of $83,966. As of 06/30/2022, the value of the lease receivable is $68,270. The lessee is required to make monthly fixed payments of $1,370. The lease has an interest rate of 1.0590%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $67,972, and the Agency recognized lease revenue of $15,993 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 177-month lease as Lessor for the use of Newhall Tank - 23554 Dockweiler Dr. An initial lease receivable was recorded in the amount of $627,203. As of 06/30/2022, the value of the lease receivable is $593,880. The lessee is required to make monthly fixed payments of $3,706. The lease has an interest rate of 1.9910%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $584,689, and the Agency recognized lease revenue of $42,514 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 71-month lease as Lessor for the use of Catala Tank - 27590 Catala Ave. An initial lease receivable was recorded in the amount of $260,602. As of 06/30/2022, the value of the lease receivable is $221,039. The lessee is required to make monthly fixed payments of $3,496. The lease has an interest rate of 1.2170%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $216,846, and the Agency recognized lease revenue of $43,758 during the fiscal year. The lessee has 1 extension option(s), each for 59 months.

On 07/01/2021, the Agency entered a 161-month lease as Lessor for the use of Whitney Cyn - 23554 Dockweiler Dr. An initial lease receivable was recorded in the amount of $570,879. As of 06/30/2022, the value of the lease receivable is $532,917. The lessee is required to make monthly fixed payments of $3,849. The lease has an interest rate of 1.8360%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $528,329, and the Agency recognized lease revenue of $42,550 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 31-month lease as Lessor for the use of Mammoth - 29600 N. Mammoth Lane. An initial lease receivable was recorded in the amount of $124,191. As of 06/30/2022, the value of the lease receivable is $80,002. The lessee is required to make monthly fixed payments of $3,666. The lease has an interest rate of 0.7270%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $77,030, and the Agency recognized lease revenue of $47,161 during the fiscal year.

Note 9: Leases (Continued)

On 07/01/2021, the Agency entered a 126-month lease as Lessor for the use of Princess Tank - 25529 1/2 Mountain Pass Rd. An initial lease receivable was recorded in the amount of $525,975. As of 06/30/2022, the value of the lease receivable is $458,271. The lessee is required to make monthly fixed payments of $3,748. The lease has an interest rate of 1.6810%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $476,263, and the Agency recognized lease revenue of $49,711 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 223-month lease as Lessor for the use of Princess Tank - 25521 Mountain Pass Rd. An initial lease receivable was recorded in the amount of $944,229. As of 06/30/2022, the value of the lease receivable is $880,617. The lessee is required to make monthly fixed payments of $3,939. The lease has an interest rate of 2.3000%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $893,418, and the Agency recognized lease revenue of $50,811 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 310-month lease as Lessor for the use of Bouquet Tank - 27236 Bouquet Cyn. An initial lease receivable was recorded in the amount of $1,271,205. As of 06/30/2022, the value of the lease receivable is $1,235,839. The lessee is required to make monthly fixed payments of $5,068. The lease has an interest rate of 2.5010%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $1,222,119, and the Agency recognized lease revenue of $49,087 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 193-month lease as Lessor for the use of Bouquet Tank - 27236 Bouquet Cyn. An initial lease receivable was recorded in the amount of $918,866. As of 06/30/2022, the value of the lease receivable is $882,053. The lessee is required to make monthly fixed payments of $4,371. The lease has an interest rate of 2.0680%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $861,734, and the Agency recognized lease revenue of $57,132 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On 07/01/2021, the Agency entered a 60-month lease as Lessor for the use of American Tower. An initial lease receivable was recorded in the amount of $56,124. As of 06/30/2022, the value of the lease receivable is $45,294. The lessee is required to make monthly fixed payments of $900. The lease has an interest rate of 0.5140%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $44,899, and the Agency recognized lease revenue of $11,225 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

Note 9: Leases (Continued)

On 07/01/2021, the Agency entered a 27-month lease as Lessor for the use of Action Family Counseling - Soledad Cyn. An initial lease receivable was recorded in the amount of $357,317. As of 06/30/2022, the value of the lease receivable is $201,435. The lessee is required to make monthly fixed payments of $12,812. The lease has an interest rate of 0.5140%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $198,510, and the Agency recognized lease revenue of $158,808 during the fiscal year. The lessee has 1 extension option(s), each for 12 months.

On 07/01/2021, the Agency entered a 17-month lease as Lessor for the use of Bouquet Tank - 27234 Bouquet Cyn. An initial lease receivable was recorded in the amount of $68,267. As of 06/30/2022, the value of the lease receivable is $23,086. The lessee is required to make monthly fixed payments of $3,676. The lease has an interest rate of 0.3870%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $21,809, and the Agency recognized lease revenue of $46,457 during the fiscal year.

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

Fiscal Year	Principal	Interest	Total
2023	$ 660,109	$ 125,045	$ 785,154
2024	518,847	116,662	635,509
2025	459,935	108,741	568,676
2026	476,502	100,817	577,319
2027	409,537	92,556	502,093
2028-2032	1,717,399	356,102	2,073,501
2033-2037	1,573,534	178,611	1,752,145
2038-2042	437,313	61,883	499,196
2043-2047	308,339	19,675	328,014
Total	$ 6,561,515	$ 1,160,092	$ 7,721,607

b. Lease payable

On 07/01/2021, the Agency entered a 25-month lease as Lessee for the use of GT Modular Building - 21110 W. Golden Triangle. An initial lease liability was recorded in the amount of $92,783. As of 06/30/2022, the value of the lease liability is $50,096. Santa Clarita Water Agency is required to make monthly fixed payments of $3,593. The lease has an interest rate of 0.6500%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $92,783 with accumulated amortization of $44,183 is included with Buildings on the Lease Class activities table found below.

Note 9: Leases (Continued)

On 07/01/2021, the Agency entered a 60-month lease as Lessee for the use of Stambaugh - 29600 Mammoth Lane. An initial lease liability was recorded in the amount of $271,356. As of 06/30/2022, the value of the lease liability is $187,140. Santa Clarita Water Agency is required to make monthly fixed payments of $8,901. The lease has an interest rate of 1.0590%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $271,356 with accumulated amortization of $54,271 is included with Land on the Lease Class activities table found below. The Agency has 1 extension option(s), each for 60 months.

	As of June 30, 2022	
Asset Class	Right-to-use Leased Asset	Accumulated Amortization
Land	$ 271,356	$ 54,271
Buildings	92,783	44,183
Total	$ 364,139	$ 98,454

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

Fiscal Year	Principal	Interest	Total
2023	$ 96,447	$ 2,288	$ 98,735
2024	51,109	1,206	52,315
2025	44,399	729	45,128
2026	44,870	258	45,128
Total	$ 236,825	$ 4,481	$ 241,306

Note 10: Net Position

	2022
Net investment in capital assets	
Capital assets, net	$ 777,101,760
Certificate of participation - principal	(20,409,217)
Revenue bonds payable	(259,880,000)
Discounts/premiums	(12,429,903)
Deferred charge on refunding - Revenue bonds	8,465,260
Lease payable	(236,825)
Bond proceeds	20,083,516
Total net investment in capital assets	512,694,591
Restricted net position:	
Restricted for capital projects:	
Restricted - cash and cash equivalents	1,058,976
Restricted - investments	19,024,540
Restricted - accrued interest receivable	36,885
Restricted - accrued liabilities	(19,902)
Restricted - accounts payable	(3,697,681)
Total restricted for capital projects	**16,402,818**
Restricted for state water contract:	
Restricted - cash and cash equivalents	143,304
Restricted - investments	87,930,360
Restricted -property tax receivable	1,641,269
Restricted - accrued interest receivable	82,212
Restricted - accounts receivable, other	720,375
Restricted - accrued liablities	(73)
Restricted - accounts payable	(2,197,196)
Total restricted for state water contract	**88,320,251**
Restricted for capacity fees:	
Restricted - investments	9,685,182
Restricted - accrued interest receivable	10,176
Total restricted for capactiy fees	**9,695,358**
Total restricted net position	**114,418,427**
Unrestricted net position:	
Non-spendable net position:	
Materials and supplies inventory	2,636,168
Prepaid expenses and other assets	256,219
Total non-spendable net position	**2,892,387**
Spendable net position is designated as follows:	
Unrestricted	84,639,604
Total spendable net position	**84,639,604**
Total unrestricted net position	**87,531,991**
Total net position	**$ 714,645,009**

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-pooling self insurance authority, created under provisions of California Government Code Sections 6500 et. sep. The purpose of the ACWA/JPIA is to arrange and administer programs of insurance for the pooling of self- insured losses and to purchase excess insurance coverage. As of June 30, 2022, the Agency's participation in the self-insurance programs of JPIA is as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $5,000,000, combined single limit per occurrence. The ACWA/JPIA purchased additional excess coverage layers: $55 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 $500 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 $100,000 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 $5,000,000 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 $75,000 to $100,000 deductible depending on the Agency revenue.

There were no reductions in insurance coverage in the year ended June 30, 2022. 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, 2022.

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, 2022, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. The impact of the implementation of this Statement to the Agency's financial statements has not been assessed at this time.

Note 13: Commitments and Contingencies

Department of Water Resources (DWR) Water Contract Commitment

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

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

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

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

Note 13: Commitments and Contingencies (Continued)

At June 30, 2022, the Agency's remaining estimated commitment for these charges is as follows:

State Water Project/DWR	
Calendar year ending December 31	**Amount**
2022	$ 25,194,000
2023	27,791,000
2024	29,324,000
2025	24,635,000
2026	28,753,000
2027-2031	163,970,000
2032-2035	160,184,000
Total	$ 459,851,000

Delta Conveyance Design & Construction	
Calendar year ending December 31	**Amount**
2026	$ 2,519,071
2027-2031	53,591,687
2032-2035	107,406,601
Total	$ 163,517,359

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 $864.45 per AF.

As of June 30, 2022, the Agency's remaining estimated commitment for these charges is as follows:

BV-RRB Water Purchases	
Calendar year ending December 31	**Amount**
2022	$ 10,257,000
2023	10,770,000
2024	11,309,000
2025	11,874,000
2026	12,468,000
2027-2031	72,338,000
2032-2035	72,016,000
Total	$ 201,032,000

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

Note 13: Commitments and Contingencies (Continued)

Litigation

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

Grant Awards

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

Construction Contracts

The Agency has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities, and distribution systems, and other Agency activities. The financing of such contracts is being provided primarily from the Agency's replacement reserves and advances for construction. The Agency has committed to approximately $40,477,297 of open construction contracts as of June 30, 2022.

The contracts outstanding include:

Project Name	Total Approved Contract	Construction Costs to Date	Balance to Complete
Valley Center Well PFAS Groundwater Treatment Improvements Site Construction	$ 3,261,454	$ 2,810,857	$ 450,597
Commerce Center Drive Pipeline	891,140	891,140	-
Vista Canyon Recycled Water Main Extension (Phase 2B) (Ferreira Coastal Const. Co.)	2,830,161	2,128,088	702,073
Magic Mountain Pipeline Phase 4	3,289,660	3,230,757	58,902
Magic Mountain Pipeline Phase 5	3,269,979	2,941,082	328,897
Magic Mountain Pipeline Phase 6B	4,568,687	4,217,908	350,779
Vista Canyon (Phase 2B) Recycled Water Tanks (Pacific Tank)	4,266,759	3,899,173	367,587
Magic Mountain Pipeline Phase 6A	7,168,845	5,953,655	1,215,190
Saugus #3 & #4 Wells Construction (Replacement Wells)	12,751,494	2,036,082	10,715,412
Santa Clara & Honby Wells PFAS Groundwater Treatment Improvements Material Purchase	814,050	539,840	274,210
Santa Clara & Honby Wells PFAS Groundwater Treatment Improvements Site Construction	8,486,950	-	8,486,950
ESFP Washwater Return Improvements	17,526,700	-	17,526,700
Total	$ 69,125,878	$ 28,648,581	$ 40,477,297

Note 14: Restatement of Prior Year Balances

The restatements of beginning net position, and related cause, for fiscal year ended June 30, 2022, is as follows:

	For the fiscal year ended June 30, 2022
Beginning net position, as previously reported	$ 697,843,009
Restatement (1)	408,324
Beginning net position, as restated	$ 698,251,333

(1) Beginning net position of the Agency was restated due to the identified capital asset discrepancies during transition to the new accounting software during the fiscal year ended June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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)]

	2022	2021	2020	2019	2018
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Proportion of the Net Pension Liability	0.13622%	0.15440%	0.14646%	0.13844%	0.13729%
Proportionate Share of the Net Pension Liability	$ 7,367,113	$ 16,799,599	$ 15,007,891	$ 13,340,534	$ 13,615,322
Covered Payroll	$ 19,368,737	$ 18,579,032	$ 15,958,119	$ 13,319,776	$ 13,148,794
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	38.0%	90.4%	94.0%	100.2%	103.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.3%	75.1%	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 December of 2016 the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuation. The minimum employer contributions for Fiscal Year 2020-21 determined in this valuation were calculated using a discount rate of 7.00 percent, payroll growth of 2.75 percent and an inflation rate of 2.50 percent. The projected employer contributions on Page 5 are calculated under the assumption that the discount rate remains at 7.00 percent going forward and that furthermore the realized rate of return on assets for Fiscal Year 2018-19 is 7.00 percent. There were no changes of assumptions in 2021.

[(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.

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

	2022	2021	2020	2019	2018
Actuarially Determined Contribution	$ 3,284,432	$ 2,975,440	$ 2,561,639	$ 2,182,797	$ 1,759,981
Contribution in Relation to the Actuarially Determined Contribution	(3,284,432)	(2,975,440)	(2,561,639)	(2,182,797)	(1,759,981)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 21,207,482	$ 19,368,737	$ 18,579,032	$ 15,958,119	$ 13,319,776
Contributions as a Percentage of Covered Payroll	15.5%	15.4%	13.8%	13.7%	13.2%

Notes to Schedule of Plan Contributions:

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Cost Method

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

Driver	Source				
	(Gain)/Loss		Assumption/		Golden
	Investment	Non-investment	Method Change	Benefit Change	Handshake
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method	Direct rate smoothing
Inflation	2.500%
Payroll Growth	2.750%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% (net of pension plan investment and administrative expenses, includes inflation)
Retirement Age	All other actuarial assumptions used in the June 30, 2019 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)

	2022	2021	2020	2019	2018
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability					
Service cost	$ 1,390,285	$ 1,399,837	$ 1,355,774	$ 991,161	$ 312,585
Interest on the total OPEB liability	1,994,589	1,751,858	1,589,657	1,432,518	742,964
Actual and expected experience difference	-	135,690	-	-	4,214
Changes in assumptions	-	751,808	-	841,942	(2,687,699)
Changes in benefit terms	-	-	-	-	637,826
Benefit payments	(809,080)	(719,221)	(625,439)	(571,142)	(273,181)
Net change in total OPEB liability	2,575,794	3,319,972	2,319,992	2,694,479	(1,263,291)
Total OPEB liability - beginning	27,306,293	23,986,321	21,666,329	18,971,850	20,235,141
Total OPEB liability - ending (a)	**29,882,087**	**27,306,293**	**23,986,321**	**21,666,329**	**18,971,850**
Plan Fiduciary Net Position					
Contribution - employer	1,709,080	6,533,284	2,377,824	1,900,160	1,298,476
Net investment income	1,820,661	660,805	1,059,140	1,088,901	938,262
Benefit payments	(809,080)	(719,221)	(625,439)	(571,142)	(273,181)
Administrative expense	(9,627)	(10,172)	(3,567)	(7,502)	(3,116)
Change due to investment experience	5,165,119	-	-	-	-
Other expenses	-	-	-	(18,101)	-
Net change in plan fiduciary net position	7,876,153	6,464,696	2,807,958	2,392,316	1,960,441
Plan fiduciary net position - beginning	25,379,793	18,915,097	16,107,139	13,714,823	11,754,382
Plan fiduciary net position - ending (b)	**$ 33,255,946**	**$ 25,379,793**	**$ 18,915,097**	**$ 16,107,139**	**$ 13,714,823**
Net OPEB (Asset)/Liability - ending (a) - (b)	**$ (3,373,859)**	**$ 1,926,500**	**$ 5,071,224**	**$ 5,559,190**	**$ 5,257,027**
Plan fiduciary net position as a percentage of the total OPEB liability	111.3%	92.9%	78.9%	74.3%	72.3%
Covered-employee payroll	$ 21,888,937	$ 18,579,032	$ 15,957,307	$ 5,990,450	$ 7,273,299
Net OPEB (asset)/liability as a percentage of covered-employee payroll	-15.4%	10.4%	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.

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

	2021	2021	2020	2019	2018
Actuarially Determined Contribution	$ 1,710,472	$ 1,664,290	$ 1,722,326	$ 1,672,614	$ 1,333,497
Contribution in Relation to the Actuarially Determined Contributions	(1,616,933)	(1,709,080)	(6,533,284)	(2,377,824)	(1,298,476)
Contribution Deficiency (Excess)	$ 93,539	$ (44,790)	$ (4,810,958)	$ (705,210)	$ 35,021
Covered-employee payroll	$ 22,324,410	$ 21,888,937	$ 18,579,032	$ 15,957,307	$ 7,273,299
Contributions as a percentage of covered-employee payroll	7.24%	7.81%	35.16%	14.90%	17.85%

Notes to Schedule of Plan Contributions:

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2022 were from the June 30, 2020 actuarial valuation.

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal, Level Percentage of Payroll
Amortization Method:	Level percent of pay; closed 30 years
Amortization Period:	25 years
Asset Valuation Method:	Market value of assets
Discount Rate:	6.95%
General Inflation:	2.50%
Medical Trend:	5.8% in 2021 to 4% in 2076 in periodic steps of 0.1%.
Mortality:	CalPERS 2017 experience study
Mortality Improvement:	Mortality Improvement Scale 2020 for post-retirement mortality
All Other Assumptions	Same as those used to determine the total OPEB liability

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

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
Assets:					
Current:					
Cash and cash equivalents	$ 49,551,212	$ 5,000	$ 17,476	$ 104,699	$ 49,678,387
Investments	119,309,228	7,190	247,618	-	119,564,036
Receivables:					
Accounts - water sales	12,432,595	-	-	-	12,432,595
Property tax	1,691,439	-	-	-	1,691,439
Accrued interest	179,636	14	470	-	180,120
Accounts - other	2,418,352	-	-	-	2,418,352
Lease	662,146	-	-	-	662,146
Prepaid costs	256,146	-	-	-	256,146
Due from other governments	162,829	-	-	-	162,829
Materials and supplies inventory	2,636,168	-	-	-	2,636,168
Restricted:					
Cash and cash equivalents	1,058,982	-	-	-	1,058,982
Investments	116,640,082	-	-	-	116,640,082
Cash with fiscal agent	11,810,671	-	-	-	11,810,671
Receivables:					
Property tax	1,641,269	-	-	-	1,641,269
Accrued interest	129,273	-	-	-	129,273
Accounts - other	720,375	-	-	-	720,375
Total Current Assets	**321,300,403**	**12,204**	**265,564**	**104,699**	**321,682,870**
Noncurrent:					
Lease receivable	5,899,369	-	-	-	5,899,369
Net OPEB asset	3,373,859	-	-	-	3,373,859
Capital assets - not being depreciated	143,972,178	-	-	-	143,972,178
Capital assets - net of accumulated depreciation/amortization	633,129,582	-	-	-	633,129,582
Total Noncurrent Assets	**786,374,988**	**-**	**-**	**-**	**786,374,988**
Total Assets	**1,107,675,391**	**12,204**	**265,564**	**104,699**	**1,108,057,858**
Deferred Outflows of Resources:					
Deferred pension outflows	5,250,014	-	-	-	5,250,014
Deferred OPEB outflows	2,721,233	-	-	-	2,721,233
Loss on defeasance of debt	8,465,260	-	-	-	8,465,260
Total Deferred Outflows of Resources	**16,436,507**	**-**	**-**	**-**	**16,436,507**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
Liabilities:					
Current:					
Accounts payable	9,968,441	-	-	79,699	10,048,140
Accounts payable - restricted	5,894,877	-	-	-	5,894,877
Accrued liabilities	1,506,639	-	-	-	1,506,639
Accrued interest	6,326,030	-	-	-	6,326,030
Unearned revenues	131,810	-	-	-	131,810
Deposits payable	817,006	-	-	-	817,006
Due to other governments	19,447	-	-	-	19,447
Lease payable	126,809	-	-	-	126,809
Advances for construction	11,074,347	-	-	-	11,074,347
Accrued compensated absences	636,000	-	-	-	636,000
Certificates of participation	2,833,729	-	-	-	2,833,729
Revenue bonds	16,260,000	-	-	-	16,260,000
Total Current Liabilities	**55,595,135**	**-**	**-**	**79,699**	**55,674,834**
Noncurrent:					
Lease payable	110,016	-	-	-	110,016
Net pension liability	7,367,113	-	-	-	7,367,113
Accrued compensated absences	1,909,455	-	-	-	1,909,455
Certificates of participation	70,661,155	-	-	-	70,661,155
Revenue bonds	256,049,903	-	-	-	256,049,903
Total Noncurrent Liabilities	**336,097,642**	**-**	**-**	**-**	**336,097,642**
Total Liabilities	**391,692,777**	**-**	**-**	**79,699**	**391,772,476**
Deferred Inflows of Resources:					
Deferred pension inflows	6,750,652	-	-	-	6,750,652
Deferred OPEB inflows	4,773,004	-	-	-	4,773,004
Deferred lease inflows	6,553,224	-	-	-	6,553,224
Total Deferred Inflows of Resources	**18,076,880**	**-**	**-**	**-**	**18,076,880**
Net Position:					
Net investment in capital assets	512,694,591	-	-	-	512,694,591
Restricted for:					
Capital projects	16,402,818	-	-	-	16,402,818
State water contract	88,320,251	-	-	-	88,320,251
Capacity fees	9,695,358	-	-	-	9,695,358
Unrestricted	87,229,223	12,204	265,564	25,000	87,531,991
Total Net Position	**$ 714,342,241**	**$ 12,204**	**$ 265,564**	**$ 25,000**	**$ 714,645,009**

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COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2022

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
Operating Revenues:					
Water consumption sales and services	$ 79,321,746	$ -	$ -	$ -	$ 79,321,746
Other charges and services	8,221,293	-	-	-	8,221,293
Total Operating Revenues	**87,543,039**	**-**	**-**	**-**	**87,543,039**
Operating Expenses:					
Management	3,991,186	-	-	-	3,991,186
Finance, Adminstration and Technology	16,835,493	4,304	4,304	301	16,844,402
Customer Care	2,827,118	-	-	-	2,827,118
Engineering Services	4,114,430	-	-	-	4,114,430
Water Quality, Treatment, and Maintenance	12,057,264	-	-	-	12,057,264
Pumping, Wells and Storage	12,777,423	-	-	-	12,777,423
Transmission and Distribution	12,345,349	-	-	-	12,345,349
Water Resources and Public Outreach	5,871,991	-	-	-	5,871,991
Source of Supply	8,834,320	-	-	-	8,834,320
Non-Departmental	(5,574,663)	-	448	79,699	(5,494,516)
Depreciation/amortization expense	38,763,550	-	-	-	38,763,550
Total Operating Expenses	**112,843,461**	**4,304**	**4,752**	**80,000**	**112,932,517**
Operating Income (Loss)	(25,300,422)	(4,304)	(4,752)	(80,000)	(25,389,478)
Nonoperating Revenues (Expenses):					
Taxes - Unrestricted	29,780,316	-	6,194	-	29,786,510
Taxes - Restricted	35,569,153	-	-	-	35,569,153
Intergovernmental	3,963,468	-	-	-	3,963,468
Investment earnings	(5,313,693)	(31)	(2,265)	-	(5,315,989)
Interest expense	(14,550,338)	-	-	-	(14,550,338)
Other revenue	9,229,258	-	-	-	9,229,258
State Water Contract	(26,443,518)	-	-	-	(26,443,518)
Total Nonoperating Revenues (Expenses)	**32,234,646**	**(31)**	**3,929**	**-**	**32,238,544**
Income (Loss) Before Capital Contributions	6,934,224	(4,335)	(823)	(80,000)	6,849,066
Capital Contributions	9,464,610	-	-	80,000	9,544,610
Transfers in	30,055,969	4,304	-	-	30,060,273
Transfers out	(30,060,273)	-	-	-	(30,060,273)
Changes in Net Position	16,394,530	(31)	(823)	-	16,393,676
Net Position:					
Beginning of Year, as previously reported	697,539,387	12,235	266,387	25,000	697,843,009
Restatements	408,324	-	-	-	408,324
Beginning of Fiscal Year, as restated	697,947,711	12,235	266,387	25,000	698,251,333
End of Fiscal Year	**$ 714,342,241**	**$ 12,204**	**$ 265,564**	**$ 25,000**	**$ 714,645,009**

SANTA CLARITA VALLEY WATER AGENCY (SCVWA)

COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2022

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	$ 88,118,580	$ -	$ -	$ -	$ 88,118,580
Cash paid to suppliers for goods and services	(56,315,855)	(4,304)	(4,752)	(301)	(56,325,212)
Cash paid to employees for services	(26,120,883)	-	-	-	(26,120,883)
Net Cash Provided (Used) by Operating Activities	**5,681,842**	**(4,304)**	**(4,752)**	**(301)**	**5,672,485**
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	(30,060,273)	-	-	-	(30,060,273)
Cash transfers in	30,055,969	4,304	-	-	30,060,273
Proceeds from property taxes	65,047,772	-	6,266	-	65,054,038
Payments for state water contract	(26,443,518)	-	-	-	(26,443,518)
Proceeds from grants	3,800,639	-	-	-	3,800,639
Proceeds from non-operating revenues	9,229,258	-	-	-	9,229,258
Contributed revenue	-	-	-	80,000	80,000
Net Cash Provided (Used) by Non-Capital Financing Activities	**51,629,847**	**4,304**	**6,266**	**80,000**	**51,720,417**
Cash Flows from Capital and Related Financing Activities:					
Principal received on lease receivable	760,988	-	-	-	760,988
Capital contributions	11,951,401	-	-	-	11,951,401
Acquisition and construction of capital assets	(48,517,579)	-	-	-	(48,517,579)
Principal paid on capital debt	(19,024,282)	-	-	-	(19,024,282)
Interest paid on capital debt	(14,253,888)	-	-	-	(14,253,888)
Principal paid on lease liability	(126,903)	-	-	-	(126,903)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(69,210,263)**	**-**	**-**	**-**	**(69,210,263)**
Cash Flows from Investing Activities:					
Interest earnings	(5,462,284)	(39)	(2,531)	-	(5,464,854)
Net Cash Provided (Used) by Investing Activities	**(5,462,284)**	**(39)**	**(2,531)**	**-**	**(5,464,854)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(17,360,858)**	**(39)**	**(1,017)**	**79,699**	**(17,282,215)**
Cash and Cash Equivalents at Beginning of Year	315,731,033	12,229	266,111	25,000	316,034,373
Cash and Cash Equivalents at End of Year	**$ 298,370,175**	**$ 12,190**	**$ 265,094**	**$ 104,699**	**$ 298,752,158**
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Net Position:					
Current:					
Cash and cash equivalents	$ 49,551,212	$ 5,000	$ 17,476	$ 104,699	$ 49,678,387
Investments	119,309,228	7,190	247,618	-	119,564,036
Restricted:					
Cash and cash equivalents	1,058,982	-	-	-	1,058,982
Investments	116,640,082	-	-	-	116,640,082
Cash with fiscal agent	11,810,671	-	-	-	11,810,671
	$ 298,370,175	**$ 12,190**	**$ 265,094**	**$ 104,699**	**$ 298,752,158**

COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2022

	SCVWA	Upper Santa Clara Valley	Devil's Den Water District	Groundwater Sustainablity Agency	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	$ (25,300,422)	$ (4,304)	$ (4,752)	$ (80,000)	$ (25,389,478)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:					
Depreciation	38,763,550	-	-	-	38,763,550
(Increase) decrease in accounts receivable	3,437,105	-	-	-	3,437,105
(Increase) decrease in materials and supplies inventory	(490,626)	-	-	-	(490,626)
(Increase) decrease in prepaid expense	517,621	-	-	-	517,621
Increase (decrease) in accounts payable	1,335,504	-	-	79,699	1,415,203
Increase (decrease) in due to other governments	19,447	-	-	-	19,447
Increase (decrease) in deposits payable	719,524	-	-	-	719,524
Increase (decrease) in unearned revenue	(8,025,657)	-	-	-	(8,025,657)
Increase (decrease) in accrued liabilities	(969,904)	-	-	-	(969,904)
Increase (decrease) in net OPEB liability and related items	(1,140,176)	-	-	-	(1,140,176)
Increase (decrease) in net pension liability and related items	(3,008,249)	-	-	-	(3,008,249)
Increase (decrease) in compensated absences	(175,875)	-	-	-	(175,875)
Total Adjustments	**30,982,264**	**-**	**-**	**79,699**	**31,061,963**
Net Cash Provided (Used) by Operating Activities	**$ 5,681,842**	**$ (4,304)**	**$ (4,752)**	**$ (301)**	**$ 5,672,485**
Non-Cash Investing, Capital, and Financing Activities:					
Amortization of Premiums/Discounts	$ (111,174)	$ -	$ -	$ -	$ (111,174)
Accreted interest of 1999A Revenue COP	(3,080,855)	-	-	-	(3,080,855)

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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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 12, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lunghard, LLP

Brea, California
December 12, 2022

SANTA CLARITA VALLEY WATER AGENCY

STATISTICAL SCHEULES
YEAR ENDED JUNE 30, 2022

This part of the Agency's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements say about the Agency's overall financial health.

<u>**Contents**</u> <u>**Page**</u>

Sources

Unless otherwise noted, the information in these schedules is derived from the budgets and annual financial reports for the relevant year.

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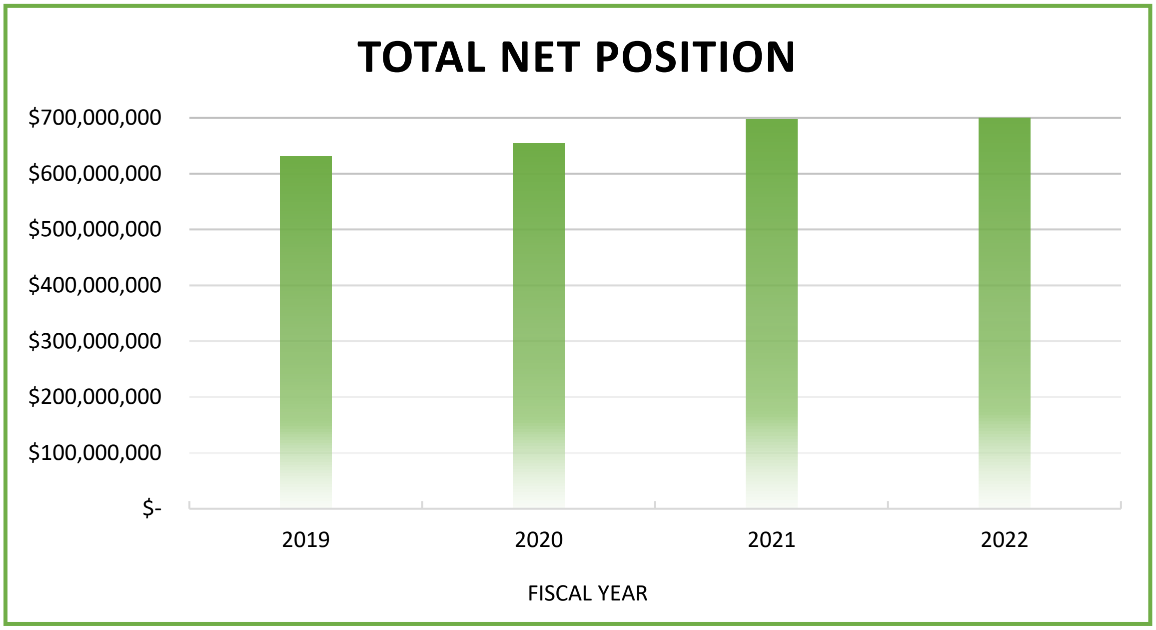
Santa Clarita Valley Water Agency
Net Position

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2019	$ 384,808,121	$ 72,753,409	$ 173,195,779	$ 630,757,309
2020	423,203,361	87,202,965	144,009,865	654,416,191
2021	463,815,825	114,429,838	119,597,346	697,843,009
2022	512,694,591	114,418,427	87,531,991	714,645,009

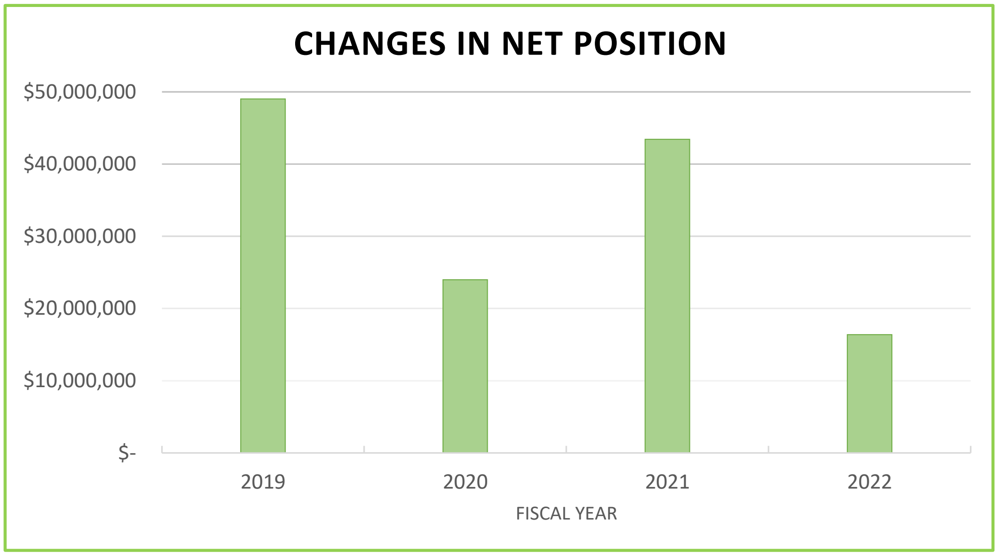


Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Changes in Net Position

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income/(Loss)	Total Non-Operating Revenues/ (Expenses)[1]	Income (Loss) Before Capital Contributions	Capital Contributions	Changes in Net Position
2019	$ 100,171,370	$ 84,771,295	$ 15,400,075	$ 29,093,495	$ 44,493,570	$ 4,518,938	$ 49,012,508
2020	90,909,239	101,237,889	(10,328,650)	31,132,863	$ 20,804,213	3,178,627	23,982,840
2021	107,293,632	103,655,643	3,637,989	35,999,770	$ 39,637,759	3,789,061	43,426,820
2022	87,543,039	112,932,517	(25,389,478)	32,238,544	$ 6,849,066	9,544,610	16,393,676



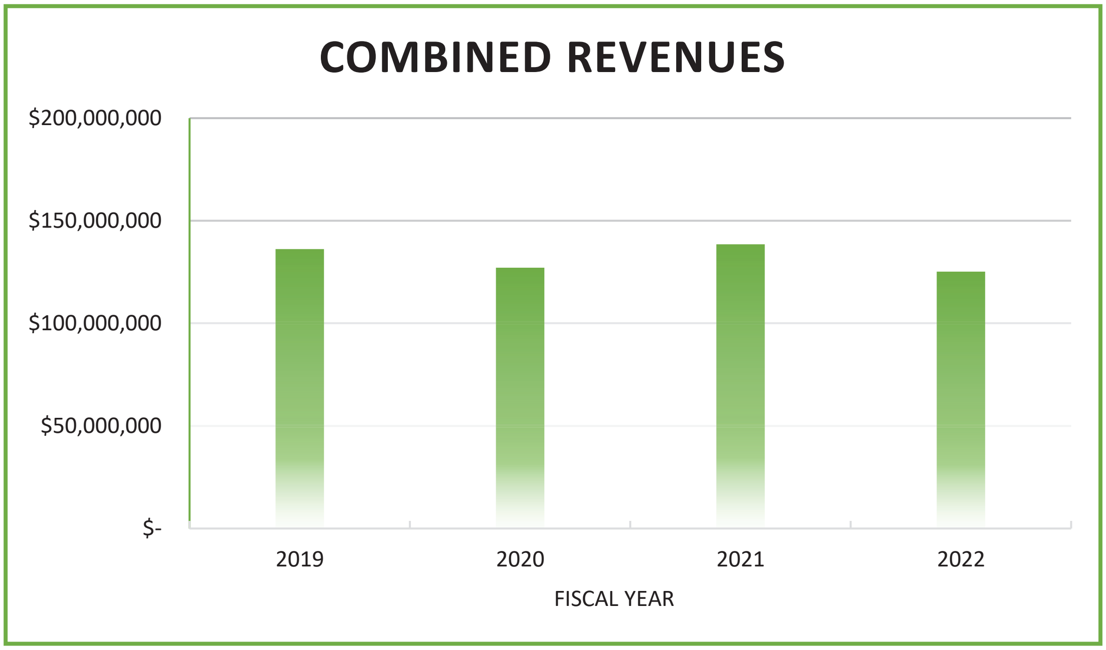
[1]Excludes restricted State Water Contract property taxes

Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Revenues

Fiscal Year	Operating Revenues: Water Sales	Operating Revenues: Other Charges and Services	Non-Operating Revenues: Property Taxes*	Non-Operating Revenues: Investment and Other Income	Total
2019	$ 82,939,784	$ 17,231,586	$ 26,651,592	$ 9,372,628	$ 136,195,590
2020	82,393,728	8,515,511	26,697,036	9,517,790	127,124,065
2021	89,094,520	18,199,112	27,448,241	3,789,061	138,530,934
2022	79,321,746	8,221,293	29,786,510	7,876,737	125,206,286



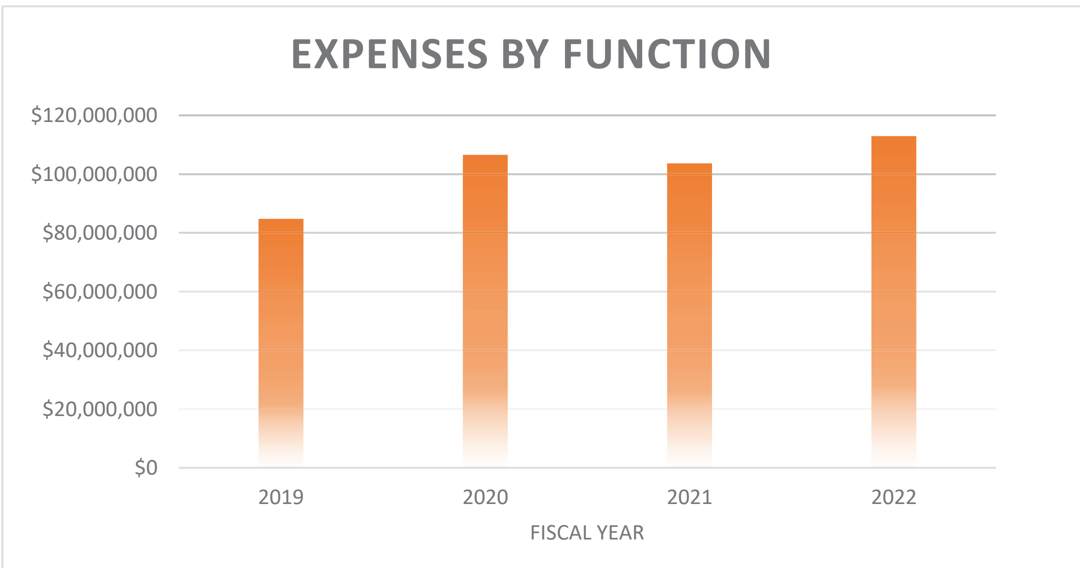
*Excludes restricted State Water Project property taxes

Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Expenses by Function

Operating Expenses	Fiscal Year 2019	2020	2021	2022
Source of Supply	$ 345,477	$ 465,943	$ 503,600	$ 8,834,320
Pumping Plant	6,292,006	7,711,757	9,304,445	12,777,423
Transmission & Distribution	6,196,650	7,630,261	10,900,673	12,345,349
Water Treatment	7,042,538	8,650,165	8,435,826	12,057,264
General and Administrative	17,240,344	20,598,391	19,544,792	16,844,402
Depreciation	31,263,128	32,201,715	32,824,057	38,763,550
Maintenance	3,263,353	4,836,636	2,399,046	-
Engineering	2,298,810	3,110,092	3,575,292	4,114,430
Water Quality	1,094,842	1,177,815	1,241,951	-
Water Resources	5,792,111	10,197,555	10,691,530	5,871,991
Management	2,227,563	2,647,590	2,468,783	3,991,186
Customer Care	1,714,473	2,009,969	1,765,648	2,827,118
Non-Departmental	-	-	-	(5,494,516)
	$ 84,771,295	**$ 101,237,889**	**$ 103,655,643**	**$ 112,932,517**

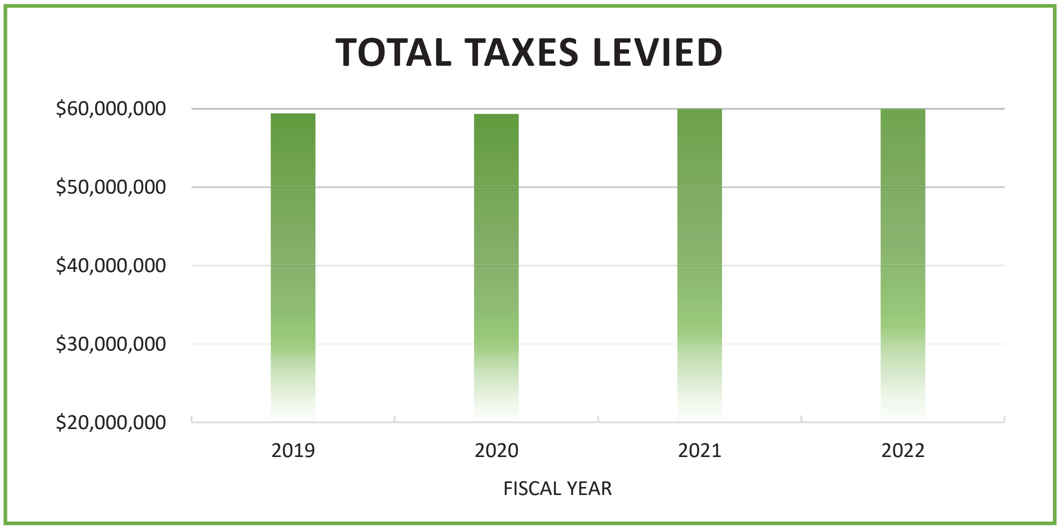


Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Property Taxes Levies and Collections

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



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

Note 1: Only 4 years of available data. SCV Water creation January 1, 2018.
Note 2: The information on estimated actual value is not provided because it cannot be reasonably estimated based on assessed values.

Santa Clarita Valley Water Agency
Direct Rates

	Newhall Division			Santa Clarita Division			Valencia Division			SCV Water
Meter Size	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
5/8"	-	-	-	21.88	22.32	22.32	13.26	16.81	16.81	13.64
3/4"	16.11	16.14	16.14	29.68	30.28	30.28	19.89	25.22	25.22	18.38
1"	26.90	26.96	26.96	45.25	46.16	46.16	33.15	42.03	42.03	27.87
1 1/2"	53.65	53.75	53.75	84.21	85.90	85.90	66.30	84.06	84.06	51.60
2"	85.87	86.04	86.04	130.94	133.56	133.56	106.08	134.50	134.50	80.08
2 1/2"	128.88	129.13	129.13	-	-	-	-	-	-	94.32
3"	161.10	161.42	161.42	255.60	260.72	260.72	198.90	252.19	252.19	146.52
4"	268.55	269.08	269.08	395.82	403.74	403.74	331.50	420.31	420.31	241.43
6"	536.95	538.00	538.00	785.33	801.04	801.04	663.00	840.63	840.63	478.72
8"	859.15	860.84	860.84	1,252.75	1,277.81	1,277.81	1,060.80	1,345.00	1,345.00	763.47
10"	1,235.15	1,237.58	1,237.58	-	-	-	1524.9	1933.44	1933.44	1,095.67
12"	-	-	-	-	-	-	2187.9	2774.07	2774.07	2,044.82
14"	-	-	-	-	-	-	2983.5	3782.82	3782.82	-
Fire Service										
1"	-	-	-	3.01	3.08	3.08	-	-	-	6.29
2"	22.74	22.97	22.97	6.02	6.15	6.15	7.52	8.36	8.36	9.51
4"	73.05	73.78	73.78	12.03	12.28	12.28	15.04	16.72	16.72	19.47
6"	138.17	139.55	139.55	18.04	18.41	18.41	22.56	25.08	25.08	34.10
8"	216.15	218.31	218.31	24.05	24.54	24.54	30.08	33.44	33.44	51.67
10"	-	-	-	30.05	30.66	30.66	37.60	41.80	41.80	72.16
12"	-	-	-	36.06	36.79	36.79	45.12	50.16	50.16	130.71
14"	-	-	-	42.07	42.92	42.92	52.64	58.52	58.52	192.19
16"	-	-	-	48.08	49.05	49.05	-	-	-	272.98
18"	-	-	-	54.09	55.18	55.18	-	-	-	433.70
20"	-	-	-	60.09	61.30	61.30	-	-	-	546.41
Usage Rate Per CCF										
Uniform Volume Rate	2.7839	2.8542	2.8542	1.91*	1.99*	1.99*	1.89	1.84	1.84	2.09

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

Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

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

Fiscal Year 2021-22

	Customer Name	Annual Revenues	% of Water Sales
1	City of Santa Clarita	$ 4,325,547	4.90%
2	GH Palmer	1,435,968	1.63%
3	LA County Public Works	1,325,649	1.50%
4	Six Flags Magic Mountain	689,608	0.78%
5	Hart School District	592,480	0.67%
6	Friendly Village	560,770	0.64%
7	West Creek/West Hills HOA	436,617	0.49%
8	Rockne Construction	427,358	0.48%
9	Equity Residential	377,330	0.43%
10	Westridge Valencia	349,139	0.40%
	Total (10 Largest)	10,520,467	11.91%
	Others	77,783,101	88.09%
	Grand Total	88,303,568	100.00%

Fiscal Year 2018-19

	Customer Name	Annual Revenues	% of Water Sales
1	Six Flags, Mail Stop #5	$ 538,664	0.65%
2	FivePoint	530,992	0.64%
3	Newhall Land	419,911	0.51%
4	CF Arcis X Holdings LLC	282,981	0.34%
5	FivePoint	254,578	0.31%
6	Stonegate Castaic HOA	207,053	0.25%
7	The Village	150,425	0.18%
8	Santa Clarita Community College District	148,156	0.18%
9	Phoenix ESG #181	146,283	0.18%
10	Parklane Mobile Estate	119,699	0.14%
	Total (10 Largest)	2,798,743	3.37%
	Others	80,141,041	96.63%
	Grand Total	82,939,784	100.00%

Source: SCV Water Agency

Note: Only 4 years of available data.

Santa Clarita Valley Water Agency
Assessed Valuation of Taxable Property

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

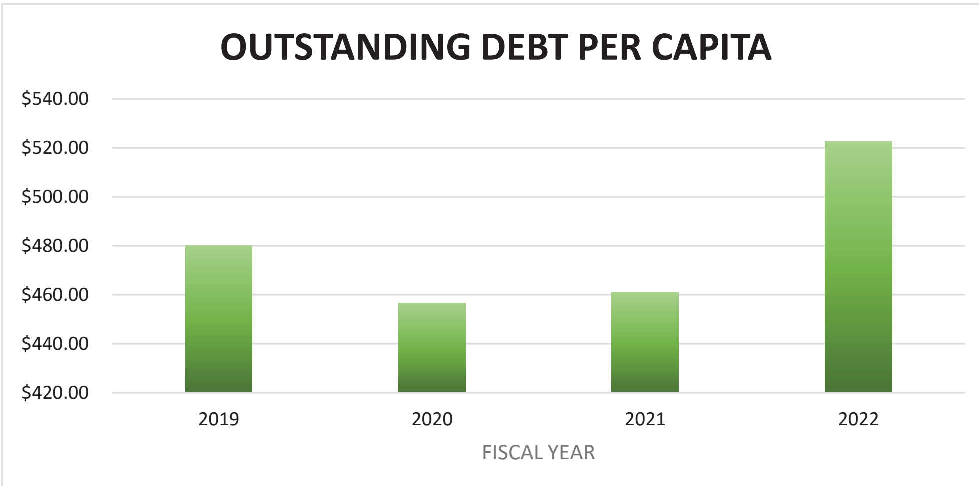
Source: County of Los Angeles and Ventura County, Auditor-Controller/Tax Division

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

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

Santa Clarita Valley Water Agency
Outstanding Debt

Fiscal Year	Santa Clarita Valley Population [1]	Certificates of Participation	Revenue Bonds	Notes Payable	Total Debt	Per Capita	As a Share of Personal Income [2]
2019	292,281	$ 132,453,983	$ 217,040,224	$ 2,573,780	$ 352,067,987	$ 480.19	0.84%
2020	294,048	121,548,662	201,800,611	-	323,349,273	$ 456.64	0.76%
2021	292,941	79,575,190	270,352,752	-	349,927,942	$ 460.91	0.72%
2022	298,731	73,494,884	272,309,903		345,804,787	$ 522.62	0.83%



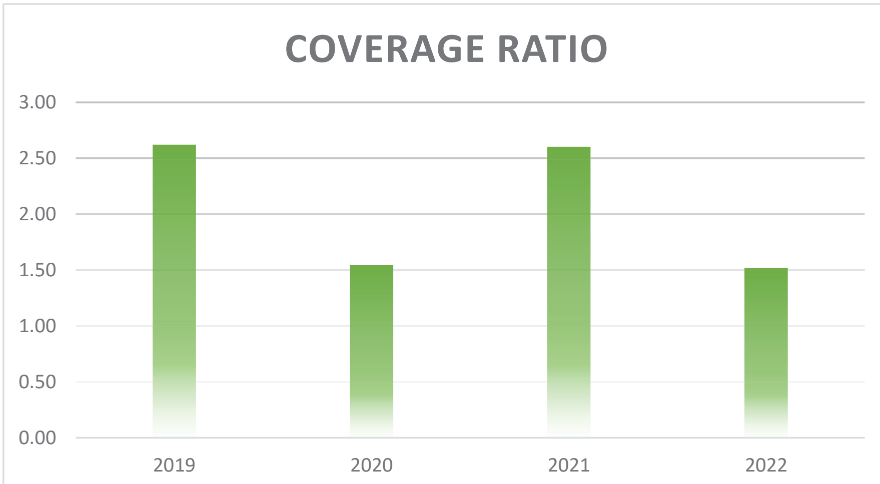
[1] Santa Clarita Valley Population (SCV Economic Development Corporation)
[2] See Demographics Statistics for per capita personal income

Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Debt Coverage
Last Four Fiscal Years

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



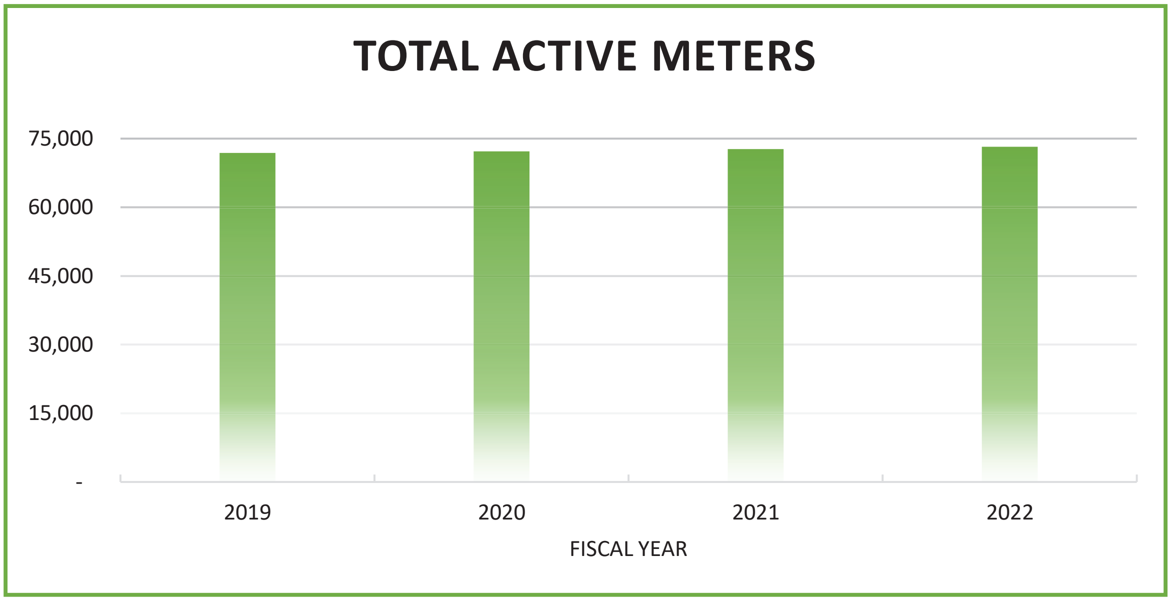
Notes: Debt Coverage
(1) Revenues include Operating Revenues and Non-Operating Revenues
Operating Revenues (Water Sales Revenues, Other charges & services)
Non-Operating Revenues (Facility Capacity Fee Revenues, 1% Prop Revenues, Investment Revenues, etc.)
(2) Operating Expenses exclude depreciation/amortization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

Source : SCV Water Audited Comprehensive Financial Report

Santa Clarita Valley Water Agency
Operating and Capacity Indicators

Active Meters By Size

Fiscal Year	5/8"	3/4"	1"	1 1/2"	2"	2 1/2"	3"	4"	6"	8"	10"	12"	Total [1]
2019	5,721	52,946	7,510	1,328	3,775	25	279	174	68	37	13	0	71,876
2020	4,960	53,832	7,826	1,336	3,817	25	187	146	50	28	10	0	72,217
2021	4,664	54,306	8,238	1,321	3,769	29	180	112	51	32	10	0	72,712
2022	4,484	53,851	9,237	1,360	3,796	151	123	122	46	38	10	4	73,222



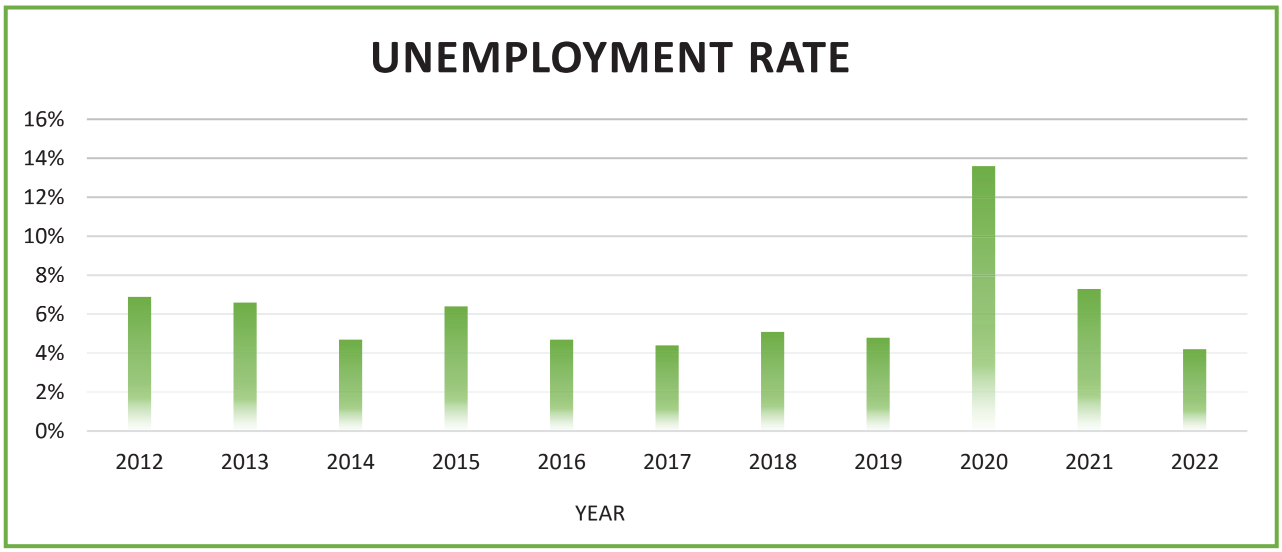
[1] The 2019 and 2020 data has been updated to exclude private fire meters

Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Demographic and Economic Statistics

Year	City of Santa Clarita Population [1]	Unemployment Rate [2]	Personal Income (billions of dollars)	Average per Capita Income [3]
2012	177,445	6.90%	8.2	46,337
2013	204,951	6.60%	9.9	48,425
2014	209,130	4.70%	10.6	50,751
2015	213,231	6.40%	11.6	54,526
2016	219,231	4.70%	12.5	57,160
2017	216,350	4.40%	13.0	60,087
2018	216,589	5.10%	13.8	63,913
2019	218,103	4.80%	13.7	63,043
2020	221,932	13.60%	15.2	68,272
2021	*221,572*	*7.30%*	*15.9*	*71,686*
2022	222,237	4.2%	*19.8*	*88,967*



Source: City ot Santa Clarita

[1] State of California, Finance Department

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

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

Santa Clarita Valley Water Agency
Principal Employers - Current and Three Year Ago

	2022		
Principal Employers	**Number of Employees**	**Rank**	**Percentage of Total Employment**
Six Flags Magic Moutain	2,200	1	9%
Williams S. Hart Union School District	1,999	2	8%
Henry Mayo Newhall Memorial Hospital	1,778	3	7%
US Postal Service	1,642	4	7%
Saugus Union School District	1,374	5	5%
Princess Cruises	1,116	6	4%
City of Santa Clarita	943	7	4%
Boston Scientific	893	8	4%
The Master's University	863	9	3%
Newhall School District	715	10	3%
Total	13,523		54%
All Others	14,650		58%
Total Employment in Santa Clarita	28,173		112%

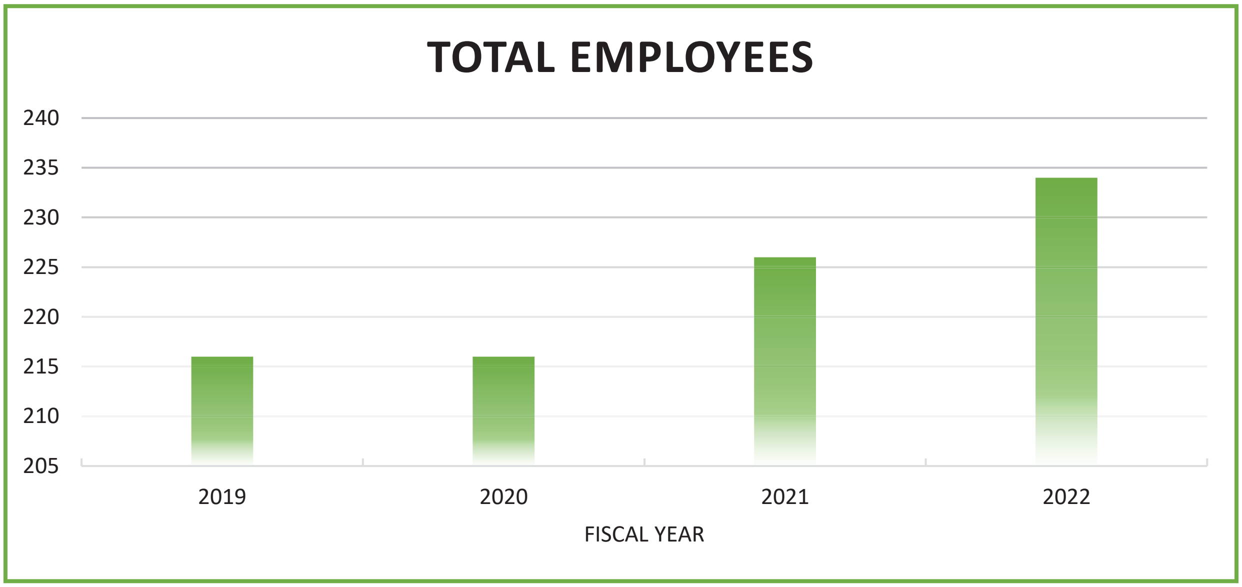
	2019		
Principal Employers	**Number of Employees**	**Rank**	**Percentage of Total Employment**
Six Flags Magic Mountain	3,200	1	10%
Princess Cruises	2,177	2	7%
Henry Mayo Hospital	1,982	3	6%
Boston Scientific	900	4	3%
The Master's University	765	5	2%
Walmart	705	6	2%
Cal Arts	700	7	2%
Woodward HRT	680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

Source: Santa Clarita Valley Economic Development Corporation

Note: Only 4 years of available data.

Agency Employees

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



Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

Santa Clarita Valley Water Agency
Operating and Capacity Indicators

Operating and Capital Indicators

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

[1]Does not include the Sand Canyon Reservoir (7mg) or the treatment plant clear wells
[2]In FY 2020, 16 wells are offline due to PFAS contamination, pending treatment completion

Source: SCV Water Agency

Note: Only 4 years of available data. SCV Water creation January 1, 2018.

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